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Title Principles of Comparative Economics

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PRINCIPLES
OF
COMPARATIVE
ECONOMICS

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With a Preface by

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Sénateur, Membre de l'Institut de France, &c.

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PRÉFACE

Par RAPHAËL-GEORGES LÉVY,

Sénateur, Membre de l'Institut de France, Professeur à l'École libre des Sciences Politiques, Président de la Société d'Économie Politique, Auteur de *Banques d'Émission et Trésors Publics*, etc.

L'OUVRAGE de Radhakamal Mukerjee est divisé en deux parties. Dans la première, il étudie les principes de l'économie politique, dans la seconde il décrit la situation de l'Inde.

Après avoir rappelé les principes élémentaires de la Science, il considère qu'une refonte générale de la doctrine est rendue nécessaire par les évènements contemporains. Il veut pour cela recourir aux méthodes qui ont été de nos jours appliquées avec succès à l'étude de la vie, de l'âme, des sociétés. Il analyse la signification physique de la production qui ne crée pas, mais qui transforme les énergies. Le temps est un élément de la production. L'homme psycho-social évolue dans ses besoins selon la loi fondamentale de l'excitation et de la réaction.

Des chapitres sont consacrés à la dynamique sociale, à ce qu'on a appelé la spirale de la production, à la limite marginale, à l'évolution, à la coopération productive considérée comme un facteur nouveau, à la consommation. L'auteur considère que l'économie politique classique ne tient pas suffisamment compte de la psychologie, ou plutôt qu'elle se fonde sur une psychologie inexacte ou incomplète, ne tenant pas suffisamment compte des mobiles auxquels obéit l'humanité actuelle. Tout

n'a pas été dit lorsqu'on a analysé le désir de jouir, la crainte de la perte, l'ambition d'acquérir au moyen de l'économie et de l'abstinence, la volonté de rester solvable, la recherche du confort, le souci de la sécurité faisant préférer des gains modestes, mais sûrs, à des espoirs plus vastes comportant des risques. M. Mukerjee signale, parmi les mobiles d'aujourd'hui, l'instinct de sociabilité, qui fait que les hommes se réunissent, les instincts ataviques, le désir de se déplacer, la réaction contre ce qui tend à déprimer et à isoler l'individu.

La partie de l'ouvrage qui est consacrée à ce que l'auteur appelle l'Economie régionale de l'Inde est particulièrement intéressante. M. Radhakamal Mukerjee oppose les conceptions des nations occidentales et des nations orientales. Chez les premières, dit-il, chaque groupe social tend à opprimer les autres, tandis que les Orientaux ne connaissent ni l'instruction, ni le service militaire obligatoires. Des groupements locaux arrivent aux mêmes résultats que ceux qui sont assurés ailleurs par l'intervention de l'État. Au point de vue économique, il semble que l'organisation de la famille, en Chine et aux Indes, ait quelque analogie avec celle des monastères chrétiens, dans lesquels tout est mis en commun. Les détails fournis sur les castes indiennes et l'opinion qu'elles ont les unes des autres sont curieuses. En Chine, de nombreuses organisations groupent les différentes catégories de la population en guildes, c'est-à-dire en corporations d'artisans, de marchands.

L'auteur insiste sur ce fait que l'Orient a été guidé par une sagesse instinctive, des sympathies humaines, un sens collectif, qui a fait travailler les individus dans un but commun. Il reproche à l'industrie moderne de détruire la vie de foyer, il décrit les habitations ouvrières des grandes villes, particulièrement celles de New-York, où l'air et la lumière sont de plus en plus rares. Il nous montre

la famille hindoue réunie dans le culte d'un ancêtre commun, ayant une propriété collective, formant une société, dont le chef est en même temps l'administrateur. Il n'y a pas d'héritage à proprement parler. Les survivants se succèdent tour à tour dans la propriété. La femme est souveraine de l'intérieur, cet intérieur qui parait entouré de beaucoup plus de charme qu'en Occident.

C'est une vue étroite que de ne considérer que la puissance de production industrielle mesurée par les chiffres. La science économique s'est occupée de l'acquisition des richesses. Elle doit rechercher les moyens de diminuer la pauvreté. L'Orient n'est partisan de la concentration sur aucun terrain ; il désire au contraire la diffusion de la richesse, de la population ; l'individualisme de la production.

Hegel affirmait la supériorité de la culture occidentale. L'exploitation par le blanc des autres races, s'est appuyée sur un développement de force brutale. Mais la civilisation n'est pas le monopole de l'Europe. Elle est à tous les hommes.

Ce que l'auteur appelle le communalisme lui paraît devoir résoudre les problèmes économiques. Il est fondé sur la croyance que la société a sa vie propre, à laquelle chaque individu contribue, alors même qu'il poursuit un but particulier. " Rien ne montre mieux le triomphe d'un idéal spirituel dans une vie d'affaires au jour le jour que la substitution de la coopération à l'individualisme économique."

Le village indien donne le spectacle d'une des entreprises de coopération les plus remarquables du monde. Les habitants se réunissent pour creuser leurs canaux, protéger leurs rivières contre les inondations ou construire des réservoirs. Un chapitre est consacré à la description des formes très variées que revêt aux Indes la coopération agricole. Un autre nous décrit l'organisation communaliste de l'industrie. Il existe divers modes de propriété du sol. Le système des *Zamindars* est en vigueur au Bengale

et dans les provinces unies. Un chef y est responsable de l'impôt foncier vis à vis du Gouvernement. Dans le *ryotwaris*, un chef héréditaire sert d'intermédiaire entre l'autorité et les habitants. Au Panjab et dans les provinces frontières, des associations de propriétaires possédent le sol.

Les relations des travailleurs avec les autres membres de la communauté diffèrent aux Indes de ce qu'elles sont en Europe. Une énumération des diverses professions, des services rendus par les artisans, des prix qui leur sont payés, des tableaux de la proportion dans laquelle chaque branche d'activité s'est développée, nous ouvrent un jour nouveau sur la vie indienne. Le chapitre consacré aux finances et à l'administration communales, nous apprend comment la communauté se procure des ressources en prélevant des taxes sur les mariages, les funérailles, les transactions de diverses natures ; sur la propriété immobilière, sur les locations de terres et de pâturages, la vente de la viande, la vente des fruits des arbres qui bordent les routes.

Beaucoup de transactions se font en nature. Des quantités déterminées de grain s'échangent contre certains poids d'autres denrées, telles que le sel, l'huile, le sucre. Les proportions varient peu. Les transactions qui se font en argent donnent lieu à des ouvertures de crédit, à la création de *hundis*, qui sont de véritables lettres de change, à des emprunts hypothécaires.

Le communalisme indien implique, selon Mukerjee, une reconnaissance par les hommes des droits et des devoirs de chaque classe, une estime et un respect mutuels. L'auteur admire la règle en vertu de laquelle des prélèvements sont opérés par les habitants sur leurs récoltes ou leurs profits pour former un fonds commun. Il reconnaît cependant que nos impôts communaux ne sont pas autre chose. Le mode de perception seul diffère.

Plus des neuf dixièmes de la population hindoue

vivent encore à la campagne. La proportion citadine n'augmente pas, parce que de nouveaux territoires, ouverts dans le Nord-Ouest, ont déterminé la création de centres agricoles. Le problème de l'habitation dans les villes prend cependant aux Indes le même caractère d'acuité qu'en Europe.

Le chapitre consacré à l'art populaire est original. Il faut, dit l'auteur, une certaine liberté d'esprit et des loisirs pour que la production artistique se développe. D'autre part, il croit que l'art occidental, aristocratique par essence, aspire à la perfection de la forme et de la technicité plutôt qu'à l'expression de l'idéal qui jaillit de la communauté prise comme un tout plutôt que comme l'émanation d'une classe. Les conflits de classes, continue Mukerjee, sont les ennemis de l'art, tandis que le communalisme lui fournit ses meilleures inspirations.

Les humanités traditionnelles et le culte social des Hindous ont socialisé l'art, ainsi que leurs créations littéraires et philosophiques. Les riches Indiens ouvrent leurs maisons toute grandes au peuple, lors de certaines fêtes. Nous pourrions répondre à l'auteur que nos châtelains font de même en maintes circonstances et convient leurs voisins à leur rendre visite dans leurs parcs et leurs demeures.

Le communalisme oriental tire sa source de la religion. Les groupements sociaux de l'Inde ont leurs racines dans les profondeurs du sentiment divin. Narayan est le dieu qui aspire toute l'humanité en lui. Il pénètre notre vie. Il prend des formes multiples. Il est le but, mais en même temps il est en chaque homme et en chaque chose. La société exige le sacrifice de l'individu. Les villages ont des temples dédiés à Rama, à Krishna et à d'autres incarnations de Narayan.

Le second volume se termine sur l'affirmation que de nouveaux dieux apparaîtront. L'homme n'est pas le seul acteur sur la scène de monde Cette nouvelle religion polythéiste de la nature et de

l'humanité est à la base du communalisme. Elle lui permet de donner satisfaction aux fins universelles de la vie sociale, en harmonie avec l'existence cosmique.

Telle est, traduite littéralement, la conclusion de l'ouvrage, Principes d'économie comparée (Principles of Comparative Economics). Toute cette partie de l'œuvre est consacrée à des considérations générales sur les groupements sociaux de l'Orient et de l'Occident, sur la famille envisagée comme fondement de la société, sur le communalisme dans ses rapports avec l'économie sociale. Mukerjee cherche à démontrer la supériorité du communalisme par rapport à l'individualisme et au socialisme ; il loue l'organisation communaliste des villages, et expose les effets de l'industrie sur les migrations de la population. Les considérations sur l'art et la religion nous éloignent quelque peu du terrain sur lequel sont ordinairement placées les discussions économiques.

L'esprit général de l'auteur est l'exaltation de la vie communaliste et la critique de l'organisation de la vie moderne chez les nations européennes. Il est certain que l'entassement d'une partie de l'humanité dans les grandes villes et dans les agglomérations industrielles, ne donne pas, ni au point de vue moral ni au point de vue physique, d'heureux résultats. On conçoit qu'en présence des maux qu'il occasionne, l'esprit se reporte avec prédilection sur l'existence simple et paisible des Hindous. Est-il au pouvoir d'une volonté humaine d'arrêter l'évolution qui nous entraîne vers le genre d'existence que mène une fraction de plus en plus nombreuse des nations ? C'est là une question redoutable, à laquelle l'expérience quotidienne senble répondre par la négative.

Le travail qu'on va lire n'est pas moins d'un intérêt puissant. Le jeune professeur qui a enseigné tour à tour au Collège Krishnath à Berhampore, à l'Université du Panjab, à celle de Calcutta, qui a écrit

un livre sur les fondements de l'Économique hindoue, a brillamment abordé l'étude de problèmes passionnants. Il nous a donné un tableau très instructif de la vie sociale de ses compatriotes.

C'est un domaine nouveau, peu connu, dont il nous ouvre l'accès. Nous devons l'en féliciter, sans nous associer aux conclusions qu'il tire de l'étude d'un état social vers lequel il nous paraît difficile de revenir au XX^e^ siècle. Nous recommandons la lecture de son livre à tous ceux qui sont désireux de connaître la vie intérieure d'un empire dont la population représente un cinquième de l'humanité et dont la civilisation remonte à une antiquité bien plus reculée que les origines de la nôtre.

RAPHAËL-GEORGES LÉVY.

Janvier, 1921.

in the worship of a common ancestry, owning collective property, forming a social unit of which the headman is, at the same time, the administrator. There is, properly speaking, no inheritance of property. Succession falls to the survivors in turn. The woman rules the domestic life—a domestic life which would appear to have a far greater charm than that of the West.

To measure the force of industrial production merely in terms of figures, is to take a narrow view. The science of economics has concerned itself with the acquisition of wealth; its researches should be directed to the diminution of poverty. The East is not in favour of concentrating upon any particular point; it desires, on the contrary, the diffusion of wealth and of population, and individualistic production.

Hegel insisted upon the superiority of Western culture, but the exploitation of other races by the white man has depended upon a development of brute force. Civilisation is not the monopoly of Europe. It belongs to all mankind.

What the author terms communalism appears to him to resolve all economic problems. This is founded on the belief that Society has its own life to which each individual contributes while pursuing his own particular ends. Nothing shows better the triumph of a spiritual ideal in a hand-to-mouth existence than the substitution of co-operation for economic individualism.

The Indian village shows one of the world's most remarkable co-operative undertakings. The villagers come together to cut their canals, to embank their rivers against floods, to construct their reservoirs.

A chapter is devoted to the description of the very varied forms of Indian agricultural co-operation. Another describes the communalistic organisation of industry.

There are several different methods of land tenure. In Bengal and the United Provinces, the *Zamindar* system is in force. There, a headman is responsible, on behalf of the Government, for the land tax collection. In the *ryotwaris*, an hereditary headman serves as intermediary between the authorities and the villagers. In the Panjab and Frontier Provinces, groups of land-owners possess the soil.

The relations between the workers and other members of the community differ, in India, from those in Europe. An enumeration of the various professions, of the work and wages of artisans, the tables of the proportional developments in each branch of labour, all open to us a new view of Indian life.

The chapter dealing with communal finance and administration demonstrates how the community procures supplies by means of taxes upon marriages, funerals and other transactions; upon real property, upon rents of lands and pastures, upon the sale of meal and of the fruits of the roadside trees.

Much of the trading is done by barter. Fixed quantities of grain, for instance, are exchanged for similar amounts of other commodities, such as salt, oil, sugar. The proportions vary but little. Monetary transactions give rise to the opening of credits, to the creation of *hundis*, actual bills of exchange, and to mortgage loans.

According to Mukerjee, Indian communalism implies a recognition by man of the rights and duties of each class, a mutual esteem and respect. The author admires the arrangement whereby the villagers levy a tax upon their harvests or their profits in order to form a common fund. He recognises, nevertheless, that our communal taxes are much the same thing. The sole difference is in the method of perception.

More than nine-tenths of the Hindu population are still dwellers on the land. The civic population does not increase because the new territories, opened in the North-west, have brought about the creation of agricultural centres.

Nevertheless, in the cities of India the housing question presents the same acute features as in those of Europe.

The chapter on popular art is original. The author contends that a certain amount of leisure and liberty of mind are required for the development of artistic production. On the other hand, he believes that Western art, essentially aristocratic, aspires more to the perfection of form and technique than to the expression of the ideal which springs from a community regarded as a whole and not as the outcome of a single class. Class conflicts, says Mukerjee, are the enemies of art, while communalism supplies it with its best inspiration.

The traditional humanities and the social cult of the Hindus have socialised their art as well as their literary and philosophic institutions. On the occasion of certain festivals, rich Indians open their mansions to the people. We might remind the author that, in similar circumstances, our own gentry may do the same, inviting their neighbours to visit their houses and grounds.

Oriental communalism draws its inspiration from religion. Indian social groups have their roots in the depths of divine feeling. Narayan is the god who absorbs all humanity in himself. He pervades our life. He assumes multiple forms. He is the end, but at the same time he exists in each man, in each thing. Society demands the sacrifice of the individual. In the villages, there are temples dedicated to Rama, to Krishna, and to other incarnations of Narayan.

The second volume ends with the assertion that new gods will appear. Man is not the only actor

on the world's stage. This new polytheistic religion of Nature and Humanity is at the root of communalism. Communalism, thereby, may meet the universal demands of social life while remaining in harmony with cosmic existence.

This is the conclusion arrived at in " Principles of Comparative Economics." All this part of the work is dedicated to a general consideration of the social groupings of the East and of the West, of the family regarded as the basis of Society, of communalism in its relation to social economy.

Mukerjee endeavours to prove the superiority of communalism in comparison with individualism and socialism; he praises the structure of the communalist village and exhibits the effects of industry on the migrations of the people. His remarks upon art and religion are somewhat removed from the plane upon which economic discussions usually take place.

The general spirit of the book is the eulogy of communalist conditions of life and criticism of the organisation of modern life among European nations. It is certain that no happy results, whether moral or physical, follow the crowding of a part of humanity into great cities or industrial areas. In the presence of evils caused by such conditions, the mind has a distinct predilection for the simple and peaceful existence of the Hindus. Is it in the power of human will to arrest the evolution which drags us towards a way of living led by an increasing proportion of the nations? That is a formidable question to which daily experience would seem to offer a negative reply.

None the less, the work before us is of powerful interest. The young Professor who has lectured successively at the Krishnath College, Behampore, the University of the Panjab and that of Calcutta, who has written a book upon the bases of Hindu economics, has attacked, with brilliance, the study

of absorbing problems. He has given us a very instructive picture of the social life of his compatriots.

It is to a new domain of which little is known that he offers us the entry. We may congratulate him, without associating ourselves with the conclusions he deduces from a social state to which it is difficult for ourselves to revert in the twentieth century. We recommend his book to all who desire to know the inner life of an Empire whose population represents one-fifth of humanity and whose civilisation, in its antiquity, is far anterior to the beginnings of our own.

PREFACE BY THE AUTHOR.

In March, 1917, I was invited by the Syndicate of the Panjab University to deliver a course of lectures in Indian Economics. These lectures, together with other series delivered by me from time to time during the last two years at the Calcutta University, as well as before the Economic Associations of the Madras University and its affiliated Colleges, form parts of a systematic investigation into economic laws and institutions. I have attempted to place Economics on broader and, I venture to think, more scientific foundations by applying the methods of physical and biological analysis to the domain of economic phenomena and laws. From this physical and biological analysis, I have proceeded to an examination of the bases of Economics in Social Psychology and Cultural Anthropology. This double interpretation, at once physical and social, is the only right method to bring about a radical advance in Sociology, and give it a more exact, scientific character. And Economics as a member of the group of the sociological sciences must be subjected to the same treatment. In fact, I have attempted a re-orientation of Economics in the light of recent advances in biology and psychology as applied to Sociology; this has resulted in fresh economic theories and concepts concerning the problems of production and distribution, consumption and value, labour and population.

This attempted extension of the scope of Economics and this treatment of its data by methods that must be applied to the scientific analysis of all biological and sociological phenomena, have in the present undertaking served but as a preliminary to an investigation of Economics from a wider and more adequate viewpoint, which includes in its survey new fields of economic institutions connected with their ethnic and national variations in different cultural regions; and in surveying these fields it has been found indispensable to resort to the historical and comparative methods, which must be applied more and more to the entire body of humanistic and cultural sciences. Thus alone can we lay the foundations of a new science of Comparative Economics, which, along with the sister sciences of Comparative Jurisprudence, Comparative Politics, Comparative Æsthetics, and Comparative Religion, will explore the diverse zones of cultural distribution. For, indeed, all social and humanistic evolution, including the economic, is multilinear and diversely ramifying no less than the course of biological evolution; and, accordingly, we have to map human history, its institutions, its environment and habitat into diverse regions and zones, characterised by distinctive types and forms which must be compared and collated if we are to rise to universal principles in the social sciences.

We are thus introduced to the concept of Regional Economics, in other words, the scientific study of the different types and stages of economic organisations in their structural as well as their functional aspects. Until we have provisionally settled by historical and comparative methods the intermediate formulæ and generalisations, which are derived from, and are specifically applicable to, specific economic regions and types, we cannot hope to formulate the science of Universal Economics and its concepts and laws in which the conflict of partial

economic theories derived from particular socio-economic regions will find its reconciliation; or again, hope to reduce economic concepts to their original elements and factors furnished by the principles of the physical, the biological, the psychological and the sociological sciences.

Such an extension of the economic science as is implied by the emergence of the new sciences of Comparative and Regional Economics, will bear fruit not only in the rehabilitation of economic theories and their rescue from their present *impasse* and arrest, but also in new economic programmes which will bring harmony and reconciliation to the clamant strife and struggles of different peoples and regions in their blind career of competitive exploitation and aggressive self-expansion.

Recognising as I do that economic theory and experimentation must have a sound scientific basis in the constitution of man and nature, though these are here dynamically and not statically conceived, I am in essentials a conservative rather than an innovator. I have aspired to engraft, not to plant anew. If I have deviated from the well-trodden path of the classical economists, and seem to strike an idealistic note in my insistence on social and communal values as decisive and determining factors of economic organisations, it is only as a part of the contribution of Indian culture to the world-scheme of life, which cannot be fulfilled without the confluence of such tributaries from the various streams of cultural life. So much can hardly be said, however, of my treatment of the insistent problems of economic regionalism in Chapters XI–XIII, in which I seek to outline a scheme of co-operative internationalism consistently with regional self-determination in the world-distribution of capital, labour and industry. Here, if I have adopted an attitude of an innovator and experimenter, a disturber of the old order, I appeal only to a larger order, the

coming cosmic humanism, which knows neither East nor West, neither white nor black, neither a close League of self-selected Nations nor its inevitable corollary, an anti-league of the non-national races and the unorganised peoples, but builds up a new world-economy by a humanitarian legislation based on what may be called the Eugenics of Race and Nationality in keeping with the fundamental constitution of Man and Nature.

In seeking to lay the foundations of Comparative and Regional Economics, I have drawn my materials from a first-hand study, recently undertaken, of Indian socio-economic institutions. My previous studies and investigations in this field, which have been published in my earlier book, *The Foundations of Indian Economics* (Longmans, 1917), have also been laid under contribution for a characterisation of the Indian economic type and for its interpretation from a new angle of vision which seeks to set it by the side of other regional types in relation to Universal Economics. In collating and comparing Indian economic phenomena with those which are familiar to us in the West, I have arrived at the concept of Communalism as constituting an evolving type in universal economic history, and I have sought to trace it in its multiform phases in the course of institutional development in the East and the West alike. India stands to-day as the richest store-house of communal institutions, and I have accordingly described in detail the economic institutions of India which are communal in their origin and development. In so doing I have sought to bring out the typical physiognomy of the Indian culture, and of the socio-economic institutions, instead of labelling these, as is so often done, under the indiscriminate catch-phrases and shibboleths of conventional economics. I have finished by describing in the last two chapters the æsthetic and the religious traditions of com-

munalism, since these enter as integral elements into the Indian scheme of socio-economic values. I have tried to be just both to the East and the West, believing as I do in the virtues and achievements of both, and in their reconciliation and fulfilment in the ideal constructions of the coming human polity.

Some points have been elucidated or brought up to date in the Notes during revision of final proofs.

I am deeply indebted to my teacher and friend, Prof. Brajendra Nath Seal; from the commencement of my work, his accurate and comprehensive learning was always at my disposal, while his broad-minded humanism has been a constant source of inspiration to me as to many students of Eastern and Western culture, who have gathered round him. He also kindly took upon himself the laborious task of revising a portion of the proofs on the eve of his joining the post of Vice-Chancellor of the Mysore University; yet he will not allow me to thank him.

My thanks are due to the Council of Post-Graduate Teaching in Arts of the University of Calcutta for meeting the expense of some of my tours of investigation. To its President, the Hon'ble Sir Asutosh Mookerjee, an expression of gratitude on the part of one connected with the University is superfluous. He has generously encouraged me by presiding over all my lectures at this University.

I am grateful to Sir Herbert Maynard, Sir Sankaran Nair, Mr. M. K. Gandhi, Principal Rudra, Dr. Gilbert Slater and Prof. Candeth for presiding over my lectures at different Colleges and Universities. Mr. George Frankland has obliged me by preparing an excellent index and seeing the book through the press. Mr. A. K. Sen, my pupil in the M.A. class in Sociology, has helped me in the preparation of the bibliography. I hope my works will ever as now be

associated with the kind solicitude of my friends and colleagues, Prof. Benoy Kumar Sarkar, Mr. S. C. Ray, Mr. N. Law, Dr. N. C. Sen Gupta, and my brother, Dr. Radhakumud Mookerji.

RADHAKAMAL MUKERJEE.

THE SENATE HOUSE,
CALCUTTA UNIVERSITY,
January, 1921.

PRINCIPLES OF COMPARATIVE ECONOMICS.

PART I.

A. FIRST PRINCIPLES IN ECONOMICS.

CHAPTER I.

PHYSICAL BASIS OF ECONOMICS.

Reconstruction of Economics Necessary.—The principles of economics require a fresh formulation in view of the world-wide movement in economic ideals and policy. But a preliminary step to such a re-statement must be an investigation of economic phenomena according to the scientific methods that have been so successfully applied in our day to the advancing sciences of life, mind and society. Economic principles as hitherto investigated have been more or less a blend of hedonistic psychology and utilitarian ethics. But, in accordance with the general interpretation of psychological and ethical laws in the light of their physical and biological grounds and factors, which is the goal of modern scientific analysis and philosophical thought, it is desirable that the principles of economics should be similarly reduced to their physical and biological elements and conditions, instead of being left as convenient formulæ of a fixed and dogmatic economic creed. The recent advances in our ideas regarding sociological origins

and evolution are incompatible with this water-tight compartment theory of fixed economic categories, and imperfectly analysed norms, characteristic of the pre-evolutionary classical economists from Ricardo to Mill, and make it necessary that we should recast the body of economic principles in the light of those scientific methods of analysis which are being applied with rich promise of fruitfulness to all other sociological sciences (including law and jurisprudence) under the ruling concept of Evolution as applied to the phenomena of life and mind.

Economic principles will thus appear to be, not merely economic, but also, in their ultimate grounding, physical and biological. But this is not the whole truth. The obverse has also to be presented. Economic evolution as a part of sociological evolution adds a new element of choice and conscious adaptation to the instinctive processes of organic evolution, and accordingly the physical and biological bases of the economic life must be lifted to the psycho-sociological plane. And in this plane the same principle of adaptation to the environment, which is the essence of evolution, creates, in response to a diversity of environments, a variety of life-schemes and economic values, and different social and historic series in different environments, material and cultural. Hence the imperative need to-day of a two-fold movement in economic thought: a movement of descent in the analysis of economic principles down to their originating and limiting physical and physiological conditions; and, secondly, a movement of ascent, which, starting from these basic physical and biological conditions and factors, works up by the synthesis of life and history to the various social and economic laws, categories and values that govern different social and economic regions and environments.

Physical Significance of Production.—Let us, then, apply physical and biological analysis to the more important concepts of the economist. Production, for example, physically considered, is the liberation of energy by certain processes and its storing up in a certain collocation, i.e., in a certain arrangement of matter. The sum total of energy

is not increased by production, but is so transformed and so redistributed in potential and kinetic energy as to be conducive to the satisfaction of human purpose. The physical significance of production may be exhibited in different characteristic forms. Some of these may be here noted:

(1) Sometimes the store of nature is converted directly into kinetic energies or into potential energies. Fuel, for example, in the forms of coal, gas, oil, etc., represents a more easily available form of potential energy in relation to mechanical energy, while food represents the same in relation to human energy. In the case of tools, implements and similar other forms of capital there is the same transformation of the natural store into more easily available forms of potential energy such as can keep for a longer duration and can be distributed over many successive uses. These latter are distinguished from the fuel or food class in the same way as production-goods are distinguishable from consumption-goods.

In both these cases the test of productiveness is the surplus or excess of energy in what is gained or rendered available over what is spent.

(2) Apart from these forms of production-goods the store of nature may be used for the manufacture of consumption-goods in which the production of energy, human or mechanical, is not the direct object as in the previous mode. Here utility embodied in matter is the governing aim; but this has also a twofold reference to energy. In the first place, production in such manufactures is as much a case of energy-transformation as in the extractive or agricultural industries of the first class. In the second place utility itself implies the transformation of energy into a psychical product, and as such may come to be quantitatively estimated and used as an index of energy, in a vital or a psychical form.

Determination of Value by Energies.—With advances in applied science the various forms of energy will more and more become mutually convertible without wastage or dissipation, and consequently the productive process as well as the resulting production in all the above varieties, agricultural,

extractive, manufacturing, etc., will be alike reducible to a common denominator in the all-embracing science of energetics. This will supply a surer and more scientific measure of value than the shifting and random equation of utility and satisfaction. We should take our stand upon the equivalence and mutual convertibility of energies, a living reality, and not upon its rule-of-thumb substitute, the equivalence and substitution of satisfactions adopted by orthodox economics. Of course, it must be borne in mind that this is not the only determinant of value. As we shall see, there are other important factors, such as the demand for physiological recuperation and efficient maintenance of labour, the scale of social valuation including the values set on monopoly qualities and excellences, artistic workmanship, etc. All these enter as integral factors into the practical operation of the one general law of the equation of demand and supply.

Incidence of Law of Diminishing Returns.—But there is another equally important distinction among modes of production from the physical point of view. Some of these modes consume the store more than others, or draw upon it without corresponding replacement. Here the tendency is to consume the store of energy in natural resources by direct transformation of potential into other forms without corresponding replacement. Consequently there is the phenomenon of ultimate exhaustion of the store, and of gradual and advancing sterility or denudation. And this phenomenon is expressed in the economic Law of Diminishing Returns. But there are other modes of production in which the natural store is less consumed, there being more use of suitable collocation of the given store of matter, and more of the energy in production being supplied by tools and implements as embodying potential energy. This is illustrated in the typical processes of the manufacture of consumption-goods.

No doubt manufacture is no less dependent than agriculture or extractive industries on this natural energy supplied in the form of matter or "land," but in the manufacturing process the element of collocation as manifested in the tools

and machinery which store up energy is more important and contributes more to the actual production than the kinetic liberation and consumption of natural energy as in the case of the extractive industries. Accordingly the phenomenon of diminishing returns is less in evidence here. And, as with greater human ingenuity, better collocation and less expenditure of energy go together, the productive process is less wasteful of the store. The law of diminishing returns does not therefore come into operation to the same extent. On the contrary, if the conditions permit of more skilful collocation of forms of matter, the surplus productivity may increase in greater proportion than the expenditure of energy, and a law of increasing returns accordingly comes into force. Better and more efficient modes of industrial organisation such as those comprehended by division of labour, use of specialised machinery, large-scale production, etc., secure the above conditions under particular industrial circumstances.(1) [1]

Production as Transformation of Energy.—Thus, a certain product represents a certain amount of the transformation of energy. This latter involves a drawing upon the natural store of matter and energy as well as the expenditure of energy (including human labour) for producing the required transformation. Accordingly a shoe or a plough as a product may be evaluated in terms of the total energy thus consumed in its production. In the earlier stages of industrial arts there is more expenditure of the total energy spent from the natural store and in the transforming process: in other words there is waste in production due on one hand to imperfect exploitation of the natural fund of energy which fails to be worked up to its full capabilities and potentialities, and on the other hand to imperfect collocation of given matter, as imposed by human labour. Industrial progress consists in reducing this waste in both these directions by better exploitation and better collocation; and, as for the art of consumption, its progress consists, whether in immediate or in mediate forms, in initiating such a social arrangement as provides for the ever fuller return and

[1] See page 299. Figures in brackets refer to the Notes.

restoration of the energy consumed in production to the common fund or natural store in the shape of energy that may be available for further production. It is this principle, for example, which is illustrated in the economist's distinction between production-goods and consumption-goods, or between productive and unproductive consumption; for the object of this distinction is the prevention of waste by providing for the conditions of reproductivity (and restoration) of every form of energy, natural or human. In fact, Wealth in all its forms, natural or human, social or national, is a perennial stream which is perpetually fed and renewed as it perpetually evaporates and is perpetually used up and wasted.

Every case of production which thus involves the transformation of potential into kinetic energy and *vice versâ* can be represented as an equation in dynamics; but, as economics deals with value, dynamical equations would give us no clue to the equations of value which form the subject matter of our science. Still we must seek in the conditions of these physical equations the basis of many economic phenomena. For example, the principle of the equivalence and substitution of energies underlies in part the phenomena of equivalence and substitution of values in the economic sphere. Other things being equal, commodities tend to have the same economic value under the operation of the principle of substitution when their production costs equivalent quanta of energy, which are mutually convertible.

But it must be noted that the general law of the equivalence and substitution of energies and of costs in production undergoes modifications and variations under certain special circumstances which have a very wide application in the field of normal industrial life. Where any particular industry is followed as a by-occupation, as in subsidiary agricultural industries, or in the employment of the factory hand in subsidiary or supplementary occupations dealing with by-products or with the utilisation of waste, different levels of remuneration and costs of production are maintained by convenient compartmental segmentation. The total differential costs under such conditions vary to a more con-

siderable extent than where the principle of equivalence is applied.

Besides these forms of subsidiary production, there is another field in which the same phenomenon of differential levels is noticeable. The employment of surplus labour, as in home or cottage production, leads to a differential rate of wages: the main occupation has one rate and the surplus labour of the labourer or his family—i.e., the excess left over the labour which is looked to for the regular subsistence—has another rate. Again, the phenomenon of multiple prices for the same commodity, as seen in dumping, belongs to this class of arbitrarily chosen demarcations or differentiations which in this case upsets the economic market based on the principle of equivalence. In all these cases the differential distribution of labour and of costs among the main and subsidiary occupations, industries and products are so adjusted that the maximum return is obtained from the particular collocation chosen. This is the general principle underlying all compartmental segmentation of production or labour.

Economic Conventions.—Thus we see that the principle of equivalence is nothing more than an economic convention, adopted for convenience of economic exchange; but these conventions are liable for the same reasons of convenience to be replaced by other conventions of a contradictory character which are adapted to particular economic circumstances. Even the law of maximum returns under which we have summed up all these attempts at segmentation of levels is an economic convention, postulating as it does a certain organisation of instincts and impulses and a certain scale of valuation, i.e., a certain type of the economic man.

Time Element in Production.—Again, in the productive process, the element of time enters into the work done, and consequently the estimate of equivalent energy includes the time-relation. And this provides for the physical explanation of Interest, which is the equaliser of time-value. In the same way Profit is possible because in the process of transformation of potential into kinetic energy, and *vice versâ*, the amount that is made available for human satis-

faction may be increased in a new collocation of matter by mere redistribution of kinetic and potential forms, though no doubt the sum total may not admit of any increase or decrease. For example, in the transformation $a + b = (a - c) + (b + c)$, where c is taken from the store a and added to the available fund b, there is a profit provided that the operation of transferring c involved in the productive process costs only a fraction of c, and provided also that the diminution of the store is not of immediate practical consequence or interest. The phenomenon of Rent need not be specifically treated, being of the nature of a partial differential of a complex function of such variables as the three agents of production, and accordingly it is susceptible of quantitative analysis and treatment.

Tests of Efficiency.—In the productive process efficiency is to be measured by estimating the surplus not merely in direct terms of economic value, but also, and as a corrective, by setting off the energy gained or rendered available, against the energy spent or placed beyond control. Accordingly, the question of recoupment of the store drawn upon comes more and more to the front not merely in respect of human agencies of labour, but also of all accumulated natural supplies and deposits which labour utilises. The processes of conservation with reduction and utilisation of waste as well as recoupment and betterment plans are coming to be recognised as some of the most essential and fruitful factors of efficiency in production, but science will never be content until social production and social consumption on a large scale are so organised that these processes in their completion may naturally yield back or return to the store in an easily available form that energy which was drawn therefrom. With the gradual exhaustion of accumulated deposits in nature of the more familiar sources of energy, e.g., coal and other mineral products, forests, etc., it will be necessary to impose a social code of regulation on wasteful production as well as wasteful consumption. These are some of the practical postulates derivable from a physical analysis of the conditions of production. Production has been more or less judged by the painful human

effort involved in it ; the test of efficiency has been the value won for consumption or enjoyment as a surplus yielded over the cost of effort. But, in the physical equation underlying production, the human values lost or gained point only to an inconsiderable fraction of the total energy involved in the equation. Accordingly, what is humanly speaking profitable may imply a dead natural loss, and this loss may inflict great injury to the community or the race as a whole in the long run. In the interests of the solidarity of the race itself, man has his obligations to Nature as the matrix of the community, and such obligations involve the social use of the gifts of the earth (*munera terræ*) and socialised satisfactions, which alone can satisfy the lofty ideal of communalism—the participation of every man in the common inheritance of the earth and the fruits of humanity.

Biological Analysis of Production and Consumption.—Let us next turn to a biological analysis of the conditions of production. This builds on the fact that the human organism is itself a living machine or energy-transformer. Though the prime movers in this case are instinct, desire, want, interest, prudence, etc., the actual work done involves the expenditure of energy, or in other words, the setting free and redistribution of potential energies, stored up in a certain collocation. This energy-transformation in the human machine is the central fact in the physiology of labour which assimilates it to the physical aspect of production of which we have just spoken. The physical laws, therefore, of equivalence and transformation are applicable to human labour and its conditions of work. But the most characteristic phenomenon of biological as opposed to mechanical work is that the living organism as a machine demands recoupment of the store, and the principle of individual want and individual satisfaction ensures this return or restoration of the physiological balance as a felt need and imperative organic condition of work.(2) Accordingly, there is an element of justice in every act of legitimate production, viz., the repair of the tissue waste involved in work. This repair and restoration are secured by the

process of consumption, which accordingly in economics must be regarded as complementary to work and production, being mutually dependent in the maintenance and evolution of life. Accordingly, with the extending range and variety of wants, the complementary processes of production and consumption evolve into more or less complex forms of living activity.

The return to energy spent in legitimate production must not sink below the margin of efficient subsistence, this being an imperative condition imposed by the necessity of physiological repair. Classical economists understood the significance of this irreducible minimum, but failed to recognise sufficiently its foundation in physiological justice.

Again, neither labour nor its reward can be explained in terms of mere pain and pleasure, because they are merely the urge of vital needs and vital impulses, and utility is therefore truly measurable not by means of a hedonistic calculus, but in terms of vital energy. With the increasing application of dynamic and thermo-dynamic laws to physiological reactions and equivalents, labour, reward, utility, will be measured in terms of vital energy in the science of energetics, and this will offer us a more stable and scientific foundation for the calculation of costs and wages than the casual equations of demand and supply or the uncertain calculus of marginal utilities conceived in terms of pleasure and pain.

Recoupment of Energy.—The cardinal deficiency, then, is that the recoupment of energy is commonly represented as a form of reward in the shape of pleasures and satisfactions as a compensation for the pain of effort involved in labour. But this is an inadequate view of the case. The new concept of dynamical economics based on energetics, on the other hand, must represent this recoupment as a restoration of the expended store of energy in the form of capacity for new production and constructions, a capacity which not only comprehends efficient subsistence, and all the healthy pleasures and satisfactions which such subsistence entails as by-products, but principally the dynamic force of the individual as the producer of values. And this capacity

includes the requirements of healthy family life and child-rearing, as the restoration of the race is part of this physiological restoration, conceived from the standpoint of social utility or social vitality.

Distribution.—Production both in the physical and physiological aspects may complete its cycle when the individual works directly upon any form of given matter and obtains a direct return in the product or its consumption through the expenditure and transformation of energy. The recoupment of the waste involved in human effort is, as we have seen, the vital meaning and significance of consumption, and the law of the equivalence of energies, including potential as well as kinetic, governs production. When, however, there is an intermediate chain between production and consumption owing to division of labour and complex co-operation of different factors of production, the same principle of the equivalence and restoration of energies operates in the form of the substitution of energies in the phenomena of distribution.

Justice *v.* Competition in Distribution.—Whenever this original balance, which is the normal condition of natural production and consumption, is disturbed in mediated production and consumption in any scheme of distribution, this is a sure test of the injurious and de-vitalising character of the economic situation. Unproductive consumption, sweated labour, parasitism, exploitation by middlemen, traders or capitalists, rack-renting, represent the disturbance of the natural justice by upsetting the just balance of expenditure and recoupment, which is the principle of work. As the forms, quantities and grades of labour are different, so are the corresponding restorations and rewards. Physiological justice itself is the foundation of those forms of social and moral justice which are implied in distributive and commutative justice. While in such a natural scheme there is no room for unearned increments or profits of monopolies and special advantages based on restrictive social institutions or legislation, the principle of justice itself ensures differential remuneration for specialised work of different grades and qualities of labour, such as intellectual

or artistic work, craftsman's labour, business management and control, inasmuch as these require different conditions of maintenance, repair and efficient subsistence. The principle of unchecked competition working through demand and supply often degrades high-class artistic, intellectual or social work to the vulgar conventional level of the market, and is unfavourable to those biological conditions of specific breeding and segregation without which such excellence in the creation of higher social values cannot be nurtured. A distributive scheme based on mere competition of the economic man must be limited and corrected in these directions by good, healthy, social customs which, while securing the conditions of efficient maintenance to proved excellence and special talent, do not set up any rigid barriers to the free upward movement and incessant social differentiation of labour and social functioning in progressive adaptation to the changing environment. Such is the demand of moral and social justice in the distribution of rewards. The economic phenomena of distribution which have their rise in the biological principle of recoupment or restoration of expended energy are governed by the law of equivalence of energies in a higher moral plane, involving not merely mathematical proportions as in production, but also the proportions of moral and social justice which work themselves out through laws of physical and biological equivalence. We shall see that in different economic zones the schemes of life-values are different, and accordingly the proportions of moral and social justice differ in the relative valuation of different grades and kinds of social functioning and services generally. But the fluctuations due to differences of this relative social valuation always tend to remain within the limits imposed by the mathematical formulæ derivable from considerations of the physiological restoration of expended energy, as well as by the expenditure of physical energy involved in the productive process: and it will be the task of comparative economics to study different scales or levels of wages in different economic centres in relation, not merely to the physical or physiological constants or to the formal equations of economic demand and

supply, but also and mainly with reference to the scheme of social values which in every industrial zone is superimposed upon the economic scale.

Law of Wages.—The irreducible law of wages is itself a complex of the following elements and their functions:

(1) The proportion of the return in energy to the amount which is spent in dealing with matter, in the productive process (this is the parent of the productivity theories of wages);

(2) The physiological recoupment, restoration and maintenance at the standard of efficiency (this is the parent of the subsistence theories of wages);

(3) Demand and supply with reference to labour which is really a rule-of-thumb application of (1) and (2) in terms of conscious want, and expectation, interest and desire (this is expressed in the formal law of demand and supply), for it is the physiological necessity which ultimately and essentially governs the volume as well as the direction of the demand, as it is the proportionate return in the physical process of energy-transformation that in the long return regulates the supply;

(4) The scale of social values, which appraises different kinds and grades of labour differently in different economic regions. This will furnish a reconciliation of custom and competition in the economic sphere by means of a principle, which may be indifferently called ethical custom or ethical competition, and which can only be realised in a scheme of social constitution where groups composed of individuals who are at once producers and consumers co-operate on a voluntary basis and regulate the scale of relative values and rewards in consonance with the full requirements of natural and social justice, as above explained.

Economics, in so far as it has neglected the sociological factor, has always seen or created a distinction between competition and custom, between economic and uneconomic or extra-economic standards as entering into the question of wages, and failed to realise that different scales of wages in different economic regions are governed in relation, not merely to the physical and physiological factors, but also

and mainly in relation to the scheme of social values which in every industrial society is superimposed upon the economic scale. Comparative and regional economics will thus seek to extend and correct the analysis of orthodox economics in the explanation of wages and make it conform to the actual facts concerning the differences in real wages in different occupations in different economic societies.

CHAPTER II.

BIOLOGICAL AND PSYCHOLOGICAL BASIS OF ECONOMICS.

WE now proceed to analyse these economic concepts, rising from their physical and physiological grounding to their psycho-social expressions in the production of utilities or economic values.

The Psycho-Social Man.—Before turning, however, to the analysis of economic phenomena as complex psychical reactions within a social organism, we must consider the nature of the individual in his relations to the group or mass consciousness. The individual in economic psychology is still too much the eighteenth-century theorist's individual, with his unique, absolute rights and his self-centred rationalistic type of personality. The individual of our twentieth-century biology and psychology is one whose wants, interests and desires arise not only from his narrow self, his individual reason and interest, but also from the group-life and consciousness—an individual whose living organism is stored with parental, gregarious and sympathetic impulses, that determine both the nature of the needs and their satisfactions. Modern economics in recognising the individual must accept the individual of modern biological and social psychology which finds the ultimate roots of both egoism and altruism, of individual and of social behaviour in the racial, instinctive phase of experience. Communal instincts and social sympathies, hitherto obscured in an economics that has derived its psychology from the analysis of human behaviour founded on individual introspection—an analysis that has now proved its inadequacy, will be seen to possess a new significance.

Economics has hitherto emphasised the rational side of nature and the phenomena of competition; the biological, unconscious aspect of nature with the race impulses on the one hand, and the connected phenomena of co-operation on the other, will now receive emphasis. The domestic instincts and the instinct of gregariousness and sympathy which, together with other instincts, have produced the family, the group life, the state and the world of industry, are prior to "individual" reason or enlightened self-interest, to the will of the individual mind. These instinctive "ground-patterns" or "action-patterns" are, however, not eternally fixed or rigid, but are themselves developing and expanding in the unfolding life of the race which is synonymous with the history of culture and civilisation. They are racial in their origin and in their development.(3) Through them natural selection has made and still makes life and its evolution possible; individual variation, rational selection, enlightened self-interest, all play an important part in this evolution. Indeed, these are the effective agencies through which this varied process of evolution and this constant race-valuation accomplish themselves. Not individual volition and reason in themselves, not the desire for gain and an enlightened self-interest, as in orthodox economics, but the common racial "brain-patterns" and the environing social consciousness in the individual consciousness are the *a priori* outlines which the developing individual will and reason follow in the progress towards individuation on the one hand, and institutional and cultural standardisation on the other. This change of attitude from the older rationalistic psychology to the new biological and social psychology as the foundation of economics implies that economics must take an objective regional turn. In economics it will be a change from idealism to realism, or what is better still, an ideal realism. In our biological age, to conceive of the will merely as unique and self-centred, guided paramountly by the desire for gain and fear of loss, and chronically conscious that it bears only "external" relations to the various forms of group life, savours of the pathological. A study of ethnic impulses

and the racial patterns of behaviour will come to be regarded as an indispensable key to the analysis of concrete individual psychoses. The twin errors involved in modern economic psychology are the ignoring of the racial ground-patterns, and the distortion of the rich and exuberant life and consciousness of the individual, the dwarfing of the concrete and complete personality into the truncated economic man, the ghost of which still stalks abroad in modern economic analysis—the miserable figment of orthodox economics. These errors will be traced to their source in the following chapters, and an attempt will be made to supply a fuller and more adequate conception of the psycho-social man as the true unit of the economic organisation. It is this extended and corrected analysis of the true economic man that alone can lay the foundations of the new sciences of comparative and regional economics and thus lead the way to the formulation of the universal economics of the future.

Evolution of Wants.—We have seen that all work can be represented in terms of physical energy. We have also seen that human labour can be represented in addition in terms of organic waste and repair. Over and above these physical and physiological aspects, work is conditioned by psychical and social factors such as wants and interests, which are built upon the organic needs and functions of the agent. Before treating of production and its laws as conditioned by these psycho-social factors we shall trace in broad outline the evolution of wants and interests which gives a general trend or direction to productive activity.

Rising out of an original organic equipment of reflexes and instincts, tendencies and dispositions, the course of psychical evolution in man proceeds from elementary and primitive to complex dispositions and impulses which take the form of felt needs and conscious wants. The persistent wants (oxidation, and maintenance of animal heat, etc.) and the recurrent wants (appetites of hunger, thirst, muscular exercise, sleep, sex, etc.) together work the organism. Nutrition and reproduction at first become irregularly recurrent (e.g., savage feasts and seasonal heat), and at last

more and more regularly recurrent (e.g., fixed hours of dinner, sleep, exercise, etc., and woman's monthly cycle). Evolved out of these are certain general tendencies and dispositions such as the love of life, the need of protection, and the desire for possession, storing and ownership on the one hand, and the domestic and gregarious instincts on the other. These constitute the primary wants of self-preservation and species-preservation. These primary wants make man realise his helplessness and dependence on the powers of the twofold environment, nature and society: and, consequently, the want of propitiation of these powers which expresses itself in the form of the religious want soon becomes dominant, and regulative, organising and directing all the other wants and the arts connected with their gratification.

The wants of the senses, imagination and taste, the intellect and moral sense, the social affections and communal instincts, etc., that now supervene, expand as well as deepen, extend as well as intensify, life. The so-called "laws," variety, distinction, and novelty, are not laws of want, but particular wants, more or less of a generic or generalised character, of the later stage. It is not merely that wants become distinct and various, and assume new forms as an abstract and formal law of development, but that in the growing complexity of our conscious impulses such complex cravings as those for variety, distinction and novelty supervene on the cruder and less defined mentality. The real law of want is the law of its increase in geometrical progression. Wants create efforts or activities, these are then wanted for their own sake (by "transfer of interest"), and lead to fresh efforts and activities, and so on. This law of progressive wants is the psychological expression of a biological law, viz., that of progressive adaptation. In the maintenance and evolution of life those reactions, responses, and attitudes, that adapt the organism successfully to the environment, are accompanied with satisfaction, and are therefore multiplied and extended by becoming objects of desire and being wanted for their own sake. Thus a progressive adaptation of life implies a corresponding

expansion of wants. Morbid wants are an index to degeneration.(4) It is only when lower wants are sublimated into higher, e.g., sensuous into imaginative and æsthetic, or egoistic into social wants, by transfer of interest and imaginative or symbolic transfiguration, that the former are multiplied and renewed, and ramify into manifold new series without being accompanied by satiety, disgust and ennui, or by that morbid or pathological phenomenon, the blind hunger for sensations and insatiate thirst for wants, which we may name want-neurosis in our new psychiatry. Accordingly it is the ascent from naturalistic to humanistic, from sensuous to intellectual and artistic, from egoistic to altruistic, from material and particularist to spiritual and cosmic, wants—each layer of higher wants superimposed upon the lower in more or less successive stages—that is the real series of the geometrical progression of wants;—and in this direction lies the progressive perfectability of human personality, progressively adapting itself to the cosmic environment.

Psychological Study of Wants.—But wants have to be studied not merely from the standpoint of their general trend or evolution as directing and moulding the lines of ethnic economic progress, but also in their characteristic form and essence as concrete psychoses governed by psychological laws concerning the relation of individual stimuli to individual satisfactions or consumptions. As energetics gives us the laws of equivalence and substitution, as vitalistics gives us the laws of repair and restoration, and of efficient subsistence and maintenance to which the economic phenomena of production and distribution are subordinated, in the same way the fundamental psychological laws that govern sensory and affective reactions to stimuli must furnish the foundations of a scientific treatment of utility, value, satisfaction and consumption in economics.

It is true that the laws that govern the quantitative relations between stimuli and reactions deal with variations in the intensity of individual stimuli by continuous additions of units carried to fractional divisions, whereas in the economic field the analysis deals with units of goods that do not

admit of such division but must be added or subtracted as wholes or multiples of wholes. But the principles of differential and terminal utility as well as of total utility in the consumption of economic goods are analogous in their character to the psychological laws of stimulation and reactions, whether sensory or affective. Accordingly we proceed to formulate, extend and correct these psychological laws, it being expressly understood that they apply only *mutatis mutandis* to the quantitative relations between goods and satisfactions.

Laws of Stimulus and Reaction.—Among these laws the most fundamental, known as the Weber-Fechner laws, relate to sensory reactions as distinguished from elementary affective reactions or from such compound psychoses as satisfactions. They may be briefly formulated thus:

(1) That stimuli must reach a certain intensity before producing a conscious reaction; this is the threshold of sensation (*stimulus limen*);

(2) That equal increments of sensation above this level are due not to equal increments but to equal proportional increments of stimuli (the principle of *difference limen*). For example, if a stimulus of 10 units is followed by one of 12 units, there may be a certain increment of sensibility. To produce the same increment of sensation, a stimulus of 20 units must be followed by one of 24 and not one of 22 units; for 24 : 20 :: 12 : 10. Thus the 4 units added to 20 produce the same additional dose of sensibility as 2 units added to 10. In other words, there is a diminishing sensibility-value of each added unit of stimulus as we proceed to increase the intensity of the stimulus. This psychological law is the basis of the economic law of diminishing utility.

(3) That there is a cessation of the sensory reaction after a certain maximum intensity of stimulus is reached (*terminal stimulus*).

These laws give us the threshold limen, the difference limen and the maximum or terminal limen. But Wundt holds that a corresponding law cannot be supposed for the affective tones, pleasurable or painful, accompanying our sensory stimulations. He contends that

affective reactions vary between maximal opposites and not between maximal differences. But whatever may be the curve of elementary feeling tones or affective reactions, economic satisfactions which are compound psychical effects or states are not carried to the extreme zero point of pain, but after exhibiting the phenomena of ascent, culmination and descent, tend to pass into their opposite (disgusts), at which point the demand ceases, and the downward curve comes to an end. The economic phenomena of diminishing and marginal utility are really only particular and modified applications to compound states of these laws relating to sensory and affective psychoses in general, and the economic treatment of these laws of utility should not disregard these governing psychological principles.

Modifications of Stimulus-Reaction Laws.—But the Weber-Fechner laws themselves as governing the relations between stimuli and sensory reactions require to be extended and modified in more ways than one, and it will be presently seen that these modifications are of special significance and applicability in the case of affective reactions as well as such compound states as economic satisfactions. The more important of these modifications and corrections may be stated as follows :

(*a*) **The threshold limen is not so rigidly fixed** even for particular sensory reactions as these laws suppose. Experiments in neurology show that a certain preliminary excitation, though it may not rise to the threshold of consciousness, suffices to reduce the stimulus limen by lowering the inertia or retardation of the neural elements concerned, so that a stimulus of a much less intensity than would be otherwise necessary brings on the reaction. The latent time is reduced, and what is termed " canalisation " may be found under such circumstances. This has an important economic bearing. For example, a certain degree of general excitability and vitality, which the industrial conditions, including the standard of consumption as well as the conditions of employment, secure to the individual, is favourable to an increased satisfaction or an enhanced utility by sharpening

the sense of want and thus accelerating the demand. A habitually low standard of consumption and lack of freshness in a jaded and underfed system thus tend to lower the scale of wants and the measures of utility. Among primitive peoples in a rudimentary or relatively less advanced stage of economic life and organisation, or amongst decadent industrial classes even in a relatively advanced stage, this inertia or torpor, while it is the outcome of economic stagnation, itself impedes economic progress by lowering the intensity of satisfactions or blunting the edge of the demand.

(*b*) **The elements of contrast (and relief) as well as of adaptation** are other factors which determine the resultant stimulation or satisfaction. Contrast comes under the general principle of the relativity of consciousness; and adaptation, while furnishing the basis of habit formation as well as of the neural set or disposition in the individual organism, operates in two ways so far as it affects the intensity of the resulting stimulation or satisfaction. First, it helps to reduce the shock of a stimulation and thus lessens friction; but, while the affective tone is not so acute or marked, the perceptive and motor reactions become sure and steady and quick. Secondly, it renders the demand persistent, habitual and massive. The importance of this analysis is at once seen when we remember that there are different habits and modes of consumption in relation to goods of different variety, and the different modes and standards are crystallised into conventional wants in different economic societies. These are demands based on this principle of adaptation which modifies the operation of the general law of utility.

(*c*) But the Weber-Fechner laws are open to another fundamental correction. Except for the middle portion of the curve it is not true that equal proportional increments of stimuli add equal sensory reactions. But leaving aside the question of sensory reactions, it is certain that this principle does not hold good for other psychical effects, such as feeling-tones or satisfactions. It is not always true, for example, that above the threshold equal *proportional* increments of stimuli produce equal doses of affective

reaction or of satisfaction. So far as affective tones are concerned, and this is what we must largely keep in view in considering compound psychoses like satisfactions and utilities, there is a certain portion of the curve just above the threshold which exhibits **the phenomenon of ascending rather than descending utility.** A consumption of goods measured by 2 units added to 10 may yield less satisfaction than one of 2 units added to 20. Thus, as we have already seen under the preceding correction of the Weber-Fechner law, the intensity of satisfaction derivable from any additional units of good instead of diminishing increases up to a certain point in the scale. Thus the new series will be 10 12 20 20½ or 21

and not 10 12 20 24

where the straight lines represent equal doses of satisfactions, and the numerals the units of good.

This is the phenomenon of ascending utility. But it is only up to a certain point that this phenomenon of ascent holds good. Very soon a certain scale of consumption is reached when equal proportional doses of good are accompanied by *equal proportional* increments of satisfaction. In this part of the scale the utility is more or less stable. Then, as we go on increasing the consumption, the phenomenon of diminishing utility appears; in other words, equal proportional doses of good are accompanied by *equal increments* of satisfaction (10 : 12 :: 20 : 24). Here 4 units after 20 have the same satisfaction-value as 2 after 10, and accordingly the utility of a unit of good diminishes as consumption is increased. The Austrian school builds on this fact in its analysis of marginal utility. But this is not the whole truth, for we do not stop here.

As we go on increasing the consumption, equal proportional doses of good instead of producing equal increments of satisfaction produce less and less. For example,

Instead of 20 24 being equal to 40 48

it may be that 20 24 equals 40 56

This leads up to the maximum stimulus which we have already noted under (3), after which there is no increase,

and in fact at this point there is a change in the affective tone from pleasurableness to painfulness, which may be followed ultimately by a cessation of consciousness.

(*d*) The law of arrest or cessation and of the change of sign (from positive to negative) after a maximum is held in abeyance or largely modified, particularly in the region of economic values and satisfactions, by **the operation of variety, distinction and novelty,** into which each separate want breaks up along different lines, so that in the dynamical movement or progression of wants the cycle begins anew, as new tracts and neural connections are involved, and accordingly the phenomena of increasing excitability and ascending utility again come into play. It is in this way that new worlds of economic values are constantly opened up, and thus satisfaction is saved from decadence and arrest, ennui and satiety, moving on in ever-expanding and ever-ascending cycles.

The phenomena of descending utility, and finally of decadence and disgust, are, however, true in much larger measure in the sphere of sensuous and naturalistic, material and organic wants, than in that of the later and more complex developments, the intellectual-æsthetic and the spiritual-cosmic wants, involving as the latter do variegated tracts and ever-renewed channels of psychical and neural stimulations.

(*e*) Social psychology in its branches of mass-, crowd-, and folk-psychology contributes a new factor to the operation of these laws. **The reverberation and resonance effects of the multitude, and generally of numbers,** on the individual, supported by the principles of sympathy, imitation, suggestion, play, etc., add to the volume and intensity of the satisfaction produced by a stimulus of a given strength, whenever that stimulus is applied in common, or is shared by a sympathetic group of individuals. We have seen that freshness of the organs involved, their previous excitation, relief, contrast and adaptation, as well as the bringing into play of new neural tracts and connections, modify the amount of the psychical reaction to stimulus that we may expect under the Weber-Fechner laws; but we now find that these

are not the only internal organic conditions which contribute to such reaction. We find that the nervous excitability and response are powerfully affected by the sympathy of numbers, and by folk and group influences acting on the resonant suggestibility of the individual nervous organisation in a given psychological situation. The increment of satisfaction thus derived from the multiplicative effects of a common social situation is, what may be properly termed, "social utility," and this additional value is acquired by our individual consumptions when these grow into co-operative social consumption. The conventional economic conception of social utility is arithmetical and mechanical, being only a sort of average (or aggregate) of individual utilities, without concrete embodiment in any average or representative individual (perhaps the conception of an Average or Representative Individual might help us to obviate some of the difficulties in the treatment of utility, and consumption). But the concept of social utility which we are here formulating is something entirely different and entirely real, being that part of concrete individual satisfaction which accrues, over and above the natural reaction of the stimulus, from the multiplicative and intensifying effects of sympathy and numbers, of suggestion and vibrancy, in a social situation.

Finally, it is necessary to make an important observation regarding the calculus of satisfactions or utilities of which we have just spoken at length. Experimental psychology has not proceeded far enough to supply us with an independent measure of affective or satisfaction value, on which we can build a calculus of utility. This is bound to come with advances in the direction of vitalistics and energetics, and of psychological experiments based thereon. The formulæ we have stated are empirical generalisations which must await scientific elaboration and experimental verification. Meanwhile the statistics of price and consumption, and the curves showing their variations and correlations, furnish us with the most significant instances of the practical operation of the laws of utility, and may be used in illustration of the above formulæ.

Marginal Utility.—In the light of the above analysis we shall now proceed to consider the concept of marginal utility. The principle of marginal utility that is usually spoken of is the marginal utility of the descending curve. There are also marginal utilities of the other portions of the same curve, whether ascending or relatively stable. In the next place, the determination of price by marginal utility determines nothing, as there is no such thing as social utility apart from the particular individual utilities, and these last cannot be measured by any common denominator other than the price itself. Thus in the end the proposition becomes tautological, and the equivalence or substitution of goods for one another means nothing more than the equivalence of prices. In fact the utilities to individuals of goods of equal price widely differ, and must do so for the parties to a bargain if there is to be a bargain. The real equivalence of goods as regards price consists in the fact that any one of a number of alternative utilities is equally open to the individual's choice or demand.

Consequently the price of a commodity depends directly on the equation of demand and supply into which, however, there enter the following elements analogous to those which, as we have seen, govern wages:

(1) *The Demand.*—This is influenced by marginal utility, including in this as an element the value put on the commodity by other individuals, or the group or society as a whole. The scale of social values is therefore an indirect determinant of prices.

(2) *The Supply.*—This involves among other things the factor of the cost of production, which depends on the proportion of the return in energy to the amount which is spent in dealing with matter in the productive process and, in an even more important respect, on the physiological recoupment and maintenance of labour at the standard of efficiency.

But these do not operate independently. The demand as determined by utility, including social value, and the supply as determined by natural and physiological costs of production, are reciprocally interdependent. The price

therefore involves an equation of certain functions of two dependent variables. It is only the actual price-lists that give us rough-and-ready approximations to the solution of such an equation, and no mathematical analysis which considers price as a function of a single variable, such as marginal utility or cost of production, can ever hope to grapple with the difficulties and complexities of the problem.

CHAPTER III.

SOCIAL DYNAMICS AND ECONOMICS.

Spiral of Values.—The utility derived from a commodity, as we have seen, passes through a course of ascent, culmination and descent. Variety, distinction, novelty and other extensions and deepenings, which provide new tracts and fields of consciousness and prevent fatigue, satiety and disgust, offer room for cyclical renewals of the curve of satisfaction in an ever-expanding movement. And as we rise in the course of psychical and sociological evolution from the naturalistic-sensuous to the intellectual-æsthetic, from the egoistic or individualistic to the altruistic and communalistic, from the material and particularist to the spiritual and cosmic planes, there is a gradual ascent of the values of life, manifested in diverse life-schemes and social ideals, and this rhythmic course of cycles of ascent and descent along new lines of progressive values may be represented in the form of the spiral of progress.

The law of rhythm which gives rise to an ever-recurring cycle of ascent, culmination and descent is exemplified in many another field than that of utility, value or satisfaction which has been just described. It seems to be one of the fundamental laws of the constitution and collocation of matter and energy that everything in the nature of a shock, calculated to overcome inertia, gives rise in the course of graduated application to a curve of response, which in respect of intensity exhibits this phenomenon of ascent, culmination and descent; and this course of ascent and descent is ever renewed in a cyclical form, giving rise to the law of rhythm. When this rhythmic process of cyclical return is continuously lifted on to higher and higher planes

along a new dimension or direction of progress, there is the formation of a spiral. All complex and evolving phenomena, whether of the inorganic or the organic (including the psychical and sociological) worlds, exhibit these phenomena of rhythmical ascent and descent, in the form of cycles and spirals; and no study of inorganic evolution, or of the organic and historical series, can be other than fragmentary and empirical unless it is guided and informed by this regulative concept and ideal and made to embody the results in forms consonant to this universal principle.

Spiral of Production.—Thus, for example, in the fields of production and population, the same process is at work. The physical conditions of production which we have described before illustrate this principle. The return in energy rendered available for human uses to an amount spent in dealing with a given matter in a particular collocation which, as we have seen, is the essence of production from the physical point of view, follows this law. In other words, the proportional return in production, as we go on increasing the doses of applied energy under a given set of conditions as regards capital and labour, increases up to a certain point, exhibiting the law of increasing returns, and after a certain period of relative stability or slow change begins to decrease in conformity to the law of diminishing returns till a hypothetical zero point is reached. This is true of static conditions of industry. But under dynamic conditions, i.e., with the introduction of improved scientific appliances and technique or of new sources of materials and power, the surplus of gain over expenditure in terms of energy increases; and waste is reduced by better collocation, including, for example, recent experiments in industrial applications of catalysis; and, accordingly, the proportional return may again increase beyond the maximum reached in the previous stage under static conditions, though no doubt on this higher level the returns to further additions of applied energy, under these new conditions, will exhibit the same ascent, culmination and descent. This cycle is capable of indefinite repetitions in ever higher and higher levels, because the possibilities of human invention

and ingenuity on the one hand, and the progressive expansion of wants and values on the other, know no limits.

Such is the rhythm of the productive process, and such the spiral of production. The significance of this concept in the analysis of production, distribution, consumption, and its application to the treatment of the demogenic or population process will now be the subject of discussion. I shall also attempt to characterise the phenomena of economic dynamics and correlate them with the universal laws of the evolution of life, organic and inorganic.

Economic Curves Neglected in Classical Economics.—The curve of production as measured by 'volume' of production must be sharply distinguished from the curve of productivity as measured by 'efficiency' of production, i.e., by the proportion of the surplus production to what is expended in the productive process, whether these are measured in energy, or more specifically in costs. And when we speak of the cycles of the productivity curve we mean not a return to the same ascending and descending productivity, but a succession of different levels of productive efficiency involving the phenomenon of a fresh start in new and dynamic conditions of industrial life and organisation, which render possible the ascent of the productivity curve to a higher level and which, continued and repeated, mark the course of progressive economic evolution. Of course there might be arrest or decadence instead of progress. The curve of production in classical economics, whether referring to the volume, or, as is occasionally the case, to the rate of production, in connection with increasing and diminishing returns, knows only of one cycle and one level, and misses not only the real nature of the differential curve of productivity in all its five or six phases as we have described above, but also the successive changes of level as well as the spiral character which is due to the introduction of a new dimension, viz., that of value sought to be produced. The curve of utility follows the same general law and trend.

In losing sight of this principle as applied to production, classical economics has failed to see the full significance of a large section of economic phenomena. Such phenomena,

for example, as the special advantages of division of labour, large-scale production, concentration of capital, use of power-saving appliances, the phenomena of large profits or differential profits of manufactures, as well as the economic phenomena characteristic of the earlier stages of colonisation and settlement, and of incipient industries in new and virgin fields and quarries of untapped energy, can only be adequately explained by taking full account of the fact that in these departments what is operative and significant is that part of the curves of productivity and utility which, as we have seen, exemplify the principles of increasing productivity and increasing utility.

Unfortunately, however, stereotyped formulæ are usually applied to the explanation of such phenomena, neglecting to note that these exhibit the operations of increasing productivity, and accordingly do not admit of any sound analysis or explanation by such formulæ, which are derived from phenomena showing decreasing returns. For the fact is that the entire department of economic phenomena which belong to the ascending parts of the curves of productivity and utility has never been surveyed or studied as a whole, and the intermediary rules and formulæ that apply to this department have not been investigated. The law of increasing returns is spoken of only in a mechanical way, neglecting its place and significance in the economic curves, and without building any deductive or applied economics on this basis. The general principles of production and consumption, of wages, profits and rents, no doubt are common to the ascending as well as to the descending parts or stages, but what very often pass for such principles in economics are only specific deductions and corollaries which are derived from specific conditions relating to the descending part or stage, this being the prevailing condition of the economic region and stage of the countries and civilisations in which classical economics has had its birth.

Marginal Limitations.—The margin in the ascending position of the economic curves may be usefully termed the super-margin. It is the employment of special grades of land, labour and capital at this super-margin that earns

monopoly advantages in the shape of super-rent, super-wages and super-profits. In the super-margin of the productivity curve in its course of ascent we reach a point beyond which any additional dose of applied energy does not bring in any increase in the proportion of the return. Still the return is more than sufficient to compensate the expenditure, and therefore the impetus to larger production does not cease. On the other hand, the tendency is to check any decrease of productive effort below this margin.

In the under-margin, which is the conventional margin of economics, when the productivity curve is descending, the margin is the point beyond which an additional good or additional effort will not give a sufficient return.

Accordingly, in the determination of values the final equation of demand and supply must be restated in terms which keep in view marginal utilities and marginal productivities of both the upper and lower limits, inasmuch as the volumes of both the demand and the supply in their extension as well as their reduction tend to be limited by the upper and the lower margins.

Curve of Population.—The law of changing productivity and the law of changing utility, mutually supporting and supported as thus explained, give us the law regarding the growth of population.

When the productivity curve is in its course of ascent there is a general increase of wealth under the operation of the law of increasing returns, and this is favourable to the increase of the population, which in its turn reacting upon production enables the curve of ascending productivity to mount to higher and higher levels. For this portion of the productivity curve, and during this stage of a people's economic history, Malthus's view relating to the checks on population due to the law of diminishing returns and the consequent disparity between growth of wealth and growth of population, is the very opposite of the truth, as is proved by the history of the multiplication of stocks and peoples in divers ages and climes.

Ordinarily, under these circumstances, the consumption curve is also mounting from a lower to a higher plane, and

the gradual elevation of the standard of life, wants and interests at this stage accelerates the growth of population instead of retarding it as Malthusianism leads us to expect. In both these cases it is the ascending part of the curves that explains the increased stimulus to population, while the retardation supposed by Malthus postulates the descending part of the curves in the shape of decreasing returns and diminishing utilities.

Thenceforward, unless dynamic conditions implying improvements in the industrial application of energy supervene—in other words, if conditions of arts and industry remain static—the efficiency of the productive agents diminishes as the principle of diminishing returns comes into operation in this part of the curve; and, accordingly, any increased volume of labour due to the multiplication of population would not be effectively absorbed in the work of production. Now is the time for the Malthusian checks on population (preventive or positive, or both, as the case may be) to operate, because the margin of efficient subsistence is encroached upon. Thus the population becomes relatively stable, and the rate of increase goes on diminishing, though in any healthy industrial organisation there is replacement of population from generation to generation with a certain surplus to boot corresponding to the natural increase of the volume of production and wealth which continues in spite of the decline in the productive efficiency.

Among the external factors of the environment, natural or social, such incidental geographical and historical conditions as salubrity of climate or its opposite, improved sanitation and hygiene, insanitary habits and conditions, security or insecurity of life and property, social customs relating to marriage and the family, are qualifying conditions that affect the curve of population as determined by the curves of productivity and utility.

Hitherto we have considered the curve of population so far as it is affected by external factors of wealth and employment or of production and consumption, qualified by the incidents of history. But these external agencies, again, in their turn, produce certain moral and mental

dispositions which are also either favourable or unfavourable to the growth of population. Thus, in the ascending part of the curves of productivity and consumption, there grow up moral and mental dispositions (like strong parental and philo-progenitive instincts), and social habits and institutions (like early and universal marriage, customs of inheritance, and of *sraddha* or offerings to ancestral manes, reproach of virginity and barrenness, etc.) which encourage marriages and especially their fecundity. Contrariwise, in the descending part of the curves there arise considerations of thrift, prudential restraint, providential care for the family status, late marriages, spinsterhood, etc., which are at the back of the social and moral checks of Malthusianism.

But the static conditions of industry to which we have confined ourselves do not persist. If they were to do so, arrest and decline would be inevitable. But in accordance with the general course of evolution a dynamic epoch follows a static one, and under such dynamic conditions productivity, consumption, population enter on a new phase of ascent, followed again by culmination and descent. Thus the laws of cycle and rhythm apply to the demogenic curve as to the curves of productivity and consumption. In dynamic conditions of arts and industry the arrest and decadence of population cease, as with increasing rate of productive efficiency, supported, it may be, by increasing wants and utilities, the volume of industry expands sufficiently and rapidly enough to absorb large additions to population, and accordingly all the moral and mental influences which we have just noted come into play to encourage multiplication of the species.

The demogenic curve enters on another cycle, and it may be on a higher plane of wants and of productivity, which in its indefinite continuation exhibits the ever-renewing and rhythmic character of human progress.

Internal or Organic Factors Affecting Population.—But this is not all. The demogenic curve is a composite curve which on further analysis is seen to contain another component besides the one we have been just considering. It is not merely that the growth of population is determined

by adaptation to external conditions of the environment in respect of production of wealth and consumption of goods, but it is also governed by internal and organic factors which alike contribute to this adaptation. And the second curve due to intra-organic conditions creates certain fluctuations, sometimes antagonistic and disturbing to the general trend of the first curve, as determined by external adaptations; but these disturbances and cross-currents produce deviations only within certain limits, for as soon as the deviations exceed these limits counter tendencies are brought into play which restore the general trend.

These internal or organic factors which enter into the second component may be classified under (1) biological, and (2) psycho-sociological heads.

(1) **Biological.**—In spite of the Weismannian view of the impassable gulf between the somatic and the reproductive cells, there is a certain connection between nutrition and fecundity, which Weismannism would find it difficult to explain. This correlation contains a positive as well as a negative element. Under certain circumstances, malnutrition and innutrition by reducing the total vitality and enfeebling all the organic tissues, including the somatic, reduce the reproductive power or fecundity. Here the correlation is positive. At the same time this general enfeeblement of vital energy by reducing the inhibiting capacity and the control of the higher cerebro-spinal centres on the reproductive activity enhances fecundity. Here the correlation is negative. Thus we find that conditions of malnutrition, with poverty, over-crowding, slum life and other depressants, have a double effect on reproduction, viz., an inhibiting and a stimulating one. Similarly, the conditions of abundant nutrition, wealth and expanding industrial life may operate in two ways, either by increasing general vital energy and therefore the reproductive capacity which leads to the multiplication of population, or by enhancing cerebral activity as well as cerebral control over the genital functions which leads to the arrest of the population or of its growth.

(2) **Psycho-sociological.**—In correction of the Mal-

thusian view that depressing external conditions operate exclusively in the direction of retarding population by inducing prudential restraints, it must be noted that such conditions have a double effect. On the one hand, these conditions by appealing to thrift and prudence and the desire to maintain the standard of efficient subsistence operate, as Malthus has emphasised, as a check on marriages and child-bearing. But, on the other hand, if depression becomes persistent and cumulative, and produces recklessness and improvidence, it tends to remove the ethical restraint or moral inhibition and thus acts as a stimulus to population. When such improvidence and thriftlessness run to excess, the multiplication of the species is again checked by certain mental dispositions and social habits which in such circumstances grow up and act as correctives, viz., social condemnation of large families, or neglect of children, cruelty and disinclination to child-rearing going even so far as infanticide, etc., not to mention the positive checks due to disease and want of resisting power, the consideration of which is not relevant in an account of internal organic factors. Thus, among the internal organic factors, the moral accompaniments of depressing economic conditions work in various ways either as stimulating or as inhibiting the multiplication of the species.

Similarly, under favourable economic conditions, there is a raising of the standard of comfort and of family status and morality which acts as a check on population, as Malthus has noted; but, on the other hand, the efficient subsistence and maintenance themselves stimulate its growth directly (as also indirectly by reducing deaths and disease).

Thus we find that, so far as the internal organic factors are concerned, whether they relate to the biological or to the psycho-social forces that affect population, there are conflicting sets of tendencies, some stimulative and others inhibitory; though these produce fluctuations and disturbances, yet in their sum total or resultant these serve to keep the movement of population within the limits of the requirements of adaptation to the environment, so as to follow the general trend of the primary curve which as we have seen

is determined by ascending or descending productivity and consumption.

In the absence of successful adaptation the phenomena of decay and degeneration appear, while in successful adaptation lies the healthy expansion of the population. But, in spite of the retrogressive movements of degeneration which are brought about by mischances or accidents in history and which are radically distinct from and must not be confounded with the normal cycles of ascent and descent, the spiral curve of progress runs its broad course, cancelling the lapses and even steep descents by more than corresponding ascents, though the path of historic progress is still strewn with corpses and mangled fragments of many a derelict or extinct species or race.

Spiral of Progress.—The production, consumption and population movements are parts of one broad general trend which may be represented as the spiral curve of social progress. Production and consumption as they rise to higher phases and finer qualities—through a more and more scientific exploitation and collocation of matter and energy, and through a progressive expansion and differentiation of personal values and socialised wants—assume an ever-ascending spiral form, and they also necessarily give a tone of a higher quality to the population in respect of vital capacity, talent, and social personality. But these qualitative differences and developments, though they may be conceived as adding a new dimension to the curve of population, have not been yet sufficiently investigated to enable us to formulate anything of the nature of a spiral movement in particular regions or aggregations. The stage of production in art and industry, the plane of consumption and scheme of social values, the quality and capacity of the population, which are the elements or determinants of social progress, in the course of their cyclical or rhythmic movements, rise to ever higher levels and ascents with wider sweep and range of life, thus forming the spiral of progress, which is the ever-recurrent type of all evolution of life.

CHAPTER IV.

GENETIC AND FUNCTIONAL VIEW OF ECONOMICS.

Evolutionary View of Economics.—Thus we see the truth of the proposition, with which we began the introductory chapter, that an adequate scientific treatment of economic phenomena must be based on the analysis of their ultimate physical and biological elements, and thence work up to psycho-sociological laws in different environments of life so that the economic world may be seen to be woven after the pattern of the one great web of Evolution, organic or super-organic. And this is the true dynamic view of economics which will bring it into a line with the scientific analysis of sociological and historical developments, and which is bound to prevail with that more exact study of life and civilisation which the application of physical methods to biological problems, and of both to psycho-sociological problems, with due limits and modifications, can alone ensure.

But, as we have emphasised, economics is no more dynamics than it is biology. Owing to the principle of individuation, which distinguishes forms of life from those of matter, the fund of kinetic and potential energies is transmuted into life-values, in various forms, æsthetic, intellectual, spiritual. And here, in the etho-sociological plane, the law of the conservation of energy derivable from mechanics, and the law of competition and natural selection derivable from biology, though not frustrated, are made subservient to laws of association, consciousness of kind, sympathy, moral and social justice, resulting in the great principle of conscious co-operation which is the constructive force of social grouping and progress.

We must, therefore, proceed to study evolution in the light of this new phase and principle of co-operation which constitutes a fresh advance in the evolutionary series beyond what we have already recorded. We have studied production, consumption and population from the biological and psycho-sociological points of view, but such a study cannot be complete without a detailed treatment of co-operation, which is one of the fundamental bases of organic and psychical evolution.

Co-operative Factors in Evolution.—Economists and sociologists have insisted too much on the importance of the struggle for existence. But the consequences of mutual aid may perhaps be more important still. The law of nature which enjoins living organisms to work for self-preservation can be fulfilled in another way than by a struggle, viz., by co-operation. Beginning from the ulothrix group of the algæ we find the mutual aid that takes place and causes division of labour. All the cells are originally the same, but one of the sister-cells adapts herself to a special duty, viz., holding the plant fixed, and is in consequence modified as regards form, contents, and size, while the other sister-cells are adapted for the business of providing the food, and differ from the first, especially in regard to chlorophyll. Mutual aid, division of labour, suitability for special duties, dissimilarity or differentiation, are phenomena which go hand in hand. And in consequence there comes to be mutual dependence : the root-cell depends on her sister-cells for food, and in return her sister-cells depend on her for the advantage of a state of stability.

The phenomena of the ulothrix are found in all many-celled organisms, animals and plants. In the construction and manner of life of an animal or plant, nothing is more significant to the interpretation of economic evolution as the differentiation and mutual dependence of different organs. In a one-celled organism, as in the *Pleurococcus* or yeast, there is no such specialisation. The individual cells are homogeneous, and have no influence whatever upon each other. They multiply by consecutive divisions ; they form a crowd, or a horde, not a society between the various individuals

of which there are closer unions—for example, differentiation and mutual dependence.

The study of the inner economy of the many-celled organisms also brings us to the discovery of another economic phenomenon of far-reaching importance, viz., the formation and employment of capital. All living organisms store up food and energy in their cells. Where nature is niggardly there is a specialisation of organs for the storing up of the elemental needs of life. In deserts, plants are provided with safes or store-rooms in which they at favourable opportunities lay by a certain quantity of water. The deep tap-roots, the bladders of water, the salt-crystals, the ephemeral circle of roots of desert plants are the means by which they store up water without which their growth is impossible. The water-pouch of the camel is also well known. All these are the incipient forms of capitalistic structures, not exploitative and parasitic, but creative and distributive in their functions in animal and plant life and constructions. (5)

The co-operation between different species and genera is hardly less significant. Without the co-operation of birds, the further existence of such plants as grapes, berries, etc., would be endangered, while the most beautiful products of inanimate nature, the flowers, derive their splendour from their co-operation with flower-visiting insects, especially bees and butterflies, which feed on the honey secreted by them in return. There are also many-celled beings, the component parts, i.e., the cells, of which have different organs, belong to different races, and nevertheless can so completely amalgamate that in the end they have attained a perfect union. Among others, this is the case with the lichens, which thus is a prototype of a union or federation in one body of dissimilar organic structures and functions.

Indeed, competition is not the only principle that maintains the balance or efficiency of living organisms in relation to one another, and to the environment. It may be laid down that co-operation is an equally important principle essential to the maintenance and improvement of a species; and it is not merely co-operation between organ and organ

in the same living organism, or between one individual and another of the same species, or between herds and groups of the same or allied species, but also between the different members of the same living zone belonging to the most diverse species and families, or even genera, of the animal kingdom, which by their normal functional activities maintain the zone of life as a distinctive, and relatively independent entity, aiding each other in the conservation of food, destruction of common enemies, including morbific agencies, and all conducing under common climatic and geographical surroundings to the maintenance and evolution of the genera and species comprised in a particular zone of distribution of animal life.

In the ascent of organic evolution, co-operation, regarded from the functional standpoint, passes through five distinctive stages:

(1) In the first stage, co-operation is incipient and instinctive, and is the result of an unconscious mechanical adaptation to environmental conditions.

(2) In the second stage, co-operation becomes conscious, but the co-ordination of individual and group action, though it is the outcome of a more systematic adjustment to the environment, and results in a greater specialisation and mutual dependence of structures and functions, inhibits the all-round development of the organism and its component organs. This is the case with the types of social organisation which we meet with among the bees and ants. The pre-eminent values of the specialisation and segmentation of functions are here manifest. Specialisation of functions in these communities is attended by what we may term "polymorphism"—the resultant structural specialisation. This "polymorphism" has a most important bearing on the economy of the community. In a little-differentiated community, competition is at its highest pitch; in a polymorphic one it is reduced almost to zero. In a hydractinia or siphonomore colony, in an ant-hill or bee-hive, competition is minimised. Polymorphism puts an end to individual,—and ultimately, though not at the outset,—to inter-class struggle.

But the danger of polymorphism is that the rigid structural specialisation and segmentation of functions, though they promote mutual inter-dependence, are incompatible with an all-round development of the individual organism and its participation in the full life of the species. In undeveloped societies, the specialisation of structures is carried so far that the social groups become rigid and inelastic, and the growth of the organism is secured by the multiplication or repetition of like parts. The phenomena of slave labour and serfdom in economic life, and, in militaristic or despotic regime, of the entourage of eunuchs and janissaries, exhibit a quasi-polymorphic type in human society.

(3) In the third stage, polymorphic structures break up by structural, as well as functional, variation of individuals. The groups in this stage become more elastic. They form intermediate centres, somewhat loosely co-ordinated within the life of the society as a whole, and are semi-independent of central control.

The central organ, representing the interests of the whole society, exercises only an imperfect control over the individual units, and that only through the intermediate and semi-independent groups. This type of social organisation may be called "particulate." The warring guilds and corporations of mediæval Europe, recognising more or less indefinitely and remotely their fealty to the central sovereign authority, are good examples of the particulate type of socio-economic organisation.

(4) In the fourth stage, the central organ develops on the ruins of the particulate groups and intermediate jurisdictions by gradually usurping and annulling their powers. The coherence now becomes more effective, for the central authority now deals with the individual direct, and not through his over-lord, guild, corporation, or group. But differentiation of the individual proceeds *pari passu* with this centralisation. Such a socio-economic type has an inevitable tendency to gravitate towards two antagonistic poles, viz., absolutism and centralisation (including state-collectivism and state-socialism) on the one hand, and on the other aggressive and militant individualism. The phenomena of

capitalism, standardised and centralised production on a large scale, trusts and cartels, tentacular cities with imperialistic and militaristic finance, with the reaction they generate in the directions of individual and social revolt, such as class conflict, strikes, anarchism, feminism, and sex-strife, are living illustrations of this twofold tendency.

(5) In the fifth stage, which is termed communalism, and which represents the highest development of the principle of co-operation, groups are organised on the basis of natural and human relationships, not in fragments or specific functions as in polymorphism, nor as semi-independent particulate jurisdictions as in the third stage, but as epitomes of the full life of the community interwoven with one another in one comprehensive web of social life. These voluntary intermediary bodies form natural links between individuals, and the society as a whole; and while, on the one hand, there is little room for the unattached individual or the social rebel where the individual units are free to unite in social groups on the basis of voluntary co-operation, there is equally no place, in this social composition of a pluralistic type, for coercive action of a central organ of an absolutist or monistic character.

The tentative experiments of group formation on a voluntary basis, such as guilds of co-operative production and distribution, of economic reformers, artists, craftsmen, etc., in the wake of Ruskin, Morris and Tolstoi, various educational or village and town-planning firms and brotherhoods, labour groups, schemes of labour parliament, methods of proportional representation, etc., are giving expression in the West to the vital need of transforming the central monism of the existing socio-economic organisation into a composite pluralism, which realises social freedom and social harmony in a much fuller measure than are now deemed possible. But the pronounced types of such institutions are rife in the East, which is the home of communalism. Vital social functions are here performed by organisms and institutions of a communalistic structure which are woven into the very texture of society, such, for example, as the joint family, the village community,

the *varna-asrama* organisation which, however imperfectly, implies the basic principle of communalistic organisation, the monastic brotherhood, the occupational guild, the communal workshop and public works, the customaries and institutes of law which have their origin in the group rather than a sovereign will, and finally the social ethos and ethical tradition which are the expression of a communal rather than an individual conscience.

Communalism *v.* **Socialism.**—Let us turn to the economic significance of this communalism. In the economic field, communalism, which stands for class co-operation as opposed to class-conflict, is a development, on the higher basis of conscious ethical co-operation, of that harmony and co-ordination of groups and interests which polymorphism exhibits in the biological plane; but, while polymorphism develops only individual and specific traits by rigid structural specialisation, communalism, on the other hand, gives free scope to the integral development of the individual so as to allow him to reflect the life of the community as a whole, and thus to live in sympathy with the community. On the basis of this sympathy, the specialisation of class and individuals for specific functions becomes possible without the appearance of disruptive tendencies which might otherwise come into play in the sphere of conscious individual differentiation. And, moreover, internal co-operation here becomes conscious and ethical. This ethical co-operation leads to the development of better types of manhood. No doubt this is not the exclusive advantage of communalism, but is also aimed at by socialism, but in socialism the state seeks to replace industrial competition by the exercise of a coercive authority through a bureaucratic organisation that discourages individual functioning, by standardising social functions, and thus tends to stop individual variations in the species. Communalism seeks the same end by the co-operation of free, independent and elastic social groups on a voluntary basis.

Communalism as Ethical Co-operation.—When co-operation thus rises in communalism to a consciously-organ-

ised constructive principle in social evolution, co-operation becomes more complex; from instinctive it becomes ethical co-operation, which satisfies the needs of the development of the community as well as the ethical demands for the personal self-realisation of the individual. The basic principle here is the harmony of the diverse parts with diverse organs and functions which all co-operate not merely to a common end but also to the common realisation of each its particular end. Communalism, which embodies this dynamic principle of co-operation in its most advanced stage, avoids on the one hand, the rigid and crystallised uniformity of the second stage by eschewing the exaggerated specialisation that sacrifices the whole in the interest of the parts, and, on the other, the mechanical and wooden co-operation through the pressure *ab extra* whether of state codes or of the dead weight of inert custom, answering to the instinctive and mechanical co-operation of plant and animal forms.

Regional Social Evolution.—We have seen the unfolding of co-operation in social evolution through the successive stages of polymorphism, particulate groups, monistic centralisation and, lastly, the pluralistic grouping implied in communalism. But this evolution has not followed the same line in different economic regions and cultural zones. Human nature, in spite of its psychological and metaphysical unity, exhibits a variegated pattern in different geographical environments and traditional series. And, accordingly, the course of social evolution branches off in divers and divergent lines in the same manner as the evolution of plants and animals. For example, where the instincts of individualism and the forces of differentiation are strong, as in the Græco-Romano-Gothic culture-series, it is necessary that polymorphic structures and particulate jurisdictions break up into disattached and mutually repellent individual units which must again be welded together by the pressure *ab extra* of a centralised authority. Capitalism on a monopolistic basis on the one hand, and individualistic competition on the other, are the economic accompaniments of this stage. But, even in this series, the movement does not stop here but runs on to a goal which in its development of free voluntary groups

serving as intermediaries between the state and the individual, and in its collectivistic, co-operative and syndicalist experiments, is essentially communalistic in its type and ideal. But in other cultural series the unfolding of the later stages of co-operation may not need to pass through all these phases. Where group and communal instincts are strong and the forces of social integration and solidarity are effective, as in the Indian and Chinese culture-series, communalism has originated as a form of vital construction out of the earlier polymorphic and particulate structures without passing through any pronounced phase of individual differentiation or centralised control. Thus, for example, in India the joint family, the village community and the *varna-asrama* have developed out of the polymorphic and particulate structures of a tribal-patriarchal stage. And the joint ownership of property, the agrarian distribution and forms of land tenure, hereditary craftsmanship and industrial classification are some of the economic phenomena which have here accompanied the beginnings of communalism. No doubt the Teutonic stocks possessed tribal-patriarchal traditions, and also developed particulate jurisdictions of a feudal type ; but the Roman law and polity, with their emphasis of state absolutism and individual proprietorship which overshadowed the mind and soul of the Teuton, prevented the direct transition, as was effected on Indian soil, from the semi-independent and loosely-co-ordinated groups of particularism to the free, voluntary and harmonious groups of communalism.

Methods of Economic and Social Reconstruction, East and West.—Comparative and regional sociology, supported by comparative and regional economics, tell us that the foundation of Western social structure is the dualism of the state and the individual, and that of Eastern society is the pluralism of the group as an intermediate body between the state and the individual units, and this furnishes us with the guiding principle of economic and social reconstruction in the East as well as in the West. The development of Eastern social and economic institutions lies in the direction of incorporating more and more the life of the individual

as well as the general will of the state-personality into the varied forms of social grouping, while that of the West,—as it is coming to be recognised more and more,—depends on the successful initiation of social experiments for the formation of intermediate social groups, based on communal instincts and sympathies. These contrasted methods will no doubt bring about a general similarity of form and structure in the constitution and composition of social or economic groups. But this morphological resemblance amounts to nothing more than that sort of homology in anatomical structure which we find in different genera of the animal kingdom. The functions and functional values will differ, because of two main lines of divergence :

(1) The schemes of life-values and ideals, as well as the endowments of instincts, dispositions and impulses, both those that are original and those that are acquired in the process of historic evolution, differ in the different cultural zones. This will be fully considered in chapter VI.

(2) The geographical conditions and the historical traditions will create different *milieux* to which the functions of social and economic groups must be adapted, and consequently a mere anatomical resemblance in the structure cannot imply identity of life and interests.

Accordingly, even if, in the progressive unfolding of the principle of co-operation, we are coming to a scheme of communal grouping and the communal type of organisation and composition as a world-wide social phenomenon, this stage in the general cosmic movement will be embodied in multiform types and specific variations. This is the real basis of regional economics as well as of that comparison and collation of homologous forms which must serve as the foundation of Universal Economics.

CHAPTER V.

ECONOMIC CO-ORDINATION AS EVOLVING NEW CONCEPTS.

Co-operative Productivity, a New Factor in Economics. —We now proceed to the definite application of this principle of co-operation to the fundamental economic concepts and laws of production and distribution. In individual economy, as well as in the piece-work wages system where the individual's share in the production can be definitely measured, we have noticed how the physical, physiological and psycho-social principles operate together to determine the nature and conditions of production and distribution. But whenever there is collective production and the various agents, land, labour and capital co-operate together, this principle of co-operation comes on the scene and materially transforms the economic processes. The study of large-scale production, division of labour, simple and complex co-operation, has familiarised us with the results of co-operation in the field of production. But it is necessary to introduce a new general concept like that of " co-operative productivity " as an element or determinant of the efficiency of any productive concern taken as a whole. By co-operative productivity we mean the efficiency that is added to the productive process by the particular form and scale of the co-operation between the different factors of production.(6) For while individual factors, whether land, labour or capital, may remain the same in volume or in cost, the out-turn will vary with the varying form and scale of the co-operation or joint application. Although it is not practicable to measure this co-operative productivity by the difference in the out-turn, inasmuch as these

productivities do not enter as separate elements into a mechanical aggregate, still its significance as a new component or a new dependent variable in the complex function of production must be recognised in economics.

Marginal and Specific Productivity Insufficient.—Marshall's marginal productivity and Clark's specific productivity look to the individual agents of production for the measurement of efficiency, but they are inadequate and do not present the full fact. Such theories proceed on a mechanical view of industrial society as an arithmetical aggregate, and must be supplemented by the concept of co-operative productivity, based on the increased output and efficiency due to the particular form and scale of the co-operation, though no doubt this gain can no more be definitely measured than either marginal or specific productivity. This co-operative productivity enters into the cost of production in the same way as marginal or specific productivity does, and consequently the equation of demand and supply is as much affected by the index of co-operative productivity as by the other elements which enter into the productive process. There is need in economic theory at the present day of an organic view of industrial production, and the characteristic feature of this new concept of co-operative productivity is that in consonance with this organic view it looks upon a productive concern or business as an integral unit or whole in which the share of the whole organisation may be reckoned as being superimposed upon the various individual shares of the separate elements or agents. The habit of looking upon the entrepreneur as the creator of differential advantages or incomes in production misses sight of the fact that the total physiognomy and efficiency of a business or concern is as much dependent on the contribution of each separate ingredient in its proper place and collocation as on the entrepreneur who is himself equally a member of the system and has his particular place in the collocation.

Co-operative Interest in Distribution.—This brings us to the question of distribution, and the bearings of co-operation thereon. If there is a particular share of the

production, separate though not separately measurable, which is due to co-operative productivity and may therefore be regarded as a joint share of the concern, it will follow that this must have a recognised place in both the theory of economic distribution and applied economics. As a matter of fact, wages, rent and profit actually contain, besides the share due to specific productivity of individual agents, certain elements which they claim in virtue of their being partners in a joint concern. While, for example, wages no doubt represent the labourer's recoupment for purposes of efficient subsistence, the labourers are taken in groups or classes, and the subsistence is measured not with reference to the individual's specific productivity, but with reference to the entire productivity, including the co-operative productivity, of the group as a whole, each individual being regarded as an equal or interchangeable member with the rest of his group or grade. The actual shares received by land, labour or capital are in the end determined by the principle of demand and supply operating under the limiting conditions of social values and customs, etc., but the competitive elements are not individuals, but groups or group-interests. In an adequate economic theory of distribution the analysis must go so far as to distinguish, in wages, profit and rent, fair and equitable returns for the restoration of labour, capital and natural store or land, not merely in the person of their individual representatives, but as whole integral interests for maintenance, upkeep and improvement of which there does really exist a separate share, though it is now merged in the recuperations of the labourer or, it may be, in the monopoly gains of the landlord, capitalist, or entrepreneur. In the actual distributive arrangement, an effective part of the demand of labour includes not merely the subsistence of individual labourers, but also the maintenance and upkeep of the particular labour group as a unitary interest-group. The general wages which go by whole groups are thus determined by both these needs of upkeep, viz., of the individual labourer as well as of the group or grade, and these two separate needs are combined in the operation of the law of demand and supply.

Similarly, profit and rent include, besides monopoly gains as the case may be, not only the rewards of individual capitalists and landlords, but also certain shares for the upkeep of the concern as a whole so far as it involves and implies the upkeep of capital and the natural store employed in the concern.

In applied economics the natural operation of competition in demand and supply should be modified and corrected by the principle of ethical competition, so that, on the one hand, individuals may be assured of their legitimate shares of the produce, as measured by marginal or specific productivity, and, on the other hand, the upkeep or maintenance of the labour, capital as well as land or natural store as joint agents in a co-partnership represented as integral interests by the group to which they belong may be provided for as a first charge on the dividend, being set apart and applied to the general interest of the particular groups instead of being added to the share of individual incomes or rewards. More and more this share of the dividend earned by co-operative productivity as a separate and independent asset is being recognised in modern industrial distribution. For example, the upkeep of the group-interest represented by labour in this co-partnership of production is now coming to be recognised as a first charge as in the provision for insurance against unemployment, sickness, old age, or for working-men's tenements, the education and general rearing of their children, and general improvement and betterment schemes which have all for their object the maintenance of the general body of the working corps in a condition of vital efficiency, and not merely the satisfaction of definite individual claims based on marginal or specific contribution to the work of production. Thus the concept of co-operative productivity paves the way to a new scheme of distribution which meets the claims of socialistic justice over and above those of individualistic justice, and regards the labourer not merely as an individual apart from his group or community, but as the individual in the group—a sort of composite personality which accomplishes the union and harmony in the same identical person

of individual and group-interests. Similarly, the recoupment of the natural store or land drawn upon in the productive process, and its adequate utilisation or its protection from unproductive or detrimental uses such as game or hunting preserves, is becoming more and more a feature of public economy or land legislation; as is seen in so many countries in the provision out of the total produce for land-reclamation, drainage, roads, or irrigation, the levy of prohibitive duties on land withdrawn from cultivation, restrictions on the transfer of land from agricultural to non-agricultural classes, etc., which have all for their object the compulsory maintenance of land in a state of productive efficiency. The ends of justice are here well satisfied, because the unearned increments which have represented individual exploitation and social waste are now diverted in part to meet the legitimate claims of land demanding a due share on the basis of its co-operative productivity—a share that is spent on its own betterment and upkeep, instead of being destined to the unproductive consumption of individual proprietors. In the same way the replacement of capital or specialised machinery is already a first charge on the industrial establishment; but it ought to be recognised that this is the share of the total produce which is earned by the co-operative productivity of capital. It should not, therefore, be left to the interest or caprice of the individual entrepreneur or capitalist, or of the body of working-men who manage a profit-sharing establishment; but, so long as the partnership continues as a going concern, the claims of repair, recoupment, and expansion of capital and machinery for the purposes of maintaining them in a state of productive efficiency must be treated as a first charge over and above the shares of profit which in the residue may fall to the capital-owning individual or corporation.

Co-operative Principle in Consumption.—Let us now apply this principle of co-operation to the domain of consumption. We have already studied consumption and its laws from the psychological standpoint and reached a number of laws relating to the curve of utility or consump-

tion. We have also seen how these values expand and deepen, leading to cyclical ascents and descents; and how, again mounting from plane to plane, they form a sort of spiral movement. In other words, we have studied the development of wants and consumption so far as they conform to the law of proportions between stimuli and satisfactions, and we have also considered the extension and deepening of wants in respect of quality within the progressive personality of the individual. We must now study the same evolution and progress in another of its phases, viz., the progressive unfolding of sociality and social personality within that individual personality. For the study of consumption cannot be complete unless, by introducing the principle of co-operation, we see how consumption becomes richer and more complex when social consumption becomes more and more an integral element of individual consumption.

From this point of view the stages of consumption may be noted as follows:

(1) Feasting in the hunting or family group represented the earliest forms of consumption. At this stage social enjoyment often took the form of communal feasts and choral music and dances. (A caveat must be sounded here. Cannibalism or preying against one's own species for purposes of food was an abnormal or pathological phenomenon of primitive tribal life. They err who begin with this as a normal trait of primitive mentality.) This horde or herd feasting was also accompanied by struggle for existence which was mainly a struggle for food in an environment of limited supply.

(2) Gradually with increasing differentiation of the individual from the family, horde or tribe, individual consumption with individual or corporate production develops, and the physiological principles of repair and subsistence come to be more and more emphasised as a factor of individual work and individual consumption. At this stage the instincts of appropriation, storing, ownership and mastery appear, as well as the institution of individual property; and consumption is carried on in accordance with the laws

of utility which we have already discussed. The individual consumption, in conjunction with individual appropriation and monopoly, is gradually carried to such an excess that it takes the form of unsocial and even anti-social consumption in the excesses and exacerbations of greed, gluttony, sensualism and selfish indulgence in luxuries, though these are sometimes checked by sumptuary laws.

(3) Finally, the iniquity and waste of individual consumption are generally recognised till the individual finds that he realises his highest satisfactions only when they are socialised. The laws of association and sympathy, the resonance of numbers, the effects of mimesis, are some of the psychological factors which enhance the intensity and volume of satisfaction, and, therefore, in the art of consumption, social consumption comes to play a leading part.

Gradually, social consumption is lifted up to co-operative consumption, of which the essence is that individuals come together and *club* their resources in conviviality and social enjoyment, and find that the more they *share* their enjoyments the more these enjoyments multiply and deepen—which is the characteristic of all *disinterested* consumption. This is the co-operative stage of social consumption, which is reached in the communal or national provisions for free public fairs and *melas*, free theatres, *jatras* and pageants, free libraries, museums and art-galleries, public baths, tanks and water-works, free gardens and excursions, games and sports, etc. These have developed in the East and the West as continuations and survivals of the old communal feasts and dances, or the mediæval pageants and processions, on the basis of the instincts of gregariousness and sympathy; but in the ethical reconstruction of economic life these incipient and instinctive phases of social consumption must assume more and more the well-defined form of a conscious *co-operative* consumption which will satisfy the progressive demands of an unfolding sociality. Thus, in the etho-sociological plane, a new and distinctive quality enters as a factor into social consumption which gives it a higher place in the scale of personal values. The development of a higher personality is at once the cause

and the effect of co-operative consumption, and on this line too—in the sphere of consumption which has had a history too often marred by egoistic and unsocial developments—we are moving towards a type of the individual-in-the-community and the community-in-the-individual.

Individuals as Units of Consumption.—Having studied the different stages in the evolution of wants we shall now enunciate certain principles supplementing those laws of consumption in the sphere of utility and satisfaction which we have already discussed on the basis of the Weber-Fechner laws. These principles of consumption relate not to the fundamental elements such as stimuli and satisfactions which enter into the function of consumption, but to the individual consumer taken as a unit of the economic structure. In any economic organisation the following morphological principles are found to be in operation :—

(1) Production and consumption being mutually complementary, as we have seen, every consumer is a producer as well as a consumer of values in a normal industrial organisation. Parasitism of the classes and pauperism of the masses are both excluded as abnormal or degeneration phenomena.

(2) Similarly every producer is a consumer as well as a producer of values in any normal industrial organisation. This is based on the fundamental principle of physiological balance or recuperation. And this, as we have already noted, excludes sweated and under-paid labour, slave labour and traffic, rack-renting and exploitation, generally, as phenomena of degeneration.

(3) Not only are consumption and production thus linked in a chain of natural necessity and natural justice, but also consumption brings on consumption, as production brings on production, in any normal sequence of industrial activity. The same principle of conservation and reproductivity, which, we have already seen, applies to production, applies also to consumption. This is based on the fundamental principle of the progressive expansion and development of wants, which itself is the psychological expression of a

biological necessity, viz., the progressive adaptation of life to the environment. And it leads us to the concept of dynamic efficiency of the individual, regarded as an economic agent, as opposed to mere static efficiency. In the interests of individual as well as of racial adaptation to the environment, new wants and new capacities unfold in progressive expansion, and this is what is meant by dynamic efficiency.(7) Accordingly, all forms of unproductive consumption (consumption of luxuries, etc.), which by ultimately leading to satiety and disgust, or to loss of vital energy and capacity, do not lead to new wants and new consumption, and thus militate against dynamic efficiency, are excluded in a normal economy as phenomena of degeneration. Wants connected with such consumption are among the morbid wants which, as we have seen before, accompany degeneration.

Social Utility and Co-operative Productivity.—As, in the field of production, the development of co-operation brings on a new element in the form of co-operative productivity, which is an integral element of productive efficiency, so, in the field of individual consumption, the progress of co-operation adds a new factor in the form of social utility which enhances the individual's satisfaction, and thus adds a new element of utility or value. Thus co-operative productivity as a new dimension of efficiency or productivity, and social utility as a new dimension of utility or satisfaction, are cognate concepts in economic theory and parallel developments in economic organisation, which are being brought more and more to the front as formative forces of the economic world with the progressive expansion of that elemental constructive force which we have seen at work in the beginnings of life, in plant forms and animal societies, and which has found its highest manifestations in the social and historical series.

The concepts of co-operative productivity and social utility which have been deduced from economic analysis work together in actual life by producing more and more complex forms of economic organisation in new structural developments of co-operative production and co-operative

consumption, and these morpho-genetic experiments in industrial life will only lift to a level of conscious selection and organised ethical endeavour those incipient and instinctive communal constructions and types of economic life, which will form the subject of investigation in the descriptive portion of this work.

In the preceding chapters we have studied the principles of economics by analysing them into their physical, biological and psycho-sociological elements, such as the physical and physiological equivalence of energies, or the psychical equivalence of stimuli, and have formulated the various economic concepts, norms and categories into which these elements have been worked up in economic evolution, and which will guide its future course.

These elements furnish more or less constant conditions and have given rise to universal economic laws. They govern the course of economic evolution as its regulating and limiting conditions; but they do not supply it with its motive power. Human nature as a bundle of elemental instincts and dispositions is at once the *materia prima* and *causa efficiens* of this evolutionary movement.

It is these elemental instincts, impulses and schemes of social values which, working within the limits of the governing laws and regulating conditions furnished by the physical, physiological and psychological constants, produce diverse multilinear series in diverse economic regions and cultural zones. In the next chapter we proceed to analyse instincts and impulses and their corresponding life-schemes and social values which furnish the foundations of comparative economics.

In studying these foundations we shall not depart from the method we have pursued in the foregoing analysis of the first principles of economics. Building on the basis furnished by physical, physiological and psychological (including socio-psychological) conditions, regarded more or less as constant and universal, we have introduced a plan of treatment, which seeks to combine (1) a deductive mathematical analysis in the formulation of concepts,

laws and normal curves, (2) a genetic-historical method in tracing the progressive unfolding of different economic categories, ideals and organisations, and (3) a method of comparative-regional economics, on the plan and pattern of a multilinear as opposed to a unilinear evolution; all leading up to the goal of a Universal Economics.

B. THE FOUNDATIONS OF COMPARATIVE ECONOMICS.

CHAPTER VI.

SOCIAL PSYCHOLOGY AND ECONOMICS.

Classical Economics Based on an Inadequate Psychology.—Classical economics has based its scheme of valuation on a psychology which recent advances in psychological science have proved to be inadequate, if not false. It is the psychology of the old associational and hedonistic schools which forms the basis of current economic science and which must give place to the new psychology of instinct, especially in its social bearings, that now holds the field in the analysis of human motives and social institutions.

The economists base their hedonistic calculus on the balance of pleasure and pain, of which the single aim is to secure the greatest happiness at the least cost of painful effort. Accordingly in the department of economic activities the following motives are emphasised as of primary (if not sole) importance :—

(1) Desire for gain, and fear of loss.

(2) Sense of appropriation or ownership, with storing and possession, thrift and abstinence.

(3) Desire to maintain a standard of consumption, comfort, respectability and solvency, fear of pauperisation.

(4) Motive of distinction, novelty and variety, such as is implied, for instance, in the production and consumption of luxuries.

(5) Sense of security, a disposition to be satisfied even

with small but sure, steady and cumulative gains, protection of life and property against risks, fear of unemployment.

Among the excitements and excesses are vanity, ostentation, speculation and panic fear (as implied in crises, depressions, booms, etc.).

All these are woven as it were into a web of Enlightened Self-interest which seeks to secure the ideal of individualistic justice. The only mode and method by which this can be successfully attained, according to classical economics, is free and unlimited competition, which, it is urged, secures in the end to every agent in production the just and exact share which it produces.

Recent advances in social psychology have upset the social foundations of this hedonistic calculus, and have brought to light an indefinite number of instincts and impulses of which man is a bundle and which in their primitive and elemental character are universal driving forces which work the social mechanism. Among the more important of these instincts which have economic significance may be noticed the following : the instinct of gregariousness, parental and domestic instincts, migratory instinct, instincts of self-assertion as well as of subordination, revulsion against inferiority and against confinement, the instincts of workmanship and constructiveness, etc. Some of these elements are worked up into compounds in the form of complex dispositions and acquired tendencies.(8)

Curiosity, for instance, as a motive of human behaviour, is often far-reaching in its economic consequences, though it is an intellectual instinct which cannot be reduced to mere hedonistic impulse. Similarly, adventure and enterprise, the value of which for the opening up of new industrial vistas cannot be over-estimated by the economist, cannot be properly explained in terms of hedonistic motive. A glance at the evolutionary history of human conduct or the behaviour of the precursors of the human race, confirms the conclusion that activities in the organism are mainly instinctive and are but rarely influenced by calculations of gains and losses. Similarly, it must be obvious to all students of anthropology that the primitive man is very

far remote from the economic man, though he has a fairly complex economic life. Several economic societies in the rudimentary stages of evolution are, according to the fixed and arbitrary standard of the economist, considered as un-economic or pre-economic because their economic behaviour cannot be pigeon-holed as mere desire for gain.

In modern economic society the preference for labour with the family and in the home environment, for land investments where old social connections exist, or for capitalistic investments for war-purposes—purposes in which profiteering is condemned by the capitalist himself—offers other instances of the operation of natural instincts and impulses in determining economic activity. These have not received adequate recognition in economic theory and practice. An economic calculus of values concerned in terms of mere pleasure and pain must necessarily be individualistic, for we cannot conceive of disembodied general pleasure and pain as distinguished from that of individuals. An unregulated competition and a scheme of individualistic distribution with their tendencies towards individual separatism and social disintegration are but logical outcomes of such a norm of values. Indirectly this theory of valuation has brought about a state of sophistication by casting the spell of individualism on it or making romance out of it. It will be difficult to determine how much of the responsibility for social disruption and unrest in the West should be apportioned directly to hedonistic economics and how much to the social hypnosis it has given rise to. That the present-day individualism is a product of abnormal economic psychology is obvious in the recent though wide-spread attempts at the formation of groups intermediate between the state and the individual. This group-formation is based on motives much deeper than the hedonistic ones, motives that are inherent in the constitution of man. Some of these have been isolated as being those instincts whose simple and effective operations are familiar in the biological scale, while others, be they compounds or modifications of the primary instincts, or a new system of human motives, remain yet to be analysed and identified. Such

group formations are but results of the resumption of function by the natural motives and norms of human action. The lesson that we draw, then, from the collectivistic and communal experiments of the present is twofold. In the first place, economic psychology is rescued from the clutches of the economic man muttering his infallible formula of pleasure and pain. Secondly, such intermediate social groupings show the real way to economic fulfilment which has been checked in the existing economic order that has ignored or suppressed some of the elemental active tendencies.

Misconceptions of Social Psychologists.—So far this is an advance by recognising that human social behaviour in the mass is not actuated by estimates and calculations of reason, or by the conscious operation of principles acting as motives, as the doctrine of enlightened self-interest of the classicist has assumed. But the exponents of social psychology, in spite of these contributions to a more correct analysis of behaviour, have themselves more or less laboured under three principal misconceptions in their view of social conduct and institutions. First, while it is true that it is instincts and their separate satisfactions which drive the organism, individual as well as social, it is at the same time true, and in larger and larger measure with social advance, that there is a regulative element whose function is the balance and co-ordination of instincts and satisfactions and their reduction to a scale and gradation of values;—and that this element is the intellectual or rational element in man.(9) Social institutions are the outcome of this process of standardisation, i.e., of co-ordination, regulation and valuation, of instincts and their satisfactions, and accordingly regulative social concepts, norms and categories play an equally important part with the primal force of instincts and impulses in the maintenance and evolution of social life. Secondly, in their analysis of primary instincts and impulses, the social psychologists are apt to emphasise the rôle of the instincts of fear and of anxiety and pain as the prime movers in the organic world, a view which they support by chemical observations of the changes brought about under

such circumstances by glandular secretions, and consequent modifications in blood pressure and circulation. Others, again, have found social origins in pathological, abnormal or degenerative phenomena, which they regard as normal in primitive psychology, of which they find survivals in modern life. But all this lays an exaggerated emphasis on a partial truth. While no doubt the ever-recurrent stress of pain, fear and anxiety, and of revulsion and revolt, has tended to mould social evolution and social institutions, yet those other instincts which are concerned in the quest after positive satisfactions, and which contribute to the sum of positive well-being, are far more important as constructive and organising agencies in the sphere of economic progress. Such, for example, are the parental and domestic instincts, the instinct of building the home, the gregarious instinct leading to congregated life in villages and towns, the instinct of storing and possession, the instinct of workmanship, the instincts of novelty and distinction, and above all the social and political instincts which are being progressively developed. In the same way the normal instincts and impulses of man common to primitive and civilised life are more real sources and origins of man's social constitutions than those neurotic and psycho-neurotic tendencies which certain fashionable schools of social psychologists are apt to usher on the stage as a sort of *deus ex machina* in solving the problems of social evolution. Thirdly, social psychologists have often missed the significance of the dynamic character of human nature which exhibits the progressive unfolding of new and complex instincts and impulses in adaptation to the changing environment, both geographical and traditional.(10) Even those who have eschewed the pathologist's fallacy ordinarily confine themselves in their survey of formative instincts to elemental and universal factors like food, clothing, shelter, sex, the impulses concerned with protection and propitiation, etc. But they have failed to appreciate the economic and social constructiveness of the developing and more complex wants, the wants of the taste, the imagination, and the social affections, the intellectual wants, the political wants which in their rich and exuberant variety have super-

vened on the simple and scanty stock of primitive human instincts, and which have contributed to ethnogenic evolution a most complex assortment of institutions, social forms and structures as the characteristic fauna and flora, as it were, of diverse ethnic zones. In this region lie the foundations of comparative economics.

Neglected Psychological Factors in Economic Science.—A sane and rational view of the origins of economic organisations must keep in view all the above factors. We proceed to note some of the more striking and weighty of the psychological elements which have entered into the economic evolution of society, and which even now press for practical recognition and adjustment in the field of economics, though economic science up till now has fought shy of them and has thereby acquired an abstract doctrinaire character :

(1) The **parental and family instincts** have received no due recognition from the economist in his calculations of the standard of efficient subsistence. The individual labourer has been taken as the unit instead of being considered along with his family, which after all is the social unit and must therefore be the unit of consumption. Thus, wages according to the economist depend upon the marginal productivity of labour. But this is only a mechanical formula, because neither the specific productivity of labour itself nor the margin can be determined, not being independent or separate entities. What is important is that wages form only a share in the distribution of the total produce. And accordingly any vital theory of wages as opposed to a merely mechanical and doctrinaire one must take into account the essential factors which determine the total produce as well as the separate share distributed to the labourers. Thus the minimum standard of consumption which is necessary for the subsistence of the labourer and the maintenance of the volume of labour in a state of standard efficiency is the most important factor both in determining the total produce as well as the share thereof due to labour. This minimum is itself determined by forces and conditions outside of labour, the mode and standard of consumption and vital efficiency in relation

to the requirements of the family as an economic unit, including the conditions of healthy child-rearing. The minimum of 'natural or living wages' is specific for given conditions of family rearing and maintenance in different industrial societies and among different classes and sets the lower limit in the determination of wages; while the range of fluctuations depends upon the equation of demand and supply of labour, of which the 'marginal productivity' formula is a limited application which is neither determinate nor sufficient. The volume of demand as well as of the supply in the case of labour depend, as we have seen, on considerations of productivity and efficient subsistence; but, if the operations of competition under existing conditions of monopoly and want of fluidity be left unchecked, the minimum of living wages is encroached upon to the detriment of economic productivity; here the concept of ethical competition comes into play to remedy the maladjustment, and while serving the ethical ends of justice restores the true economic equilibrium. Thus the parental and domestic instincts as well as the values of domestic life and family ideals enter into the economic calculus of wages, and applied economics therefore ought definitely to accept the regulation of wages by the requirements of healthy family life and child-rearing as part of its programme of economic betterment.

(2) The instincts of **workmanship** and **constructiveness** which are among the primitive instincts of man, which have furnished the basis of the original crafts of weaving, drawing, pottery, building, etc., and which now await a further development in new directions of art and craftsmanship, have been unduly depreciated in the era of machine-production, and economic science in its investigations of the conditions of production has ignored this aspect of labour as one of the most fecund and progressive factors of workmanship. In the analysis of the prices of commodities, the cost of production has not taken into account the element of artistic workmanship as entering into the quality of the product, while in the demand for commodities the estimate of utility has missed the value derived from æsthetic satisfaction. So far as these enter into the determination of

the values of commodities they have been considered more or less as disturbing or abnormal factors giving rise to fancy, hobby or monopoly prices. But any statistics of prices would show that artistic production and æsthetic enjoyment in relation to the quality of products are very important elements that normally enter into the determination of differential prices. Thus the economic theory of the valuation of goods suffers a check in its quantitative analysis by being unable to reduce to quantitative measurements the distinctions of quality based on artistic workmanship. Similarly, applied economics has raised its superstructure exclusively on the basis of machine-production on a large scale, with its emphasis of quantity rather than excellence derived from individual variations in consumption as well as in workmanship. Under this rage for quantitative production the crafts are supposed to be primitive or mediæval survivals, and æsthetic enjoyment is considered to be the monopoly of the aristocratic few instead of being the birthright of the race. The great problems of the adjustment of machine-production to art, and of the requirements of quantity to those of quality, remain to be treated in economic theory as in economic practice.

The economist has hitherto measured utility by reducing all satisfactions to a common denominator, forgetting that there are irreducible differences of quality which are incommensurable, even as the Benthamite form of the hedonistic calculus in utilitarian ethics forgot similar qualitative differences among pleasures and pains. But as John Stuart Mill sought to remedy the inadequacy of a merely quantitative standard by recognising qualitative distinctions among pleasures, a similar correction of the analysis of utility is necessary in economics if the actual differential prices of different kinds and qualities of commodities are to be explained by the economist's rule of valuation. There are so many discontinuities and incommensurabilities in different grades and qualities of things, arising from their very nature as well as from differences of subjective estimate, that the average or resultant price is given only as a matter of fact and is incapable of being presented as a continuous curve.

The marginal utility is thus incapable of analysis into its ultimate factors, and the formula is only a mechanical abstraction that has sought to standardise human satisfactions and enjoyment regardless of differences in their nature and quality.

(3) There are also other instincts and impulses which similarly underlie certain economic phenomena or institutions, e.g., the instincts of **submission** and **leadership,** which have created aristocracies, hierarchies, exclusive breeds as well as higher personality-classes. The endowments of land and property for "the personality-social classes" to give them sufficient leisure and opportunities for disinterested service as well as for the cultivation and enrichment of culture, the setting apart of land or of tithes, cesses and taxes from the national income for the purposes of maintaining the conditions that are favourable to the nurture of inventors, scientists, artists, poets and other men of genius, are economic phenomena which have been certainly conducive to social progress, and which have their spring in the primitive instincts of submission and leadership, consciously co-ordinated and organised into institutions to serve social ends.

The attempt of the workmen to seek control over the industrial management, co-operation, trade unionism, syndicalism, strikes and lock-outs are also other directions in which the same instinct of leadership and mastery seek to find expression in modern conditions of economic life. In economic production the instinct of constructiveness or creativeness is mixed up with the instincts of self-expression and mastery; and, as these are elemental and universal driving forces, their repression has led to the disturbance of the economic equilibrium in a widespread industrial unsettlement and unrest, and also to the divorce of industry from art and from the human and personal note which is so conducive to the finer cultural developments of personality and humanity. In the reorganisation of arts and handicrafts and the due regulation and control of machine-production, which pioneers of modern scientific industry are beginning to set before themselves as their programme, the aim would be to satisfy these healthy

and perennial instincts by securing in the actual industrial arrangements that each individual worker may realise that he is a part owner and manager of the capital and specialised machinery in a joint concern which seeks to give play to his distinctive individuality in production and adjusts his share of the profits to his special requirements in the matter of healthy living as well as personal culture. And what is more, no national economy could be regarded as sound which does not provide for the maintenance and nurture of the leisured groups and "personality-social interests" by setting apart a portion of the national income and thus giving them opportunities for service through such forms of creative, humanistic and spiritual activities as are suited to the special gifts and training of the individuals who may naturally find their way to a legitimate place in these social groups.

(4) Another important group of impulses which underlie some characteristic economic institutions is that centred round the instinct of **social sympathy**, and the **herd instinct**, as manifested not merely in gregariousness but also in forms of mutual aid and sympathy among members of the group or herd, such as the help given to the old, the indigent, the sick or the unfortunate. The Poor Law and its administration with the liabilities of the parish or of the municipality is only a typical instance of the working of these impulses in the economic field. And more modern and improved expressions of the same are exhibited in the budget provision for insurance against old age, accidents, sickness, mental deficiency and disease, the liability of maternity and child-rearing, including provisions for orphans and for education, etc.

In these and other matters, the onus of maintenance has hitherto lain either upon the local bodies or upon the state, and no doubt a large part of these charges, e.g., those incurred in the support of education, orphanage, lunacy, mental deficiency, etc., will be met out of the national or local revenues; but it is coming to be more and more recognised that particular industrial establishments or landed interests must include a large part of these charges in reckoning the share of the produce distributed among their workers as

wages or profits. When the incidence of liability in matters of housing and comfort, health and safety of workers in factories and mines, insurance against old age, sickness, maternity, etc., has been approximately estimated by statistical methods, these requirements will no longer be left, as they are now, uncertain and indeterminate factors of the remuneration of the workers, but become calculable as elements in the determination of wages and profits, as interest and risk are now calculable as elements of the capitalist's share in the distributive process. Economic science accordingly will have to treat the problems of distribution from this more enlarged point of view which, by satisfying the instinct of social sympathy and the herd instinct, will raise competition from a merely mechanical and physical plane to a biological as well as an ethical one.

CHAPTER VII.

CULTURAL VALUES AND ECONOMIC INSTITUTIONS.

Sociological Differences.—These instincts and impulses of which we have noted only some of the more interesting and significant from the economic point of view have their different intensities and grades in different social stocks and cultural traditions of different peoples. Their regulation and gradation are accomplished in each ethnic culture according to its particular scheme of life-values. In fact, a scheme of ethnic value means the valuation of these instincts or their satisfactions, as well as their co-ordination and regulation. And the economic institutions of every such cultural zone are shaped and moulded by its particular scheme of values.

Competition a Custom.—Social customs and traditions are the outcome of various particular groups of impulses or instincts, which are more or less dominant, and exercise an abiding and cumulative influence in any particular scheme of social values or in particular regions of cultural stocks. Among such social customs or social categories which operate in the economic sphere, one of the most significant is competition, which is but the custom of economic life and organisation in certain stages or strata of economic evolution. For competition is a custom which arises out of the need of satisfaction of a dominant impulse, viz., that of the greatest individual gain at the least individual cost, when it is clenched and rivetted by the chain of impulses that are grouped round the cognate instincts of appropriation and possession. What the economists call 'custom' in a narrow technical sense as opposed to competition is not a secondary or adventitious force which by causing friction and setting up more or less rigid barriers disturbs a fancied economic norm. It is only a generic name for various groups of social forces or norms

which are co-ordinate with the force of competition, arising as they do out of other equally elemental, healthy and formative impulses acting in the economic sphere. They are abiding and primary in particular economic zones and crystallise into economic institutions and ideals. They are governing factors, not rigid but fluent, and themselves evolving in adaptation to the trend of economic evolution and progress among these particular cultural stocks. What we have called 'ethical competition' and might call 'ethical custom' is but the conscious co-ordination of these various groups of social impulses and forces, and also of social norms and standards, through their action and reaction in a particular economic region with a view to the maintenance of its order, or type. In so far as the instincts and impulses of social and civilised man participate in a common trend of evolution, or move convergently towards the common goal of a universal humanity, these economic customs and institutions of different social and cultural traditions, instead of being radically disparate and divergent, move along convergent lines or radii as towards a common centre in which we find the law or the explanation of their configuration.

Eastern Communal Instincts Expressed in Economic Standards.—The congeries and *ensembles* of customs, norms and conditions, which crystallise themselves into economic types, furnish rich and promising material for scientific studies in comparative economics. Here in considering the foundations of such economics we shall give a general view of broadly-marked varieties of such types and regions, and note the essential elements that enter into their constitution. This can be best done if at the outset we take concrete illustrations of the economic concepts and categories of different ethnic or cultural traditions arising out of diverse schemes of economic and social values based on correlated groups of dominant instincts and their satisfactions. In the East a strong natural endowment of communal instincts and sympathies has manifested itself in certain economic standards which give a distinctive cast to its economic life and institutions. In India, in the concept and institution of property, for example, individual rights have been more or

less subordinated to the ends of communal well-being by the emphasis given to joint ownership, in the family as well as in the village community, in respect of land or wealth, whether inherited or earned. Similarly, the joint ownership is emphasised of the village common lands, or irrigation-channels, of the services of village labourers and artisans or of those who minister to the social educational and religious wants of the community. In the system of distribution, the liabilities and obligations towards the maintenance and support of these ministers of the higher social wants, including the claims of charity and hospitality, are set apart as a first charge on the harvested crop. The same communal instinct has in a wider field led to institutions like *iswarbritti* and *mahimai* (rateable contributions of merchants and shop-keepers), or like *debottar* and *brahmottar* (customary endowments of property for maintenance of temples, priests or for purposes of public charity). Again, confining ourselves strictly to the sphere of economic forces and institutions, we find a differential level and gradation of wages. In India, this is not maintained by competition, but is customarily adjusted to the standards of subsistence: and these take into account the needs of the family and the conditions of craftsmanship of different classes of labour. This old system tended to secure fair and living wages on an ethical basis. Yet on the other hand, the standards of efficiency and of comfort in the tropical regions have fallen short of the development they have reached in temperate climes; and, accordingly, Indian productivity, as judged by modern tests of efficiency, stands low in the scale. In the systems of land-revenue and land-tenure, respectively, the whole basis of the Indian agrarian organisation proceeded on the basis of the association of the peasant with a homestead, so far as possible a hereditary one, including a few acres of land. Accordingly, this strong instinct of the Indian for the fixed home with its appurtenance of land has prevented the rise and development of economic rent as a separate and separable share for a landlord; this being merged in the farmer's earnings, or in the communal share thereof. This has given to Indian rent the character of revenue or assess-

ment for protective services; whether of the state, of the village as a whole, or of any constituted local functionary. Modern legislation, based on foreign models, has introduced landlordism with proprietary rights, and the free transfer or alienation of land; and it is thereby creating the characteristic phenomena connected with economic rent. Unfortunately, however, in the matter of agricultural credit the development of communal forms and institutions on any co-operative or other collective basis has not been carried to any considerable extent; though occasionally we find in certain villages collective grain-stores, in the form of *dharmagolas* and temple granaries, from which grain is lent for sowing, or for food. But exploitative money-lending on an individualistic basis has flourished in the country, although entirely foreign to the spirit of communalism that presides over the Indian agrarian organisation. The forms of co-operative cultivation and production are so abundant that the need for individual borrowings for purposes of agriculture, before the introduction of cash payments of revenue, was, in normal circumstances, much less than it would otherwise have been. Co-operative industrial credit in the shape of loans advanced by guilds of artisans to their members has been, however, a normal feature.(11)

But it is not merely the social tradition or the social and communal instincts that underlie this tradition which have given their characteristic mould to Indian economic organisation; other cultural factors have been equally formative, such as the geographical or climatic, the biological or the ethnic, the moral or the spiritual. The scale of consumption, for example, the range and the valuation of wants, and the relative estimate of individual versus socialised enjoyments depend upon the Indian psychology and outlook of life, which in the last resort may be traced to dominant or typical instincts and impulses and the scheme of life-values and ideals.

Western Individualism expressed in Western Economics.—In the West the economic organisation and forces show the dominant influence of another group of human and social instincts, which have crystallised into its

characteristic economic institutions and traditions. The norm of the economic man and the custom of competition, for example, have been the outcome of such dominant instincts as those of individual appropriation and individualistic justice, emulation and rivalry. But latterly other equally elemental instincts which have suffered eclipse and repression in greater or less degree since the industrial revolution, have again been struggling for expression in the industrial unsettlement and crisis which has followed as the sequel of that revolution. Such instincts are those of self-expression in healthy living, freedom, and security, in leisure as well as in social enjoyment, and no less the instincts of social sympathy and service, social co-operation and socialistic justice. All these are gradually coming to the front in recent economic legislation, in the regulation of the conditions of employment and of the hours of labour, the efforts after living wages, in insurance, socialistic taxation, housing, land legislation, and generally in schemes of economic betterment. The revolution in economic practice is gradually transforming the foundations of economic science, and the old shibboleths of the time-honoured classical economics are gradually giving place to more correct principles and concepts based on a more adequate analysis of economic phenomena in relation to the complex nature and social personality of man.

All these form an *ensemble* of instincts and impulses which differentiate the typical economic organisation of the West from that of the East. Even when the instincts are the same, the valuation of the satisfactions they seek is different, being the outcome of a different scheme of life-values. The mode of expression is also different. For example, social instincts in the West are sought to be realised through the super-imposition of the State as the expression of the general will on the individual as the economic unit, while in the East the community or group is already an integral part of the individual personality, and the economic unit is not the individual as individual, but the individual in the community or, if you please, the community-in-the-individual. Accordingly, the socialistic programme in the West tends to

be accomplished through state machinery, while in the East the voluntary or ethical co-operation of groups or communities crystallised into social categories and customs is the method of realising social progress.

In fact it is not the individual as a whole man who is the economic unit in the West. Western economic evolution has broken up the whole individual by a process of undue differentiation and specialisation of his functions so that he has been resolved into such mutually exclusive and repellent fragments as the landlord-man, the labourer-man, the capitalist-man. This hypostasis of functions has been carried out in the theory of economics, from the Ricardian analysis and determination of economic rent, wages and prices to the specific productivity theory of Clark. These are all based on two hypotheses: (1) that the specific shares of the three agents of production can be separately estimated as independent entities and form by their aggregate the total produce,—which is a merely mechanical as opposed to an organic concept of production; and (2) that not only the total productivity but also the differential productivity of these factors can in the same way be specifically determined—which forgets the obvious fact that residua or differences being differences of totals are as much mutually interdependent and organically inter-related as the total produce and the shares thereof. In the actual economic arrangements, again, the capitalist, the entrepreneur, the landlord, the labourer and the consumer have been too much specialised and narrowed down to exclusive specific functions —a differentiating type of economic organisation which, unchecked and uncorrected, fosters mutually repellent interests, and produces friction and wastage as well as class strifes and antagonisms. With this stands in striking contrast the integrative type of economic organisation which blends in different degrees these specific functions and realises their economic harmony and interdependence in such forms as the capitalist-labourer, the landlord-cultivator, the landlord-capitalist-cultivator, the agriculturist-artisan, the artisan-middleman, the cultivator-consumer, which in the East have helped to preserve the solidarity of economic interests.

And it is significant that now in the West these integrating forms are re-appearing, after the stress and conflict of the industrial revolution, in co-operative production and syndicalism, in co-operative distribution and consumers' societies, and in many a project of the reunion of mechanical production with art, as well as of arts and crafts with agricultural pursuits. In its effects on the development of personality and humanity, the differentiating type of economic arrangement leads to a separation of economic from social relationships and obligations, in a hypostasis of many fragmentary individualities, like the figments of the economic man, the capitalist man, the middleman, the entrepreneur man, the labouring man, the residual claimant man, to the detriment of the whole man; and the re-union of these fragments in a complete creative personality is an imperative demand and desideratum of the modern economic system. On the other hand, the integrative type of economic organisation, which works for the reinstatement of the whole man, is in consonance with the whole trend of modern thought and culture as summed up in the main currents of pragmatism and humanism to-day, which are but the outcome of a synthetic intuitional movement in reaction against the exaggerations of logical analysis and abstract intellectualism.

Economic Institutions and the State.—We have seen how different groups of instincts and impulses in particular cultural zones have led to distinctive economic institutions and phenomena. We have also seen how these economic types so originated are co-ordinated with the schemes of social values of particular regions and themselves act on the latter, encouraging the development of particular types of social relationships and individual personalities. But a larger generalisation relates to the form and superscription of polity or state organisation with which these types of economic institutions correlate themselves. For example, the groups of human instincts and sympathies which underlie communalism and cognate social structures and institutions, would lead to the formation of a decentralised polity, and administration; a federation of communal groups, guilds, and village unions; an industrial organisation in which every

producer participates in ownership and mastery instead of being a mere tool, and finds the joy of self-expression in workmanship; a co-ordination, on something like the syndicalist plan, of the small industries and cottage workshops in the villages under a common federal and democratic industrial control; an ethical competition and a due regulation of the rights of individual proprietorship; an equable distribution of wealth and of population; a social economy centred round the family altar and village temple; and, lastly, a humanised and socialised religion of local festivals and symbols which duly recognise the pluralistic elements in man and nature. On the other hand, the groups of instincts and impulses which underlie competitive industrialism manifest themselves in the development of a centralised state-polity; capitalism and large-scale industry which tend to grow into combines; aggregations of population in large cities and industrial centres; the combination of interest-groups or classes;—a world, of which the *primum mobile* is the desire to realise the social life under the regulative principles of individualistic justice and individual self-expression.

CHAPTER VIII.

THE REGIONAL FACTOR IN ECONOMICS.

Effect of Physical Conditions on Economic Organisation.—No analysis of economic forces and institutions will be adequate and correct which ignores the vital differences of these economic types and zones, and of their originating conditions and prime movers in dominant groups of instincts and impulses as well as in schemes of social values, and it is only a synthetic, comparative and genetic economics which can undertake this work successfully in the interests of economic science, as well as the art of economic reconstruction and progress. But it is not social psychology alone on which we must draw for our ultimate elements in laying the foundations of comparative economics. The different economic types and zones are determined not merely by different social values and dominant psychical instincts and endowments of particular cultural stocks, but also by physical conditions of regional geography and physiography to which, indeed, the psychical factors are adapted and correlated in the course of evolution. It is not merely that the *nature* and *kind* of industries depend on the distribution of fauna and flora, or of mineral and other natural resources in particular geographical zones, nor merely that the characteristic instincts, e.g., of mountainous or sedentary, sea-faring or caravaneering stocks, arising out of geographical conditions, shape and mould the *character* and *direction* of economic development. But what is far more significant is that these physical and natural factors distinguishing economic regions from one another govern in many essential respects the *form* and *structural* type of the economic organisation.

A few typical examples under the heads of consumption, production, distribution and exchange may not be out of place. Where the conditions of climate, heat and moisture, and natural fertility of soil are favourable, as, for example, in certain tropical or sub-tropical regions, the scale of consumption and the range of wants are naturally limited, and wants are not so insistent and intense as in less favourable climes or less hospitable soils. (12)

Reduced Proteid Consumption in Tropical Climates.—Thus where there is a natural supply of calorie, heat-producing food and heat-conserving clothing or shelter do not form such an imperative element in consumption. In Bengal, for example, clinical researches tend to show that the level of proteid (muscle-forming) consumption which is sufficient for healthy subsistence and normal efficiency of an adult stands much lower than the same level for the European adult, being 66 or 70 per cent. of the latter's requirements. A fact like this is one of the basic facts of a country's economy. It is for this reason that our family budgets and our countryman's income per head cannot be understood without reference to this biological circumstance concerning our normal requirements of consumption.

Here are a few family budgets which are full of interest in this connection.

A well-paid artisan's family of five persons (including a baby) in Bengal :—

Foods.	Annual Consumption.	Proteid.	Nitrogen.	Carbon.	Calories or Energy Units.
	Seers.	Gr.	Gr.	Gr.	
1. Rice .	24 × 40	798,720	107,520	5,376,000	3,010,560
2. Dal .	20	67,200	10,240	99,840	55,200
3. Oil . .	12	—	84,096	—	52,992
4. Salt. .	18	—	—	—	—
5. Fish .	6	14,400	—	—	7,680

The proteid and energy values per day will be as follows:

	Proteid in Grains.	Energy Units.
Rice	2,188	8,248
Dal	184	151
Oil	—	145
Fish	39	21

The following is an estimate of the quantities of food consumed by a family of four in Madras:

Rice	1¾ seers per day.
Cocoanut	1 for three days.
Salt	1 seer per week.
Chilli	½ seer per week.
Vegetables	—
Betel	—
Toddy	—
Milk Curd	1 seer per day.
Cocoanut Oil	1 bottle for 20 days.

	Proteid in Grains.	Energy Units.
Rice	97	5,488
Milk Curd	345	525
Cocoanut Oil	—	54

Here is an estimate of the quantity of materials consumed by a family of five persons including two babies in a Deccan village:

	Per Annum.
Bajri and Jowar	192 lb.
Rice	48 „
Pulses	80 „
Wheat	48 „
Sugar	30 „
Salt	48 „
Chilli	24 „
Oil	12 „

The amounts of protein and calories of energy available from the above diet are the lowest:

Protein (per man per day).	Potential Energy (per man per day).
16	615

Food Consumption, East and West.—The following table would give a comparison between the food consumption in the West and in different parts of India :

Dietaries.	Protein (per man per day), grains.	Potential Energy (per man per day), calories.
1. 25 families in poorest part of Philadelphia	109	3,235
2. 26 families in poorest part of Chicago .	119	3,425
3. 12 labourers' families, New York City .	101	2,905
4. 11 poor families, New York City. . .	93	2,915
5. 14 families in York (wages under 26s.) .	89	2,685
6. 1 artisan's family in Bengal	40	2,283
7. 1 cultivator's family in Madras . . .	110	1,515
8. 1 cultivator's family in the Deccan . .	16	615
9. Standard requirements for men at moderate work in the Western Countries (Atwater).	125	3,500
10. Football eleven in California, 1897 . .	270	7,885

Economic Significance of Diet.—The economic significance of the above will be realised when we remember that to live on a minimum of proteid is to run the risk of having thread-bare tissues which mean low resistance and even predisposition to disease. A deficiency in fats, sugar and starches which serve as fuel may not be so serious in the tropics, but carried beyond certain limits it leads to languor, listlessness and depression. But what is important to observe is that it is only the loss of the physiological balance between work and means of recoupment or between intake and output that leads to inefficiency or degeneration. Among some people, for reasons of climatic and organic differences, which underlie different ethnic varieties, this balance may be maintained at a lower level of nitrogenous or proteid consumption than in other peoples and regions. The normal standard of consumption for the maintenance of healthy efficiency in the labourer is, therefore, not the same under all conditions, and the estimate of protein and energy values of a national dietary has therefore to be supplemented and corrected by actual experimental investigations into the

actual food-values of different peoples and regions in work-a-day life. For the total result depends on other factors besides protein and starch consumption. For instance, the differential metabolism which extracts differential advantages from the same quantity of protein consumption is a significant fact which awaits experimental determination. The vital capacity, the integrative and the inhibitive capacity which give tone and equableness to the system, the rate and intensity of cell discharge, the most profound actions of the secretions and the hormones in relation to growth and normal health, are matters which are of as much importance as protein or starch in the estimate of the efficiency of labour whether of a *cooli* or navvy, of a factory-hand or a factory-manager, of a pedlar or a footballer, of a brain-worker or a tiller of the glebe. And accordingly a more adequate physiology based on a comparative and regional study of different races and constitutions, as well as a more scientific investigation into comparative dietetics based on a study of the vital functions of metabolism, respiration, secretion, inhibition, integration and growth in different peoples, must be a preliminary to fruitful economic applications both in theory and practice.

Blood and Urine, East and West.—From different levels of nitrogenous equilibrium or food consumption we can easily pass to differences in the components of blood and urine which bear a close relation to the nature and standard of bodily activity or force production :

I. Blood.

Components.	Europeans.	Bengalis.
Red Corpuscles	5 millions	5½ millions
White „	8,000	9,000
Hæmoglobin	100 per cent.	80 to 90 per cent.
Specific gravity	1,057	1,058
Proteid	19 per cent.	18 per cent.
Total Solids	21 per cent.	20 per cent.
Salts	0·78 per cent.	1·06 per cent.
Chloride in Serum	0·55 per cent.	0·72 per cent.
Coagulation	4 minutes	2 minutes
Blood Pressure	115–130 m.m.	110–115 m.m.

II. URINE.

Components.	Europeans.	Bengalis.
Quantity.	1,440 c.c.	1,200 c.c.
Specific gravity	1,020	1,013
Urea	35 g.m.	13 g.m.
Nitrogen	18 ,,	6 ,,
Chlorides.	15 ,,	10 ,,
Phosphates	3·5 ,,	0·918 ,,
Uric Acid	0·75 ,,	0·452 ,,
Sulphates	2·5 ,,	1·880 ,,

The relative deficiency in hæmoglobin may be due to climatic or ethnic differences which may lead to the concentration of the constituents which make up hæmoglobin or to some substances containing iron or salts or bone-marrow that form the bulk of the European foodstuffs. Similarly the lower quantity of urea is due essentially to the less amount of protein consumption in the case of Indians, a well-established fact in comparative physiology.

Fallacies about Protein.—How fallacious are the ideas that proteins alone are necessary for life, and that the cell protoplasm is nothing but living protein! The protoplasm, i.e., the material substratum of life, must be regarded as a complex in which the proteins, fats, carbohydrates, nucleins, salts, water and vitamin play a part. And recent experiments have also clearly shown that each one may be formed from the other in the complex living organism. In the Indian system of dietetics, with low proteid diet, there is chance of fermentation in the bowels, and it is found that whenever the nitrogenous element is increased there is greater increase of fœcal nitrogen. On the other hand the Hindu widows of the higher classes without exception, as well as the Jainas, the Marwaris, the Komatis, the Shanans, the people of the South in general, thrive well without any kind of meat or fish.(13) The purely proteid diet in European fashion is utterly disagreeable to the Indian constitution, and apart from a metabolic viewpoint the clinical bearings should also be taken into consideration, e.g., the rarity or absence of gout and rheumatism. The irreducible

minimum of protein in Chittenden's estimate is to be found in the Bengali diet even of the poorest classes.(14)

I. CULTIVATORS.

Rice	10 ch. = 20 oz.	Proteins	50 grains.
Dal	½ „ = 1 „	Carbohydrate	475 „
Vegetables } Fish }	½ „ = 1 „	Fat	25 „

II. MIDDLE-CLASS.

Rice	8 ch. = 16 oz.	Proteins	50 grains.
Dal	½ „ = 1 „	Carbohydrate	400 „
Vegetables } Fish }	½ „ = 1 „	Fat	50 „
Milk	2 „		
Ghee and oil	½ „		

Physiological Differences and their Economic Importance.—The nature of the foodstuff and level of protein consumption, the physical constitution and the cell-discharge, the vital capacity and the inhibitive capacity, the colour of the skin and the average excretions, the efficiency in working power and the freedom from particular diseases in a particular race or region, vary in the same direction as do correlated organs, and thus in the natural adaptation of people and region, i.e., of output of work or the normal productive capacity, and the normal level of physiological recoupment or the characteristic system of dietetics, there develop different types of correlated physiological structures and functions corresponding to the multiform variations in ethnic sociological or economic types. The *ensemble* of physiological norms and conditions which are distinct, persistent or hereditary, which gravitate towards a physiological type, furnish the basic materials in comparative economics for a study of many of the practical problems of production and consumption, labour and efficiency.

The nature and standard of our consumption or nutrition and of our bodily activity or force production, have their important bearings on the structural type of our industrial organisation, and on the conditions of employment of labour generally. Our metabolic changes and the processes of waste and repair connected with cell storage and cell discharge in the Indian constitution necessitate, not intense and intermittent spurts of energy, but slow, steady,

leisurely work. This is partly also the character of the Mongoloid consumption and metabolism. When to these physiological conditions are added our tropical heat and moisture, we can easily understand why mill-labour in India generally, and in particular in Bengal, does not show the same qualities of strenuousness, high pressure, sustained grit and regularity of attendance as factory labour in the West. No doubt malaria is also partly responsible for these lethargic tendencies, and partly also the Indian outlook of life as determining the Indian standard of comfort, but the bed-rock of physiological fact on which Indian industrial conditions are built must not be lost sight of in our schemes of developing manufacturing industries. Those lines of manufacturing industry and those types of organisation of labour which require long hours of steady, equable work and admit also of leisurely disengagement at intervals are peculiarly suited to the Indian labourer who has been known to beat his European compeer in such forms of labour in the actual history of British colonial development. In the recent history of factory industries in India we have too often witnessed the deterioration and degradation of labour due to the violation or neglect of these primary conditions, and the universal complaint of foreign mill-managers regarding Indian labour are traceable to the instinctive efforts of the labourers to correct the maladjustment in the fields of biological and sociological adaptation alike. This is also responsible for the development of the world's worst slums in our mill areas and industrial centres where the sanitary dangers of excessive agglomerations of population have been accentuated by climatic conditions of heat and moisture, though our climate itself provides natural remedial agents like sun and rain if only the plan of open-air and outdoor life could be imported into our close-built *bustis* and *chawls*. No system of dwellings is more calculated to serve as hot-beds of disease or as seed-plots of epidemics than the dingy tenement-rooms in the *chawls* and *bustis*, and open-air huts would be conducive not merely to the physical but also to the moral and social health and well-being of our labouring population.(15)

Access to Land Favours Communalism and Economic Independence.—Among other physical and geographical factors that determine economic types not merely as regards the *kind* and *character* of the industries, but also and chiefly as regards the *morphology* of the economic organisation, is the influence of extensive tracts of fertile land such as allow of a more or less equable and uniform diffusion of population in agricultural distribution which we meet with in such densely populated countries as India and China.

This direct touch with land of large masses of population is favourable to the development of a non-exploitative humanised industry, and communalistic experiments easily spring up on such a soil on the basis of an equable distribution of wealth. These express themselves not merely in the developments of arts and crafts and small production in connection with agriculture, but also in an interdependent system of village and city economy and exchange. On the other hand, where the physical conditions such as the abundance of mineral resources or water-power without extensive or fertile resources in land originate the development of manufacturing industries divorced from agricultural pursuits, exploitative production and tentacular cities tend to develop on the basis of unequal aggregations of population and of wealth. In a type of communal organisation where the integrative principle is at work, the combination of functions of land, labour and capital, which tends to prevail more or less, leaves the producers and the consumers less dependent on intermediaries and middlemen whose exploitativeness is thus kept within proper bounds, unless where competitive industrialism *ab extra* is superimposed on the soil of communalism, and disturbs its natural growth and development.

Again, where the natural resources of a great country are on a continental scale of magnitude and variety, and accordingly allow of a self-contained industrial development, the country has not to depend on foreign markets and their exploitation, and, unless political factors produce such a situation, it is free from the effects of an unfavourable

balance of trade and indebtedness. The economic phenomena of migration and colonisation are in such a case late in appearing because the economic pressure is not so felt. On the other hand, where a hardy, adventurous and fecund stock is confined within a country which cannot be economically self-sufficient, markets and capitalistic investments in foreign countries, migration and colonisation, become economic necessities, and militarism and exploitative finance enter into alliance under the banner of a Christian imperialism for the exploitation of less advanced countries and peoples. In striking contrast with this economic type which combines manufacturing industries on capitalistic lines with political and militaristic finance on an exploitative basis stands the peaceful non-exploitative industry and international commerce of a communalistic economy which is the normal destiny of continental economic organisations of China and India, if left undisturbed by encroachments of an alien economic type. Here the great evils of an unethical competition in international commerce and exchange become manifest. The ethical competition which we have been claiming as a corrective in internal economics has equal scope in the international field, and our new conception of the ethics of the market, based on an equality of needs and sacrifices, must be extended to an international division and interdependence of labour. Each economic region with its particular type of economic organisation which, as we have seen, is itself the outcome of physical and psychical factors, must be left free to develop along its own lines its characteristic organisation, adapted as it is to that particular geographical and social environment by the survival of economic habits in the struggle for existence. The integrity and character of such a region must not be violated, and the same principle of self-determination which should be applied in the political sphere within the limits, of course, of the coming federation of nations and peoples, necessarily involves this self-determination, within the same limits, of each economic region in relation to its economic habits and institutions as a member of the world's economic federation.

Historical Method in Economic Study.—We have hitherto confined ourselves only to the static aspects of an economic zone, and have shown how these are constituted by the interaction of physical and psychical factors of an environment. Such factors, together with changes of industry, of routes of trade or of the use of land or power as well as immigration, or political accidents and political relationships, make up a region's economic history which is but a part of its cultural history and development. In accordance with the multilinear view of human history and evolution which we emphasise, each region proceeds on a particular line of economic progress though following a broad and general trend of universal evolution. Economic history has hitherto unfortunately missed this fact, and it is necessary to extend the field of its inquiry and the domain of its data so that the successive stages of the development of economic institutions in particular economic regions may be compared and collated with a view to enunciate general laws of progress as well as subsidiary formulæ applicable to the particular regions. It is only on this basis that a Universal Economic History can be built up. For each economic region is not a static entity; each type or form of organisation undergoes a characteristic development along its own line, and these lines are not uniform though they may be convergent towards a distant goal. Comparative economics must therefore adopt the genetic standpoint and use the historical method in its survey of the principal economic types and orders. This is a task which cannot be attempted here, but we shall briefly indicate some general conclusions regarding two of the contrasted economic types in the East and West that follow from an application of the historical method to the broad trend of their evolution.

Trail of Rome in the West.—In the industrial West, where man's ever-widening mastery over nature and the adaptation of nature to his ever-multiplying needs is becoming a central idea, the effective test of efficiency is the measure of success in this direction. This has dominated Western history, and that history, whether of culture, economy or polity, leads back along all roads to one governing

and central source, which is its *fons et origo*. But in course of industrial evolution the evils of the centralised organisation of capitalism and financialism have become manifest. For over all is the trail of Rome, the Eternal City of the West, *la ville tentaculaire*, whether we look to her central position (*circa* 40° northern latitude) in the Western economic zone, or to her equally central position in the history of Western polity, law and administration: she is the prototype of her brood and progeny, and the same centralisation which she stood for in her empire-building and administration, in her militaristic finance, her huge aggregations of individual property, her economic exploitation of the provinces, the decline of the yeomanry and the growth of her landless proletariat, has not passed away, but has only changed its guise, being reborn as a transmigratory spirit in new bodies like those of financial rings, of giant monopolies and monster combines, of octopus cities and of geophagic empires.

But though Rome came to stand for central organisation, she also continued to stand for individual property and private rights based on an individualistic jurisprudence. Within the limits of the particular form or machinery which is imposed by the group of dominant instincts and values which seek the gratification of power and appropriation, there has been a continuous movement towards individualism and individualistic justice. Beginning with the emancipation of the villeins from the vexatious regulations of the feudal system, constructing freer forms of industrial activity in the guilds, boroughs and corporations, and building up a highly organised competitive industrialism on an individualistic basis in the mechanical age of iron and steam, this ideal of securing to every individual justice and freedom has been more and more realised till now when the excesses of capitalism are sought to be corrected by forms of industrial co-operation or by state socialism. There is being felt in the West more and more an inherent contradiction between the driving force of individualism in the inner social consciousness and the desire for power and appropriation which creates huge central organs, economic as well as political, which being essentially grounded in

collectivistic and absolutist principles are incompatible with individual freedom on a voluntary basis. The tragedy goes deeper down into the roots of human life and social constitution. The elemental instincts of man as a person and as a spirit seeking to realise a kingdom of truly human and social ends as opposed to a mere kingdom of nature, the instincts centred round partitive love and sacrifice, the ties of solidarity with the race and with nature, the æsthetic instincts of self-expression and self-creation, the imaginative symbolism that transfigures the cult of the Mother and the Child—which have had their characteristic utterance in the East, however broken—have been repressed in the Rome-descended civilisations in the dominant pursuits of efficiency and power and now work as complexes in the social psychoses of the latter-day occidental world. Accordingly it will be wrong to consider the present economic unrest and unsettlement as being on all-fours with the many industrial revolutions of the last century, for it indicates a critical turn, one of the historic crises in social diathesis and constitutional development, and implies not merely a change in the gear and wheels of the machinery, but in the driving power of the engine itself.

Turning now to the central idea underlying Indian economic type and evolution, the effective test of efficiency has been the measure of success with which man has achieved happiness and contentment not through the satisfaction of the appropriative and monopolistic instincts, or the instincts of mastery and leadership over man and nature, but through harmony with nature and man in the satisfaction of creative and distributive instincts. It is this common distributive life of the individual-in-the-community and the community-in-the-individual or man-in-nature and nature-in-man, which has found its crowning expression in the economic life in the great institution of communalism. Within the limits set by communalism, the organisation of a congeries of stocks and races, indigenous as well as alien, in different stages of culture as well as of their cults and *ethos*, has gone on through the ages in the story of Indian civilisation on the principle of synthetic comprehen-

sion and inclusion, not on the basis of natural selection and survival ending in extinction or rejection of weaker strains and less developed cults and customaries.

Historical Survey of Indian Economics.—Let us trace the well-marked stadia in the history of Indian economic organisation. In the beginning we see the tribal aggregations on a religious kinship basis (Vedic *gotras*). Gradually these widen in agrarian settlements in the village communities where the bond is no longer religion, but kinship, actual or fictitious, common land and water, adoption of *servii* or of strangers, common defence and offence, common vendetta, etc., and where the plans of settlement, the demarcation of private and common lands, and the alignment of huts and fields differ in relation to different systems of cultivation and to the place assigned to the different strata of the village population. Each such village community, though having agriculture for its origin and centre, represents the epitome of industrial life, with its different arts and crafts sustaining and sustained by the main occupation. The integrating and inclusive structure which communalism favours does not allow the disintegration of economic functions and the separation of economic from social relationships and obligations. Accordingly communalism sets the life economic in a just and harmonious setting of the whole social life, and thus the economic groups are organised into social communities wherein economic functions are transmuted into social obligations under the operation of social codes like those of the *varna-asrama-dharma* (the age of the *Dharma Sutras* in India). This proceeded on the basis of a certain stratification which placed intellectual, military-administrative, agricultural-mercantile, and manual-industrial pursuits in different grades of social respectability—a stratification which was only adventitious, forming as it does no essential feature of communalism, as it may vary in different stages and conditions of socio-economic evolution. The conscious and ethical co-ordination of the different economic and social interests and obligations secured the harmony of the economic groups with one another as well as with society as a whole as a common *matrix*, and persisted during the

more complex differentiation of the economic groups themselves in the later institutions of guilds and corporations, *śrenis, panktis, samitis, samuhas, samutthans,* etc. (later *Smritis*). This harmony of economic and social interests presents a striking contrast with the rivalry and conflict of mediæval Western guilds and corporations with one another, with the general body of the people as well as with the body politic, forming, as these Western guilds did, close corporations of organised sectional interests often opposed to the common weal. In the next stage of the economic history in India we observe that these guilds and corporations have on the one hand their relations to the local bodies and municipal institutions more and more defined, and, on the other, their relations to the state registered and demarcated by means of charters, grants, statutes, and ordinances. From the age of the Mauryas downwards, there have been efforts in India to build up a centralised state, but the nature of the state which was alone compatible with communalism was not of the absolutist autocratic type such as developed in the West on the ruins of feudalism, but one which comprehended and sanctioned an exuberant variety of local cults and customaries, laws and institutions (*acharas*), instead of superimposing upon them the fiat of a unitary sovereign will, and thus gave rise to a new pluralistic type of polity with decentralised jurisdictions and composite structures. Side by side with the general tenor of agricultural and industrial life of the people in the village communities, which were left secure in the enjoyment of their customary rights and charters unaffected by political or dynastic changes, there grew up state-regulated and state-subsidised industries in the capital cities and other industrial centres, as also in connection with state departments in control of reserved industries and monopolies. The advent of the Muhammadans brought a great change in the polity and administration by the introduction of a theocratic-absolutism, with law-making authority, but the economic organisation did not change its essential form. It is true that the exigencies of military conquest and administration led to the development of feudal land-

lordism or land-farming in some areas on a much larger scale than had existed previously among the Rajput and Scythian clans and other military land-owning stocks. What was more important, however, was the circumstance that the Muhammadan industrial groups were not held together as were their Hindu compeers by caste codes and regulations, but the workshops and factories, which were organised in the capital cities and other industrial centres for the manufacture of oils, essences, candles, leather boots, and various articles of luxury, were run more or less on a capitalistic basis, giving rise to the profits of the middlemen and the intermediaries on a large scale. Our investigations into extant industrial conditions of village arts and crafts show, however, that the general form of the communal organisation of industry in the village communities as well as in the cities suffered no considerable change.

But things have changed since then. The communal type of economic organisation characteristic of our economic zone, which, as we have seen, is the outcome of our dominant instincts and values, and of a long process of historic evolution, is having its foundations sapped to-day. Competitive industrialism, the product of other physical and social factors and in particular of the industrial changes in England at the end of the eighteenth century, has been introduced into India. To the natural strength and efficiency of the competitive system derived from standardised production and the use of scientific machinery have been added the protection and encouragement derived from a powerful state-legislation and administration inspired by ideals of individualistic property and individualistic justice. Western law dominated by these ideals is disintegrating the communal agrarian system by discouraging communal rights in property. A landlordism based on monopolistic proprietorship in land is dispossessing the peasant-proprietor. The family and the homestead have been attacked by juristic ideals drawn from the West and by the economic forces of factory and mill life, and of city congregation on the Western plan. Capitalists' and middlemen's exploitation of the labours of the agriculturists, chiefly in such crops as jute, cotton, tea,

etc., and of the labours of our cottage artisans and handicraftsmen, is reducing them to a position of helpless dependence without staying power or the old communal solidarity. But this is not all. The economic and social unrest gives a scope to the expression of certain elemental instincts and impulses of human nature which have not been given their proper satisfaction in our age-long economy. The scheme of social values and of economic organisation in Indian life and history have through the ages repressed to some extent the cravings of individual liberty and of individual mastery. The desire for leadership and the desire for individual power, the impulse of life-hunger, the craving for excitement, variety and novelty, and above all the need of legitimate gratification of all the various instincts and capacities, high as well as low, which a degenerate mediævalism, untrue to the great Indian *Smriti* tradition, has more or less ignored in a mystical exaggeration of the *summum bonum* to which the gifts of the earth and the wealth of finite experience are sacrificed—these repressed instincts have now risen in revolt, and have led to a crisis in the social constitution. They have become the great allies of the alien forces of competitive industrialism in the destruction of the indigenous social fabric. But they have not as yet shown any capacity for social or economic reconstruction. In an increase of the standard of comfort and of efficiency, in an all-round raising of the social level, which would give equal opportunities to all, in the social uplift of the so-called depressed classes, in the re-establishment of the old ideal of co-partnership of man and woman in the home and society, in the heroic fight against all forms of social evil for the building up of a eugenic, eu-psychic civilisation, the instincts of work and energy, of fight and leadership, of liberty and life-hunger, will find new outlets and healthy gratifications, and will be transmuted into forces of upbuilding and reconstruction. The social crisis that has come over the country on account of the mechanical routine to which communalistic life and organisation had sunk can only be passed successfully when the individual feels anew the vital rapport with his community in a

reawakened and rejuvenated social consciousness and his new-born instincts of freedom and life find fulness of satisfaction in free and voluntary self-dedication to social ends. It is a march from the lesser to the greater individual, from the individual-in-himself to the individual-in-the-community, which marks out the path of modern progress leading us to the goal of cosmic humanism. In the communal experiments and constructions which we shall outline and which alone can solve the crisis of communalism, the driving force and initiative can only be supplied by this new psychological temperament, this new mentality, which will emancipate us from the dead effete psychology of a blind, mechanical, and inert custom. Thus it is that communalism new born, newly risen, and blending once more the passion for power and liberty and the hunger for life with the quieter and deeper instincts of joy in widest commonalty spread and of fellowship with nature and man, will go forth into the world bringing peace and harmony to a discordant and distracted humanity.

C. THE FOUNDATIONS OF REGIONAL ECONOMICS.

CHAPTER IX.

ECONOMIC REGIONS AND TYPES—WITH APPLICATIONS OF COMPARATIVE ECONOMICS.

Conditions Determining Economic Institutions.—Our analysis of the foundations of comparative economics has shown that while there is a general movement of economic evolution, it is embodied in diverse economic institutions arising out of a diversity of physical, biological, and psychical factors, and these institutions congregate round particular economic regions and zones so as to form particular economic types and series. It is also seen that such types and series are determined by different sets of factors working together, the chief of which are:

(1) External conditions of regional geography and physiography;

(2) Internal organic factors such as the biological and psycho-sociological instincts and impulses, as well as compelling life-ideals and social values;

(3) The historical tradition, which has been built up layer upon layer by the inter-action of the external and the internal factors in the life of a people.

Such conditions should not be considered only in their static aspect. They are plastic, fluent, growing, and must therefore be conceived in their dynamic progression.

No analysis whether of economic theory or of economic institutions is adequate or scientific which does not investigate these in intimate relation to the above environmental factors and genetic conditions, conceived not merely statically but also dynamically.

General View of Regional Differences.—We shall now proceed to analyse more specifically the different

elements that go to constitute a distinctive economic region or centre.

The complex of conditions contributed by the economic geography, the social psychology and the political history of a people furnishes a distinctive element in the determination of a particular economic type or region as a separate entity. The economics of an island people, adventurous and fecund, and with strong migratory instincts, must be different from that of a people locked up in a continental centre with plenty of fertile land, but perhaps demarcated by natural barriers from adjacent lands and without outlets to the sea. Geographical conditions such as deficiency or plenitude in mineral resources, especially of adjacent coal and iron supplies, the length or shortness of the coast line, the mountainous or desert character of the country; physiological conditions such as the physical endurance, stamina and average duration of life of a people often depending on latitude and the dietary; psychological conditions such as the strength of acquisitive instincts and prudential motives, the quality and scale of wants determining a people's consumption, the mentality of a people such as expresses itself in the norms of the economic man and the economic market; or, again, political conditions like the economic dependence or integrity, indebtedness and favourable or unfavourable balance of exchange due to its political history, the character of the land-tenure and the customs in relation to rent and property which are always determined by political antecedents; and last though not least the general sociological outlook as represented by the social stratification which governs the industrial classification, and the standard of social values and ideals,—the *ensemble* of conditions like these so far as they are peculiar, distinct and persistent, or transmissible from generation to generation produce a characteristic economic situation, which must be explained by a distinctive set of intermediate economic formulæ or applied principles, and which therefore constitutes an economic type or region. Production and consumption, distribution and exchange are all equally affected by the *ensemble* of such conditions

in such a particular situation. They vary in the same direction as correlated organs, so to speak, in the same individual or the same species under the influence of changing environments and of natural selection. It is the business of comparative and regional economics to find out such types of correlated economic structures and functions, correlated production-consumption-cum-distribution-exchange, which answer to the multiform variations in sociological types, and from which the economist will derive primary classifications and first inductions that will furnish the basis of universal economic laws. In the succeeding chapters of this work, we shall study the particular economic region that India represents and analyse it into its elements, categories, and laws, and in so doing we shall note the corresponding conditions and norms of a rival type associated with the West.

Sub-Regional Differences.—An economic type has been just now considered more or less as a distinctive and integral economic unit. But each type is seen to produce specific variations in sub-centres or subordinate zones within the region or type. The normal curves of production, consumption and population which may be regarded as the generalised curves of the economic region as a whole undergo modifications and variations due to relative changes in the determinants of the curves in subordinate economic centres. In economic centres such as America, France, Germany, etc., any statistical study will at once show that these curves with their statistical and mathematical constants are important variants from the generalised normal curves of the general economic type or order to which these countries belong. And it is also to be seen that the curves and constants of production, distribution, exchange, consumption and population vary in correlation with one another being subject to the same set of influences in any given economic situation, and these correlated and concurrent variations must find their explanation in any scientific economic analysis in the *ensemble* of conditions which is thus seen to constitute a sub-species or subordinate variety that tends to maintain its general configuration under

static conditions and to undergo developments under dynamic conditions along lines of its own. In America, for example, the physical and geographical conditions of the richest continent in the world, forests ready grown to the hand of the labourer, limitless expanses of fertile land ready for cultivation, silver, gold and copper in unexampled wealth, " two-thirds of the known coal, and all or nearly all of the natural gas and of the petroleum of the world " (Ingram-Scott), psychological conditions such as the instincts of mastery and leadership of the enterprising Anglo-Saxons, and diverse virile stocks of the European continent, aggressively utilising the concurrent advantages of modern science and virgin opportunity,—the sociological conditions such as the development of popular institutions under the form of local and individual initiative which give equal opportunities to all, a high standard of consumption depending upon the latitude and the dietary, the great development of an industrial technique which has harnessed the forces of nature, the waterfalls as well as the natural gas and petroleum,—these conditions are distinct and persistent in their operation and have contributed to develop a subordinate variety within the Western economic order to which America belongs.

Some Regional Differences in the Western Economic Order.—The following table of comparative increase of population, wages and of manufacturing industry would give some of the salient economic facts that underlie the difference between the varieties within the same economic order :

Population.	1887.	1897.	Increase.
United Kingdom	36,600,000	39,830,000	3,230,000
Europe	343,070,000 (1881)	379,890,000 (1895)	36,820,000
Australia.	2,740,000 (1880)	4,240,000 (1890)	1,500,000
United States	50,155,783 (1890)	62,622,250 (1900)	12,466,467
	62,622,250	75,568,688	12,946,438

PERCENTAGE OF INCREASE OF POPULATION.

	1810	1820	1830	1840	1850	1860	1870	1880	1890	1900	1910
Australia .	121·70	190	108	172	113	182	43·84	35·43	41·22	19·48	17·5
United States	36	33	33	32	35	35	22	30	24	20	—
United Kingdom		17·1	15·0	11·3	2·5	5·6	8·8	10·8	10·9	9·8	—

MANUFACTURES IN UNITED KINGDOM, EUROPE AND THE UNITED STATES.

Millions of Dollars.

(Mulhall)	1820	1840	1860	1894
United Kingdom . . .	1,411	1,883	2,808	4,263
Europe	5,644	8,341	11,479	17,352
United States	268	467	1,907	9,498

PERCENTAGES OF THE INCREASE OF REAL WAGES.

	1850-54	55-59	60-64	65-69	70-74	75-79	80-84	85-89	90-94	95-99	1900-04
England	50	50	55	50	60	65	65	75	85	95	100

	1840	1860	1880	1890	1900
United States of America .	82·5	100	143	150	150
		1891	1896	1906	1911
Australia		848	816	866	1,000

Among the different determinants of production which we have described in the first chapter, the physical determinant, viz., the natural store of energy and its mode of transformation, has under the American conditions received greater emphasis and contributed more to the determination of the form and elements of the production curve than in other economic organisations in which the natural store is far more limited and exhausted, and less efficient motive powers and agents are employed than in the United States of America.

Again, labour demands a larger physiological repair and maintenance, and there is a greater addition to the total dividend in proportion to the expenditure of human energy, thus wages are higher than the scale of wages in other countries of the West. The wage fund theory, accordingly, as is well known, does not properly apply except as an instance in arithmetical division. Among the determinants of wages, which we have already described, the physical one of productivity and the physiological one of restoration and efficient maintenance are the most pronounced factors which shape the form of the distribution curve so far as it relates to the wages of labour. Accordingly it is significant to note that in economic analysis, the influence of demand and supply, which was the real basis of classical English treatment of the wages question—wherein demand was vaguely defined as equivalent to capital—was put in the background, and

productivity was brought to the front. Among the factors of production, it was not land with its "original and indestructible properties," as in the old country, but labour which "produced" it was emphasised. Again, the abundance of land, in connection with a democratic people, has begotten a system of land-ownership which has made the distinction of land and capital less obvious than it was in the home of classical economics (Haney). The idea of capital as the aggregate of capital goods has been criticised and the idea of capital as a mobile fund emphasised, and developed. This thorough recasting of the concept of capital has led to the treatment of the rate of interest as a species of rent, and of rent and profit far less as differential gains than as returns for productive investments in the one case and wages of management on the other. Profit which, as we have seen, arises out of surplus return to energy and skill in collocation of matter (including human material) has assumed from the beginning a distinctive character under American conditions on account of the scarcity of labour and capital. The importance of the management factor has been accentuated, and the reward of the entrepreneur for skill in business management, and in collocation, is a more considerable determinant of profits than the differential gain of a capitalistic monopoly. And so we find an American economist, Walker, emphasising profit as an independent and separable share of the entrepreneur as "wages of management."(16) The tendency of profit to a minimum is therefore seriously checked, and the curve of profit exhibits the variation due to this factor. In the sphere of consumption the scale of utility and satisfaction is higher and the *per capita* consumption of food is greater under American conditions. Thus the consumption curve and the related curve of utility and stimulus here also vary in the same direction as the curve of production, and the curve of wages. In the same way, the productivity and utility curves, as we have seen, determine the broad trend of the population curve, and limit its fluctuations due to biological and psycho-sociological factors, and, accordingly, the population curve is different from the generalised demogenic curve of the economic order as a whole.

The pressure on the normal standard of subsistence is not so felt, and hence the Malthusian limit on population is counteracted, though in this case immigration complicated the problem. Accordingly, the Malthusian doctrine had its earliest critics in Carey, Thompson, and Peshine Smith, and among modern theorists also its importance has been minimised to a considerable degree. Nor should historical factors be disregarded. The relative isolation of America and the continental variety and scale of magnitude of her natural resources as well as political antecedents early made her a protectionist country, and "the American System," according to which home markets were to be developed and imports discouraged, implied in a manner an economic counterpart of the Monroe doctrine. We should also note that a beginning has thus been made in the practice of dumping goods, of introducing two sets of prices for commodities having the same cost of production in artificially segmented markets,—a practice based upon the principle of securing the maximum return out of differential prices, and one that is subversive of the great economic postulate of substitution and equivalence, and therefore fraught with important consequences if it be generally applied and extended to internal markets by a greater co-ordination and concentration of business to which there are no economic limits. Thus among other characteristic phenomena which constitute the economic situation in America are trusts and combines on the one hand, and tariffs and currency on the other, which, manipulated as they are by close and powerful financial rings on a political or a quasi-political basis, show the influence of political determinants or causes; in other words, of the politically organised instincts of greed and gain, as opposed to those of conquest and earth-hunger, in producing variations from the generalised normal conditions as well as the generalised normal curves in regard to markets, exchange and prices. Thus America forms a sort of subregion or subordinate zone in the characteristic economic region and zone represented by the occidental cultures. The formulæ and norms which the classical and the neo-classical economists of England have laid down with regard to land

and labour, capital and rent, wages and profits, consumption and population, or the economic market, national and international, are neither identical with, nor comprehended under, but only co-ordinate with those of the American sub-centre. For these English norms have been derived from the characteristic conditions of Great Britain, its insularity, its limitation in land-resources, its crowded population and the pressure on the subsistence limit, its manufactures subsisting on raw materials from without, its colonial and imperialistic necessities, and lastly its social stratification and connected industrial differentiation of land-owning aristocrat and landless-labourer.

It is not that the American curves and norms are particular cases under particular conditions of certain general or generalised forms of which the classical English curves and norms are pure and unconditional examples, but both are co-ordinate variants or specific determinations of a general economic order prevailing in the West to which other co-ordinated orders are possible in other zones. (17) It is the aim of regional economics to investigate these general orders as well as the subordinate varieties or types within these orders, localising them in particular geographical and çultural zones and formulating their corresponding general and specific curves and norms.

CHAPTER X.

ECONOMIC STAGES.

(I.)

Economics of Changing Aspects.—Hitherto we have confined ourselves to an analysis of an economic region in its static aspects. But every region has a history of its own, and the stages of this history determine the part of the curve, ascending or descending, whether of productivity, utility, or population, and the place in the cycle of ascent or descent which assigns to the region its position in the economic scale. Such curves should not be confounded with the conventional curves relating to the increasing or decreasing volume of production and consumption without reference to the differential curves of ascending or descending productive efficiency, or utility or fecundity. Changes in the former, while no doubt of great moment for the practical economist, are of little value in a scientific theory in the determination of an economic type or stage, which latter depends on the variations of the differential curves, as appearing from a comparison of a given situation with another or with itself in its successive periods. One and the same economic region as constituted by an *ensemble* of geographical or cultural conditions may exhibit by reason of its dynamic conditions of art and invention an ascending curve of productive efficiency or productivity, or, in the course of its industrial history, may go through the relatively stationary, or even, perhaps, the descending part of the curve of productivity. The American sub-centre, for example, in its earlier history of colonisation and settlement in a virgin soil, showed the phenomena of an ascending productivity due to a fresh, abundant natural store; which, in spite of

the natural tendency to arrest and decline, has been more or less maintained, in its subsequent course, by new developments of mechanical efficiency with the application to industry of new prime movers. As with productivity, so with utility, one and the same economic region in the course of its history may show an ascending or descending scale of want and utility. In the early history of American and Australian labour conditions, the Yankees' worship of the "almighty dollar," the craving for the Klondike gold nuggets, or the Australian prospecting for the silver mine-fields, are an index to that increasing excitability and responsiveness to stimuli which characterise the ascending part of the scale of want and utility. On the other hand, under semi-tropical conditions, the Indian relaxation of labour and contentment with immediate satisfactions, and general inertia and irresponsiveness to stimuli, show that the scale of want and utility is a rapidly descending one. Similarly, in correlation with productivity and utility, the curve of population rises or falls in the course of its history, and, as we have seen, the economics of ascending and descending productivity are divergent in many essentials. Among the characteristic accompaniments of the ascending stage are phenomena of high wages, super-profits, monopoly gains, dynamic conditions of arts and industry, labour migrations and settlements in virgin soil, in backwoods and mining camps.(18) Phenomena like these constitute a stage of an economic order or region, such as we notice in the earlier history of America, Canada, Australasia and South Africa. As we have also seen, it is very often the case that increasing productivity, utility, and population go together, and this is especially the case in the early history of new settlements and plantations, and also in new cyclical beginnings under dynamic conditions of new wants, capacities and opportunities when they break in upon old and populous countries. But in such case, in the absence of proper adjustment between production and consumption, between the different factors of production, land, capital and labour, between sociological customs and economic institutions, or between political conditions and economic development, there may be want of congruence between the trends of

productivity, utility and population, one rising while the others, fall, or falling while the others rise: a situation which implies an economic unsettlement and unrest, with its hardships, friction and embitterments, that may bring about either an economic decadence or an economic revolution.

(II.)

Changes Incidental to the Economic Stage.—We have already seen how the American sub-centre represents a type of economic organisation in a certain stage of its economic history, and the stage or that aspect of it which we have been considering influences the type, mainly with regard to the ascending or descending curves or cycles of productivity and population. But the particular stage of history which an economic type is passing through in a particular case may influence it not merely with regard to productivity and population, but also and mainly by introducing or developing new modes of economic grouping or organisation, involving significant changes in distribution and in scales of valuation as distinguished from increasing or decreasing productivity or utility. This may be illustrated by a reference to the phases through which communalism is passing or has passed in the course of its history in the East as well as the West. In the West to-day communalism casts its shadow as a coming event in the progressive unfolding of the constructive force of co-operation, as a principle of social grouping. As we have seen, after the polymorphic and particularist phases in the feudal régime, co-operation entered on a period of central control or centripetal configuration. But these experimental constructions in state-polity as well as in capitalistic economics to-day evidently stand in need of vital correction and readjustment by new developments of the primal force of co-operation in a new direction, viz., of intermediary communal groupings. After many an unsuccessful experiment in state centralisation and exploitative capitalism, followed by the nemesis of individual separatism and social revolt, the West is now groping its way to a form of communalism which by its principle of free voluntary grouping will seek to reconcile the individual-

in-the-community and the community-in-the-individual. By the reconciliation of state control and individual autonomy, not by annulling one by the other as in state-collectivism or unregulated individualism, the West must develop a favourable field for experiments with social groups on a free voluntary basis, which will give shape to incipient tendencies and make a particular Western variety of communalism possible in the future both as an economic stage and as an economic order. But in the East communalism has had another history. Here communalism is an ancient institution, and we must note the stage it is passing through at the present day. The geographical and psychological conditions of many a semi-tropical or fertile Eastern country, and many a socialised ethnic and cultural stock, have been favourable to the relatively early appearance of this communalism in a rich and exuberant variety in however simple and homogeneous structures. In India in particular, as we have already seen, the physiographical, psychological and cultural conditions have been and are favourable to the maintenance and development of this communalistic order and type, though this is now brought into conflict with an opposed economic type, as represented chiefly by the Western countries. The phenomenon of conflict of economic types will be treated later.

CHAPTER XI.

EVOLUTION OF TYPES AND THEIR STAGES.

(*A*) Rudimentary Forms.

Study of Economics by Types and Stages.—We have seen that every economic region represents not merely an economic type but also an economic stage; in fact, the concrete or actual economic organisation of any such region or centre is an economic type in a certain stage of its history. As in biology in studying an animal organism we must assign its place in the zoological classification as a species or type, and also its place in the evolutionary series of animal life, so when we study an economic organism or organisation the same double reference is necessary. And this double reference implies a different emphasis on two different aspects. When we study an economic *order*, we attend more to the static conditions, external or internal, organic or extra-organic, geographical or cultural, and the static correlations of consumption and production, of distribution and exchange, which are produced by these conditions acting as abiding influences; but when we study the economics of the same region as a stage of economic evolution, we attend more to the dynamic changes in the environment which constitute history as well as the trend of modification to which the economic organism as a whole is subject.

We have considered in the previous chapter certain special phases which enter into the constitution of a stage in economic evolution such as an ascending or descending curve, or the morphology of the social or economic group. Here we shall enter into certain general considerations regarding the nature of the evolutionary series in economic forms and institutions as well as certain incidental phenomena

such as rudimentary or less developed stages and the conflict of stages in different degrees of development, whether high or low, and in so doing we shall lay down certain rules of competition and co-operation which should govern as a code such intercourse between different types or stages.

Progress and Arrest.—There is an evolution of economic functions and institutions, e.g., in the successive appearance of hunting and pasture, domestication of animals and agriculture, handicrafts and manufacture, factories and commerce, as well as a corresponding development of economic forms and organisations like those of barter, money-exchange, division of labour, capital, credit and banking. But in different peoples and regions this course has a tendency to evolve up to a certain point, after which there is stagnation or arrest, due to defect of inner impulse and the conservative taboo on innovation, and variety. Such stagnation is usually associated with isolation and segregation in an inhospitable habitat such as a barren coast strip, arid steppes, or noxious jungles and fastnesses. While the theory of race, so far as it erects an impassable barrier as between progressive and unprogressive stocks, is mythical as regards their potentialities, there is no doubt that history shows that there are jerks, arrests as well as decadences in the course of all sociological evolution, including the economic, and that these phenomena of discontinuity and break mark both the history of economic functions and institutions as well as of economic forms and organisations. Accordingly we meet with peoples in different stages, some rudimentary, and others advanced, and we meet also with hybrid and transitional forms. These are really nature's experiments in the adaptation of stocks to environments, and are but incidental to a course of trial and error, the successful hits surviving and the unsuccessful ones dying out because of the maladjustment. And from this point of view, the economic struggle in any particular case is but a phase of the struggle for existence of the racial or social type as a whole, of which the economic type forms a part. Accordingly, the question of these rudimentary or less advanced economic types and their place in economic history or pro-

gress cannot be treated independently of the broader sociological question of the persistence or extinction, the progress or arrest of these ethnological and sociological types. We shall find this to hold good if we refer to the principal substitutions in the field of economic functions and organisations. The displacement of barter by money-economy, of immediate by mediated consumption, of pre-capitalistic by capitalistic production, of hand-power by the machine, of animal transport by mechanical traction, of village fairs by central markets and emporiums, of rural economy by urban economy, of industrial credit by co-operative credit, or of *laissez faire* by state control, is not a mere economic displacement, but means a transition from one condition of racial and social adaptation to another. And when these changes in their volume and intensity amount to a revolution of the existing economic order, the crisis is one which concerns the successful or unsuccessful social adaptation of the people or region concerned and determines its life and destiny. It is well known that in recent years the extinction of the Tasmanian, the immense diminution of the Australian aborigines, the deterioration of the Maoris and of the Kaffirs are due to wars as well as to ill-regulated contact with an alien culture. The law of progressive adaptation to environment is an inexorable one to which all peoples, primitive or advanced, are subject. Natural selection of economic constitutions and organisations is a process which cannot be stayed.

Control of Economic Development.—But, as in social so in international life—in fact, in all complex evolution—there arise choice and conscious control which condition the operation of natural selection and determine its direction, though they do not by any means suspend it. It is thus that the spontaneous process of natural selection becomes a conscious, organised, rational selection determined by ideal satisfactions or ends. We shall therefore proceed to study the conditions which, in the present state of racial conscience and racial evolution, should govern the economic competition among the different peoples and regions of the earth. The essential requirements are the creation of a body of rules of the game, concepts of fair play and equitable inter-racial

and inter-regional dealings which should be more or less binding, and which should conform to the requirements of biological and sociological science as applied to the evolution of races and regions. Such an evolutionary code must in the end be more authoritative than the empirical conventions of international jurists or the arbitrary decisions of force and diplomacy. This bars out exploitation, force or fraud in dealing with stocks, however rudimentary.

Colonial Exploitation.—Tropical or planters' colonies, such as the West Indies, Ceylon, Singapore, Mauritius, portions of Natal, etc., rest frankly for the most part upon the basis of the exploitation of one race by another, very frequently by means of indentured labour. They are really an inheritance from the old days of slavery, and, even if their social system had in it the elements of permanency, which it has not, it would still be a system that it is highly undesirable to perpetuate and still less to imitate. The terrible event of "Red Rubber" with its toll of ten million Negro lives in the Congo State is the logical and necessary consequence of the adoption of the exploitation theory. It is too often the case that in the Westerner's dealings with the less evolved stocks the so-called "benefits of civilisation" have been thrust down their throats, not because they wanted them, but because to do so has suited his commercialism. Hordes of alien labourers have been imported under conditions of inequity and even brutality in the name of cheap labour and efficient production, while reflections on the deterioration of both races, advanced as well as rudimentary, have been quieted by the thought that this is the inevitable outcome of the contact between an inferior and a superior culture that arrogates to itself the right of spreading light all over the world, and must pay some price for it. It was Lord Selborne who, as High Commissioner of South Africa, stated that the indentured system of labour was even worse for the employers than for the employed. The moral degradation inseparable from it may prove a serious offset to the temporary material gain. Its flagrant abuses directly and indirectly affect the social and political life in the colonies. The Sanderson Com-

mittee, which was appointed only a few years ago, observed:

Indian Indentured Labour.—"The aim of the planters who had suffered so severely from the entire discontinuance of slave labour was too often to acquire complete control over the labour market by means of regulations and administrative measures which aimed at compelling the *cooli* to re-engage himself on the expiry of his indenture rather than encouraging free settlers." The laws relating to Indian immigrants introduced into several colonies "gradually assumed a complexion less and less favourable to freedom, and . . . were framed and administered in a spirit of substantial injustice to immigrants." (19)

Thus the indenture system which came into existence about the year 1834, after the abolition of slavery, repeated more or less the evils of slave labour. Recently the Indian indentured emigration to Natal and Mauritius was prohibited, yet the system is still left in force in respect of emigration to the British colonies of Jamaica, Trinidad, British Guiana and Fiji and to the Dutch colony of Surinam.

In the early part of 1917 Lord Chelmsford's government, with the consent of the imperial authorities, prohibited the further emigration of indentured Indian labour, and it has been officially announced in the House of Commons in England that there is no intention to revive the system after the war. The report recently issued by a conference of the India and Colonial offices has recommended a scheme of assisted emigration from India as a substitute for the indentured labour upon which the colonial industries had for so long depended. Certain safeguards have been proposed; but as long as the artificial stimulus of official agency and the nefarious system of recruitment are employed to promote emigration of the ignorant and simple Indian peasant, the emigration cannot be of a voluntary character; while the labourer, who will not choose his own employer and will have to live for the first six months of his life in the colony under a modified form of indenture, cannot be regarded as free. The social and moral dangers of the recruitment by individual men, and not by families, and of the uprooting of the old family and social ties and of customary

social sanctions, will still remain; while as long as free rights of citizenship internally and the principle of reciprocity externally cannot be completely recognised, improved conditions may at best usher the "*cooli* heavens" in the colonies, tainted, as these are, with the poisons of indenture and inequity—not settlements on a free self-governing basis in which capital and policy may be actually or potentially controlled by labour.

A very unfortunate accompaniment of the indenture system is immorality. The law requires that the number of female immigrants must be 40 per cent. of that of the male immigrants, and the women need not be the relatives of the male labourers. The consequent paucity of women and the importaton of prostitutes or women of the lowest classes have been a fruitful source of vice. In a Parliamentary Report for March, 1914, the sex-proportion among the average Indian population of the various colonies showed that, in Trinidad and Tobago, there were nearly twice as many males as females; in British Guiana there were about 26 per cent. more, while in Fiji there were nearly 2½ times as many males as females. In Fiji the *cooli* lines near the larger mills are literally described as prostitution houses by the Indians themselves, the women under indenture being sought by indentured as well as free labourers, and the social and housing conditions are such that it is impossible for these Indian women to keep their chastity. They are held down by indenture in the *cooli* lines whether they like it or not, and, constantly solicited and cohabited with by men who come in a great number of cases with the full intention of using the women who are bound down by indenture in the lines, their fate is becoming more hateful year by year. When one indentured Indian woman has to serve three indentured men, as well as various outsiders, the results as regards syphilis and gonorrhœa cannot be in doubt. Another most regrettable feature is the startling number of suicides associated with the economic situation. The average rate of suicides per million is 45 in Madras, and 63 in the United Provinces. But in the colonies we find the following figures for suicides per million: British Guiana, free population 52,

indentured 100; Trinidad, free population 134, indentured 400; Fiji, free population 147, indentured 926.[1] Another danger arises from the temptation of the colonies to reindenture. In Fiji, in spite of the Indian government's request to release the Indian labourers, contracts have remained in force and the Fiji government has neglected to repatriate men and women who had already finished their indentures. (20)

In Ceylon Indian labourers have to live under conditions of inequity and even brutality in the name of "free labour."

After a vigorous agitation maintained in India and England, the ordinance of 1916 was passed in Ceylon under which children have been totally exempted from imprisonment, women are made liable to simple imprisonment only on a second conviction, and men remain subject to imprisonment with hard labour, as before, even on a first conviction. The government of Fiji had abolished imprisonment as a punishment for all labour offences, and the Secretary of State for the Colonies had directed the governments of Trinidad, British Guiana and Jamaica to eliminate from their statute books, before the end of 1916, the power of imprisonment for labour-offences. The capitalist interests in Ceylon are overwhelmingly strong, and the Ceylonese form of slavery hides its head under the name of "free labour." This is why, under the existing ordinance, breaches of civil contracts are punishable and are punished with imprisonment, and even women are not exempted. In gaols the unfortunate women are compelled to herd with prostitutes and other bad characters. Women are also exposed to serious dangers when warrants against them are entrusted to men for execution. Such dangers are increased by the incitements offered by advertisements offering rewards for the arrest of "bolted" *coolis*, which, says the *Madras Times*, cannot but remind us very forcibly of the old slavery days in America when runaway slaves were advertised for in the newspapers much in the same style and even in much the same terms as these advertisements for "bolters." The Indian government has expressed itself strongly on the evils of the present system of

[1] Lord Hardinge's remarks on the resolution regarding the abolition of the system of Indian indentured labour.

recruitment by *kanganies* and of tying labourers down to the estate that gives the advance, and is in favour of a system by which each colony, through a tax on estates or their products, would finance the payment of advances, and import *coolis* who would be at liberty to serve whatever master they chose, thus making it unnecessary for the individual planter to pay for the individual *cooli* and thus be led to consider that he has a right of property in him. How far this is practicable or will remove the evils of the present system remains to be seen.[1] Both in Ceylon and Malaya the other evils of the indenture system, such as the low proportion of emigrant women (62,950 females to 204,220 males in Malaya) and the danger of the illegal injuring of the character of Indians from the nature of the emigrant *coolis*, are prevalent. (21)

The employment of slave labour, or of indentured labour which is but a hybrid between free and slave labour, methods of trading intercourse or economic exploitation which profit by the introduction of exotic vices such as prostitution and gambling and of noxious drugs such as alcohol and other intoxicants unadapted to the indigenous constitution or climate, are but a compound of barbaric force and civilised fraud and must be blamed as iniquitous. Similarly, regulations which keep in view the ousting of the indigenous population from the land and the checking of the population in a way calculated to attack their *moral*, statutes imposing alien systems of economic and commercial law in relation to proprietary rights, interest in money-lending, payment of revenue in cash instead of in kind, landlord's economic rent, etc., based on an alien jurisprudence which may be advanced but may be ill adapted to the traditional environments,—these and other phenomena of unregulated economic competition must be condemned as *nefas* by an international code regarding the dealings between civilised and backward peoples.

Danger of Enforced Social Change.—And it may be laid down as a still broader principle that the superimposition of an exotic social organisation or cultural system upon an indi-

[1] *Imprisonment for Labour Offences*, published by the Ceylon Social Service League.

genous one, though less complex, by political force or administrative authority or by quasi-political missionary activity, goes against the fundamental conclusions of a scientific ethnology and a scientific sociology. The social customs of any race or region are but the customary responses which have survived as a result of selection in adapting the inherited instincts and other internal organic factors of the people to the external environment; and such customs acquire a cumulative momentum or force of inertia which is believed by some to vary as the square of the mass concerned; and accordingly any attempt to displace the indigenous system *ab extra* and abruptly by a body of laws or conventions, however advanced or complex, which have their origin in divergent physical and social conditions, must lead to the upsetting of the balance which constitutes life, and, indeed, to social disruption and decadence. The rights of rudimentary or simpler cultures against the so-called higher cultures and civilisations ought to form a chapter in the international code of a modern progressive humanity.

Co-operation of Races and Regions.—We have just laid down the negative conditions and the limits under which competition and natural selection should work in the economic intercourse of races and regions. This will form the negative basis of an ethical custom or ethical competition in the interracial field corresponding to the ethical custom or ethical competition in the individual sphere of which we have already spoken. But what we shall now propose relates to the positive side of this intercourse,—we mean the co-operation of races and regions,—which is no less significant for the economic progress of humanity. This co-operative activity will manifest itself in various ways, of which a few instances may be given that point to urgent vital needs of the world development to-day:

(1) **The equitable sharing of foodstuffs and raw materials** of essential industries as well as of monopoly possessions of natural facilities and economy in the use thereof by mutual understanding among different states or peoples. This is being recognised as a prime necessity of the world's economic position after the European war.

(2) **The free recognition of international right of way** on land and sea, so that land-locked states in the centres of continents may have access to the markets and emporiums of the world, and the sovereign claims of a state to its soil shall not stand in any case as an insuperable barrier denying its neighbours the necessary egress or access to the sea or other means of transport, and thus impeding world communications. This is an essential condition of co-operative productivity and distribution in international economy. Internationalisation of the great commercial highways and waterways of the world, tunnels and canals, with the use of railways of one state for purposes of transport by another under recognised international conditions, is an equally important desideratum.

(3) Instead of leaving discriminations and preferences in tariffs (and in other commercial and financial relations) to nations bargaining two by two or to special conferences, the **nations should adopt the principle of the open door and unconditional most-favoured-nation treatment** Colonial monopoly and the exploitation of the outlying parts of the world by nations which control them politically must be discarded. Tariffs of dependencies like India and of countries in the situation of China and Siam should be made not in the interests of the commercial nations which have goods to export, but in the interests of the peoples directly affected. The economic foundations of world-peace can be truly and broadly laid by international arbitration in tariff disputes between nations, and by international investigation and decision as regards shipping, trade or financial discriminations or concessions to politically backward countries, or any exceptions to the general rule of equality of treatment and opportunity. The interests of world-harmony on the one hand, and, on the other, the interests of weak political units dependent on superior nations, together with the fundamental political and geographic relationships, should be carefully balanced. The cases of China and of the component parts of the British Empire are test cases for the League of Nations. For they raise the most vital of all questions, that of economic relations of the member states. There is the theory of mandates. Are they or are they not

to contain an "open door" clause? Or is the mandatory state to be allowed to monopolise the economic opportunities of the territory entrusted to it? In the latter case no League will ensure peace. The League should take steps to give up the treaty ports and abolish ex-territoriality in China and encourage her to adopt a code of commercial law. A new consortium has been proposed which will finance her with loans, will embody no government guarantees and will threaten her with no possible infringement of her sovereignty. The proposal, if carried out, would mean that particular powers would no longer have predominant influence in particular regions in China.[1] (22) Conversely, the dominating political position of Great Britain, and the political and geographical relationships among the different parts of the British Empire, though these have their legitimate claims for differential treatment and opportunity, should not be exploited to secure economic monopolies and privileges that may threaten world-harmony by encouraging the conception that commercial competition is still to be political competition, and *vice versâ*.

(4) The introduction of an **international medium of exchange**, and an international regulation of the output and supply of gold and silver for purposes of currency, which were long proposed, are seen in a new light from the point of view of comparative economics. This is necessary not only to prevent fluctuations of prices and periodical crises, but also to remove the artificial barriers and dykes preventing that free flow of trade as well as of capital for investments, which may be compared to the irrigation of the field of co-operative productivity.

(5) The adoption of the principles of **co-operative credit and co-operative profit-sharing as the basis of foreign investments of capital** in the reclamation of forests and barren or unhealthy tracts as well as in the development of railways, means of communication, industries, etc. Hitherto, under the prevailing system of exploitation by foreign capital, a debtor country tends to become more and more indebted

[1] The acquisition of Shantung by Japan is, however, a contradiction of the principle.

and a creditor country to reap more and more the profits. This is so because such debit and credit have been conducted according to the principles of individualistic credit and usury, but the existing system is bound to be replaced by one based on co-operative credit.

International Co-operation Illustrated.—Backward countries like China and Persia want capital, and a six-power loan or a foreign company investment may be an impetus to their economic development, but under the operation of the present plan their assets have to be mortgaged as it were to the detriment of unborn generations. In a new economic order, when the method of co-operative credit becomes established in the international sphere, as it is coming to be established in national economy, and international funds as contrasted with present-day multiple-power loans or national funds for investment are created by co-operative production and contribution, the evils of exploitation will have had their day and a new era of co-operative "internationalism" will dawn.

When the increasing pressure of a dense world-population will make it necessary to undertake colossal schemes like the reclamation of Sahara, the Central Asiatic steppes, the Central American savannas or the Siberian tundras, these can be organised only by the unlimited funds and business ability of a comity of nations who work in concord and can command an inexhaustible supply of efficient labour.

(6) The adoption of the principle of co-operative internationalism not only in credit but also in the control of the distribution of the world's surplus or emigrant labour by equitable reciprocity arrangements or by ensuring conditions of fair play and equal treatment under an international code.

Co-operative Use of Surplus Labour.—Not to speak of the drawbacks of the indentured system, the difficulties of the voluntary emigration of labour have been sufficiently serious and sometimes insuperable when the community of employers regards itself as superior to a labour population, variously derived, ill-organised for self-defence and labelled

as belonging to a backward or *cooli* region or race. It is only international co-operation that can best utilise the surplus labour of a region or race for the reclamation of "no man's land" or "white man's reserve," organising the methods of recruitment among races, advanced or backward, and regulating the conditions of labour and employment in such a way as to make the land settlement and colonisation successful on the one hand, and on the other to place the relations of labour and capital on a more equitable basis. The relations of the white employer and the coloured labourer, especially the coloured immigrant labourer, without whom few of the tropical territories can be at all successfully developed, have often been a blot on modern civilisation, and these can be improved not by an Anti-Slavery or an Aborigines' Protection Society but by co-operative internationalism in economic life. Cognate problems of supply, racial antagonism, conditions of labour affecting the parent state, conditions of labour affecting the labourers, control, repatriation, or citizenship, naturalisation and a host of difficulties can be solved only by international agreement upon essentials. Exploitation and trade activity in the tropical regions must undergo fundamental change, and such change will include international co-operation. With a League of Nations in being, what sounds like a distant vaticination to-day will come into the region of practical economics in the near future, because there can be no stable world peace until the international economic war is set at rest.

League of Nations and Labour.—The League of Nations Covenant has already laid down certain ideal standards of conduct for all nations in their dealings with native or imported labour. It is a decisive step in the gradual recognition of the elemental rights of labour by an international body. The recognition of the right of association, the abolition of child labour under 14 and the restriction of occupations for young persons between 14 to 18 years of age, the acceptance of the principle of the minimum wage, the adoption of a 48-hours' week with a weekly rest, the grant of equality of status to women, the institution of a system of inspection specially aimed at the protection of

workers—these are all laid down as the ideal standards of conduct towards labour. These conditions, however, are not immediately enforceable on the contracting parties to the Covenant, but each country must consider and adopt them separately for itself.

It is sad to reflect that in the tropical regions of the world, where labour is sweated, unorganised for self-protection as in Europe and America, and where women and children are being exploited and debauched in mines, plantations and ranches controlled by white capital and enterprise, the most important provision of the Covenant relating to the limitation of the working day will not be applicable in the supposed interests of industrial progress of the countries concerned. In spite of the talk of "race equality," the very essential concrete freedom, equal treatment, and freedom from race restrictions are not seriously considered; new indignities are being heaped upon the Indians in the Transvaal "within the empire," and drastic laws are being passed depriving them even of the very meagre trading and land rights that they were still allowed to retain. In spite of the talk of labour amelioration and the international recognition of the sovereign rights of the proletariat throughout the world, humanity has still painfully to learn that the humane conditions of treatment of labour which represent the irreducible civilised minimum are not applicable to the tropical regions; and the dangers and abuses which drag civilisation, with its elaborate and scientific implements of exploitation, downward back into savagery, will persist —the forced labour and the pretty free use of the lash and unmentionable modes of torture, the unspeakable tragedy of a Damaraland or Congo or of the New Hebrides drenched with blood, the hateful immorality and prostitution by day and night in the African and Indian mines and plantations where women's souls are often sold with their bodies to overseers, inspectors and managers, the appalling increase of murder and suicide and the unimaginable condition of indentured women in the *cooli* lines in Fiji, the indignities and lynchings of coloured men on some of the American estates, or the exploitation of land belonging to the African

natives in the interests of foreign planters and mine-owners to the detriment of the indigenous peoples and their interests.

(*B*) Transition Phenomena.

We now proceed to consider the interesting phenomena attending the transitions and crises in the development of a rudimentary stage into a more complex one. Such transition phenomena are of two classes:

(1) Some are disturbances that characterise the critical periods in the healthy development of the body economic, analogous to ontogenetic or climacteric changes in an individual organism in the critical periods of infancy, adolescence or senility; or, again, they may be unsettlements working towards a better adjustment in the conflict and competition with an alien economic order, resembling the febrile and other symptoms which appear in the struggle of the phagocytes with the morbific agencies that may attack the organism.

(2) But there are other phenomena which are marks of decay and degeneration or are abnormal and pathological phenomena.

We shall treat under the same head both the healthy and degenerative phenomena marking a transition while pointing out their respective significance.

(1) **Agricultural transition.**—The organisation of agriculture in its more primitive stage united the functions of the landlord, the labourer and the capitalist in the person of the cultivator who tilled his own plot with his own implements. Large-scale cultivation attending denser population brings on the separation of agricultural functions and creates the landlord, the day-labourer and the *mahajan* or *sowcar* who supplies the agricultural capital. This joined with the extension of tillage from one kind of land to another (not necessarily from more fertile to less fertile land) gives rise to differential values of land, and differential rents. Phenomena like these represent a normal development, but these transitions are very often accompanied by abnormal and degenerate forms of agricultural organisation, such as those implied in the appearance of the landless day-labourer,

serf, or villein or "Hodge," the system of exploitative advances (*dadan*), rack-renting and cottier, or non-occupancy, tenancy.

(2) **Agricultural-manufacturing and rural-urban transition.**—In the course of economic development, the agricultural produce serves as foodstuffs for the urban population as well as raw materials of essential industries. This supplies a necessary impetus to agricultural development. What is important to note here is that there is for any particular economic condition a certain due proportion in the distribution of population as between land tillage and manufactures, and that this is determined by the normal curves of productivity, utility, consumption, and population for the particular economic situation. This proportion is, however, disturbed by reasons of incongruent variations in these curves as well as by new human reactions to new social and economic conditions. The action of mercantile rings in artificially regulating the crops or other produce by encouraging new plantations like rubber, copra, indigo, coffee, tea and jute, and controlling the movements and migrations of labour by free or indentured emigration, by internal recruitment as well as by a penal labour code, has often had a critical influence on the fortunes of agricultural populations, especially in newly exploited regions. The natural balance between the volume of rural and urban population and industrial activity may be upset in either of two ways: by excessive ruralisation, which is a characteristic of economic backwardness, or by excessive urbanisation, which is a characteristic of economic parasitism. In the latter case, the agriculture of the country comes to be controlled in the manufacturing and commercial interests regardless of the food requirements of the country and in particular of the requirements of consumption of the agricultural population. The city becomes the middleman's instrument for the exploitation of a subject or servile agricultural labour. The machinery is controlled by rings or syndicates or other exploitative agencies. Several distinctive types of such tentacular cities may be noticed. There is the imperial city, of which Rome of the Cæsars was a prototype, in which political power concentrated in a ruling

class is employed to consume the substance of the subject people and to suck vitality out of the agricultural regions and provinces. There is the city of the merchant kings and financial magnates who direct the movements of the independent interests of food production and rural consumption, and who draw huge and cumulative middleman's profits which eat up the profits of agriculture. Sometimes the financial rings use political and municipal machinery to further mercantile interests, as in the Tammany ring and other caucuses. This is a cross between the political and the mercantile city. There is, again, the sybaritic city of which Paris is the eternal type, the hub of the world of fashion and taste, which consumes the spoils of labour and despoils the country's resources in the pampered self-indulgence of the minions of luxury by organising and stimulating its unproductive consumption. These are not healthy economic growths but morbid tumours in the body politic and the body economic with which we are not unfamiliar in the tropical and semi-tropical regions after the advent of white industrialism.

Contrasted with these are other phenomena of rural and urban settlements which imply a recrudescence of some of the primitive forms or structures of economic life as in settlements in the bush, the veldt, the prairie, the ranches, the mining camps and backwood clearings, where the "good old plan that he shall take who has the power and he shall keep who can" is in large measure revived, and insecurity of life and exposure to raids in the scattered squattings are the order of the day.(23) Rebarbarisation occurs not merely in the outlying settlements in connection with reclamatory and extractive work on the land, but also in the present-day revivals of ancient and mediæval slave labour and *corvee* in the guise of forced, penal, indentured or decoyed labour condemned to noxious mines and miasmatic jungles under the lash of the labour *sardar* or gang-master, or the penal contract of codes which are but fetters forged in the interests of capitalism. These are phenomena of economic degeneration, resulting sometimes in atavism, and sometimes in simplification, and a scientific study of abnormal economic phenomena

with a record of the changes in the curves of wages, prices and consumption, however exceptional and unsteady they may be, would be a branch of comparative economics.

(3) **Transition in manufacture from simpler to more complex organisations, also transitions in exchange.**—In the gradual growth of manufacturing industries in a country we notice some interesting phenomena accompanying the transition, e.g., the appearance of the small workshop which employs a group of artisans, specialised industrials, whose work is a mere point in a series in a scheme of complex co-operation of labour and who are thrown out of employment whenever any link snaps in the complicated chain; or, again, the advantages to capitalistic monopoly accruing from the increased dependence on the machine; finally, the economic friction and wastage arising from strike and lock-out, and unemployment, which are the countervailing losses to be set off against the efficiency of modern industrial and business methods. These are of the nature of critical disturbances in the healthy development of the body economic to adolescence or maturity. In their excesses and acerbities they may, however, become causes of degeneration.

Similarly in the field of exchange, along with the change from barter to a money economy, from payment in kind to payment in cash, from individual to banking credit, from metallic to paper currency, there arise certain disturbances and unsettlements such as an appreciating or depreciating creditor's liability, the fluctuations of prices, inflated or depreciating currency, trade booms, crises and bankruptcies, stock-jobbing and stock-gambling in the exchange market, and, above all, the state manipulation of the currency in artificially regulating the standard of exchange. These are elements of loss and inefficiency, sometimes of a very serious nature involving widespread economic distress and handicap to economic progress, and must be counted against the gains from money economy and public credit.

(*C*) Economic Degeneration.

Degeneration as a Condition of Progress.—But,

as critical disturbances work for the good of the organism, the phenomena of degeneration in the same way are sometimes conditions of economic progress which takes place by way of restoration or reaction. We are not here concerned with remedial action by means of social reform or innovation, or the efforts and experiments of private philanthropy; we speak of new economic categories, structures, and institutions that are marks of progressive adaptation and are ushered in by the very forces of decay and degeneration. When, for example, land, which is an essential factor of production, is vitiated so as to be an instrument of unproductive consumption or kept in dead hand as a barren monopoly, or its monopoly in position or in mineral wealth is exploited against the public, a new conception of the landlord's responsibility begins to make its appearance, and replaces the old conception of absolute individual proprietorship in land rooted in feudalism and conquest. Thus, absentee and aristocratic landlordism are being replaced by state landlordism or nationalisation of land, or, in their absence, by the use of land as a public trust in certain directions as represented by statutory responsibilities of the landlord as regards elementary education, sanitation and conservation, and these are enforced by land acts laying down conditions of land tenure and transfer as well as the use and inheritance of land. Similarly, when agricultural capital, an equally essential factor, is vitiated so as to be an instrument of exploitation, and the peasant is reduced to the position of a drudge, co-operative credit appears as a new concept along with economic legislation for the conservation and betterment of land as a primary interest and its protection against exploitation by capital, e.g., the prevention of the transfer of land to non-cultivating ownership, the prohibition of mortgage of small plots or of the breaking-up of land into minute sub-divisions below the margin of agricultural efficiency and subsistence. Or, again, when the differentiation of economic rewards and efforts, an essential factor of economic progress, is vitiated so as to be a source of economic danger and social oppression in the enormous disparity of wealth between the "haves" and "have-nots,"

and militates against the fundamental economic principle of equivalence of work and consumption, which we have named the physiological principle of restoration, and which is the very basis of the economic differentiation itself, it is under such circumstances that a new concept of socialistic justice in distribution dawns, and initiates an equitable scheme of differential taxation of unearned increments, monopoly advantages and cumulative profits. Finally, when the congregation necessary for manufacturing cities and centres of industry is vitiated so as to give rise to hot-beds of disease, dirt and destitution in slums and *bustis*, new schemes of town-planning and garden city building arise, which by restoring the natural conditions of health and cheerfulness to the labouring population seek to secure social as well as economic efficiency.

In all these cases it is the preceding degeneration that by reaction brings on the impetus to progressive adaptation, and makes possible the appearance of new economic categories and structures. But the categories and structures proceed as fresh advances along the lines of evolution already traversed, aiming at a synthesis of discordant and heterogeneous elements in new complexes and combinations. But we shall presently see that there are other phenomena which also arise under economic stress, and which, involving as they do a return to simpler and more primitive types of organisation, appear at first as tendencies to degeneration or atavism, but are in reality simplifications serving as the basis of original and fresh advances heralding the evolution of a new economic order. As Lancaster says, degeneration is often simplification leading to fresh evolutionary advance. There is reason to believe that man himself is the product of such an evolutionary set-back in the anthropoid ape, followed by a spurt in a new line.

Degeneration in Consumption.—Among such phenomena in the economic field a few of the more interesting and significant must be now noted. Let us illustrate this first from the most elemental and indispensable function in economics, viz., consumption. Originally, the family or the horde consumed what it produced jointly, and pro-

duced what it consumed jointly. This is the economy of unmediated consumption. In the subsequent course of economic evolution, with the gradual specialisation of occupations, tools, property in land and capital, a gulf was created between the producer and the consumer. In this mediated consumption there appeared a host of middlemen of various shades and degrees, though no doubt even this stage may be looked upon as a sort of unmediated consumption for the community or society as a whole if this be taken as a unit. The increased efficiency and output of such an arrangement have been subject, however, in the course of development of more and more complex and huge organisations of industry, to certain disadvantages due to friction and uncertainty, to the disproportionate shares appropriated by long chains of intermediaries or middlemen, and above all to the disturbance of the normal balance between production and the needs of consumption. The middlemen's profits in complicated chains of mediated consumption and production often tend to eat up the whole of the surplus, because each link in a chain tends to acquire a greater importance in the co-ordination of an intricate system or machinery than it would otherwise be entitled to in a less complex organisation. And this is all the more true because the middlemen are often in a position to organise the business of exploitation skilfully against unconnected and remote bodies of producers and consumers, usually ignorant of the situation as regards demand or supply. But a still more serious defect arises because the balance between production and consumption becomes uncertain and unsteady. The producer may produce what there may be none to consume, and the consumer may want what the producer may not anticipate. The phenomena of over-production, glut, scarcity-prices, crises and booms, unemployment in the midst of unsatisfied wants, are all traceable to such maladjustment. In fact, there is always a balance of exchange, as it were, between bodies of producers and bodies of consumers, and this balance may turn in favour of men as producers as against men as consumers, or *vice versâ*, which all depends on the adjustment of demand and

supply. In immediate consumption or in the communal organisation of production and consumption, these are regulated in proportion to each other, with an exact knowledge of each other's requirements. But in the absence of adjustment and especially where there is a great disparity, the appreciation of consumption-goods or the depreciation of articles and products may go so far as to lead to greater loss and injury than the cumulative gains of the arrangement of mediated consumption and production in normal seasons; and, since men are producers in one capacity and consumers in another, such economic distress is not confined to any particular class or section.

Simplification in Industry.—We have begun to see that the complication and differentiation of intermediaries have evolved to a greater elaboration than is useful or adaptive. And it is necessary that there should be a simplification of structures and functions in this matter. This is an apparent set-back or retrogression in the evolutionary line, what a biologist would call a degeneration phenomenon; but, as he knows, such degeneration often serves as the base line of an advance to a new living order or organisation. Accordingly, we see in the organisation of co-operative stores (with their indefinite expansions and ramifications in the directions of co-operative production, co-operative farming, co-operative credit, co-operative insurance, co-operative recreations, consumers' leagues, etc.) which to-day are among the most vital forms of economic reconstruction, the disadvantages of friction and wastage, of ignorance and uncertainty regarding demand and supply, of the middleman's appropriation of the surplus and his unearned increments, as well as the unsettlement of the due balance between production and consumption, are all sought to be remedied by experiments in organisation which imply a return to simpler, more homogeneous, and more primitive forms and structures analogous to those of the unmediated consumption and production of the old horde or communal economy. Similarly, the syndicalist proposal to create a community the industrial or political basis of which should be the self-governed workshop, or the self-governed craft, is an instance

of a return to a simpler form of structure when the present organisation has become too elaborate and ill-adaptive. The syndicalists' charge against the present organisation of representative democracy is that it has no solidarity because it is merely geographical, and in their scheme to build up the industrial and political organisation by beginning with the non-local associations, where men are not held together by the artificial bond of similarity of political opinion as in the political party, but by the fact of common industrial employment, they go back to the more homogeneous and primitive forms of the mediæval guilds. In the same way the socialism of Robert Owen, Louis Blanc's plan for the organisation of labour, and many of the ideas of Lassalle, Marx and William Morris, imply a restoration of more primitive forms and conditions which latter-day industrialism has already passed through and left behind.(24)

Simplification in Education.—The same phenomena of a return to more primitive and homogeneous forms and conditions in the interests of progressive adaptation or fresh evolutionary advance may be seen at work in the sphere of industrial education, i.e., in the conservation, improvement and transmission of the economic tradition, which is the meaning and function of that education. The older forms of industrial education carried out by means of hereditary craftsmanship and the apprentice system were based on the principle that education should go hand in hand with remunerative work and should be self-supporting as far as possible, being imparted in the industrial home or workshop, and in the actual processes of manual and mechanical production. But the public elementary or secondary education with its manifold advantages have relegated to the background the ancient and mediæval forms of a simpler and more homogeneous type of industrial education. We begin to see, however, that the segregation of education from the life-maintaining work of the community has made it non-paying and parasitical, and dependent on adventitious and extraneous resources such as public cesses, and contributions, while the inexhaustible resources of the work-a-day machine that sustains life are left un-

utilised for purposes of education. There is also an equally serious mischief in the non-adaptation of the educational training to the working life, so that there is education for functions for which there is no demand, and there are life-maintaining functions for which there is no education.

The entire course of primary education for the industries of a nation, followed by industrial and vocational training in workshops and polytechnics, has become too costly and elaborate an affair, especially for the simpler techniques and crafts which are best learned in the actual processes of making; and, therefore, there are springing up new types of educational farms and colonies which have for their object the simplification and adaptation of vocational training and placing it on a self-supporting basis amidst the actual processes of mechanical and artistic production. These prevent the isolation or segregation of the school-world from the business of life, and bring about the reunion between science, technique, and the practical vocations, such as characterised the simpler and less differentiated organisations of the ancient and mediæval guilds.

Other Instances of Simplification.—Among other instances of economic degeneration, being in reality simplification for fresh evolutionary advance, may be noted the return to the land and the revival of arts, crafts and cottage industries, phenomena of an allied movement which values certain elements of the old economic order, and perceives their due place and necessity in the coming era of reconstruction. Land as the mainstay of *moral* and manhood, the centre of gravity of a stable economic order, and as the great symbol of man's affinity with nature and kinship with the mother earth, can alone redeem the future of the race from the slavery of a landless proletariat to the iron rule of an inhuman and inexorable machinery. Again, the squalor and the monotony and the degradation of the labourer's life cannot be cured except by the association of mechanical industry with the elements of joy and creativeness as in art and craftsmanship, which give a free play to individuality and spontaneity in production. These are elemental functions, primitive in their simplicity and universality, which have been

obscured under the stress and strain of economic competition and the bewildering complexities of a de-natured life; and the rehabilitation of these functions and restoration to their due place will contribute powerfully to the eu-psychic and eu-technic renewal in the coming era.

The Great Transition.—All these lead up to the great transition—the movement from competitive-industrialism to ethical co-operation, and from centralised structures and organs to group-formations and their co-ordination and union within the central unity. For, indeed, in the sphere of economics, as we have just seen, the evolution of complex structures, of differentiation, specialisation and complex co-ordination which are the marks of bionomic progress, has been carried to so great an extent that the increase of efficiency has been more than counteracted by instability, friction, wastage, the clogging of the complicated wheels or the break-down of the machinery on the one hand, and on the other has diverted most of the vital energy and sustenance from the free play and constructiveness of original and elemental instincts to the controlling and inhibiting force of central agencies. The phenomena of arrest, decadence, degeneration are rife to-day in the *débâcle* of the forces of militaristic finance and diplomacy, anarchism and revolutionary syndicalism, tariff wars and colour bars, combines and caucuses, strikes and crises, sex-revolt and parental irresponsibility. New developments in the direction of more centralisation have been after all put out of court, and the cry has gone for devolution, decentralisation, federalism, all along the line. The formation of a medley of groups and unions in every functional activity, economic, social, political, would naturally make for less coherent, less co-ordinated and more heterogeneous structures. Apparently this would seem to be a set-back in the evolutionary course—a sort of atavistic return to that stage of particulate organisation which human history in the East and the West alike has already passed through and left behind in the course of social evolution. But this is only a "degeneration" for the sake of "simplification" to allow of a fresh evolutionary advance. And this advance by inducing the

formation of groups and unions on a free voluntary basis and by providing for their co-ordination in the totality of life-interests is one which will bring the West to a species of communalism, a new economic order distinguished by a new morphological type. As we have already seen, the type of Eastern communalism with all its emphasis on pluralism has constituted a great advance from particulate structures, and it is an anachronism and a biological blunder to confound communalism and its groups and group-co-ordinations with rudimentary or undeveloped structures, or to regard them as interesting specimens in a museum of social archæology. But, with the coming advance in communalistic experiments in the West, occidental observers will soon have an opportunity of studying living specimens in the fields and marts of Europe.

Three Stages of Transition.—It may be laid down as a fundamental law of biological and sociological evolution (including the economic) that the transition from one stage or order to another is not a smooth and continuous line, but shows breaks and discontinuities, in the appearance of hybrid, monstrous and abnormal forms, mere experiments in nature's course of trial and error, some of which are then used as starting-points of a fresh creative spurt. Some of these tentative forms are, as we have shown, of the nature of " degenerative simplification," and when any of these are used up in the reconstructive process there appears a sort of cyclical return to a more primitive type. If we care to formulate a law of three stages which is only an intellectual convention for the course of evolution, we may then state it as a subsidiary law that the third stage always tends to show an essential community with the first, inasmuch as redintegration or synthesis under which we may conceive the form and function of the third stage is in one sense an extension and unfolding of that original unity and homogeneous simplicity which are the marks of the first stage. But the third stage uses up all the gains of the intervening second stage, viz., differentiation and specialisation of structure and functions, division and complex co-operation, on the one hand, and on the other the checks and

counter-checks represented by central inhibition and control which appear as a set-off against disruptive tendencies.

Illustrations of the Law of Transition.—Illustrations of this law abound in contemporary economic evolution. The redintegration of land, labour and capital, whether in the guise of the socialistic state, or that of the new economic man with his lien on land and capital, or the aided emigrant settler answering to the original unification of the three functions; the reunion of the functions of the producer, the middleman and the consumer in the co-operative store movement with all its expansions, and of those of the producer, the capitalist, and the entrepreneur in co-operative production, and in syndicalism; the re-appearance of barter exchange in the higher fields of bank credit in the working of bills of exchange and the clearing house system; the revival of arts and crafts, cottage and subsidiary industries, hand-production and hand-machine; the return to nature in the garden city, and modern village and town planning methods; the rehabilitation of certain elementary forms of industrial education of the mediæval guild type in the Swiss cantons and the Casa di Napoli; the statutory or social recognition of the public duties and responsibilities of land-ownership which resuscitates in modern forms the feudal obligations of the greater as well as the lesser barons, and which puts an end to the intermediate phenomenon of absentee landlords and gilded aristocrats; the freedom from the bugbear of the nineteenth century Malthusianism, and the recognition of the primary need which the war has driven home to the modern conscience of earlier and more fecund marriages, and the undertaking of parental responsibilities—a change of attitude which will be bound to make the post-war marriage and population curves disparate with those of the pre-war period, and which may bring us back to primitive codes of marriage like those of Moses and Manu; and, lastly, a repudiation in the interests of equity and social justice of the nineteenth-century *laissez-faire* and sacredness of contract and competition—a new juristic and political ideal which in every form of economic legislation and econo-

mic institution is enforcing and reviving that supervision which the state or other central authority claimed in theory as well as in practice in regulating the economic relationships of competition and contract—all these show a characteristic return to the unity and simplicity of an original constitution, implying therein the operation of the law which assimilates the third stage to the first though on a higher level of synthesis. Communalism, as a world-wide movement towards a new economic order or configuration in which the individual and the state will be linked up in the original and primary bodies or intermediate groups, sums up all these tendencies more or less, and furnishes the grandest instance in economic evolution of the universal sociological law which formulates the assimilation of a third stage to the first in ascending grades of synthesis and progress.

CHAPTER XII.

CONFLICT OF ECONOMIC TYPES AND REGIONS.

Cases of Conflicting Types.—We shall now trace the influence of one economic region or type over another, when these are brought into contact and collision by the incidents of political history. Here we may suppose different conjunctures. There may be such a case of conflict when a type, with a higher standard of productive efficiency or of consumption, breaks in upon another region with a relatively low standard, as in the political encroachments of the whites on the yellow, brown and black races in the Asiatic and African continents. Or again, there may be an economic friction and collision with a lower scale of wants and of productivity, when an economic type is, by reason of indentured or free labour emigration, imported into an economic world with higher standards in these respects. In the early stage of a plantation, for example, where arid wastes, inhospitable, for reasons of heat, moisture and miasma to white labour, have to be converted into smiling pastures and agricultural settlements, or, again, where forms of labour such as work in mines, sugar-cane and tobacco plantations, do not suit the white settlers, coloured labour, more adapted for climatic and social reasons, is employed and sometimes forcibly, for the economic development of the region, very often by political and international action. Later, as the settlement grows, the descendants of the early white settlers are compelled by economic pressure to take to the forms of labour, agricultural, mining or industrial, which gradually spring up while succeeding generations of coloured labour also gradually and naturally overflow its old limits.

Economic Disturbance Resulting from Conflict.—When, in either of these ways, two economic types are

made to face each other, the conflict arising out of the difference in their economic levels may be twofold. In the first case, where the more complex economic type invades the less complex one, there is among the people so invaded an artificial raising of the standard of consumption which is incommensurate with the lower productivity of the indigenous economic type; this is followed by widespread economic disturbance, as expressed in the pressure on the subsistence limit, declining vitality and population.

The Case of India.—Higher productivity, with its accompaniment of more efficient business organisation, enables the foreign type to exploit agricultural and mineral resources, to disorganise if not to kill the indigenous forms of industry, and more and more of the land and labour of the country, more and more of its assets come to be mortgaged, as it were, to meet the claims of the foreign capitalist, entrepreneur or trader. The crucial test for a people in such an economic situation is to find out a new level of consumption and productivity, which with the help of its natural adaptation to the region will enable it to hold its own and overcome the intrusion, and thus to reach an economic equilibrium. Such is the economic struggle for existence which by the conflict of different levels, and the disturbance of the customary adaptation of old economic habits and institutions, is well calculated to secure the economic evolution of a people if it has sufficient vitality and resisting power to meet the situation. India with the natural advantages of her people in respect of calories, low nitrogenous subsistence and climatic adaptation, her cheap and multiplied labour, the fertility of soil, and the continental variety of her natural resources, as well as the strong endowment of co-operative and communal instincts of her people, may be expected to attain this equilibrium in the end even under conditions of free and open competition. In this process India in contact with the economic organisation of the West will gain in a freer and fuller sense of the individual's right to live, to grow and to get the best out of his own life, as well as in a free and consciously organised ethical custom by which the individual, freed from a régime of

mechanical routine, will find himself anew and in ever fuller measure in the life of the group and the community. India will also gain in material efficiency by evolving more and more complex forms of economic organisation on a co-operative basis in the conquest and utilisation of her vast resources in prime movers as well as the soil. But while the Indian communalism may gain in these ways in moral as well as material values, it will go counter to the fundamental principles of economic regionalism if she were to lose her temperament, her soul, by forsaking the economic type or order which she has evolved through the ages in adaptation to the genius of her stocks and races and her moral and physical environment. The characteristic features of the Indian communalism, her emphasis on communal as against individual property in the family as well as the village, her attachment to the land and homestead, her co-operative or communal distribution of a share of the income, her co-operative organisation of village life and village economy, her emphasis on co-operative consumption and "social utility," her preference of man to the machine in crafts and workmanship, and, lastly, her strong predilections for human and social values in the scheme of social ethics and ideals,—these are the original and indelible lineaments of India's economic physiognomy. The true theory of comparative economics and of regional evolution demands that the economic type or order should progress along its own lines, preserving its specific organism, though no doubt moving in convergence to the general trend of the world movement in economics.

Conflict due to Emigrant Labour.—In the second case we have supposed the conflict of economic types when, through emigration of labour, stocks and races such as the brown and the yellow are introduced into an environment of a disparate character. Our first supposition related to a case in which the stock of the lower level was adapted to the natural conditions of the environment, and the higher level of efficiency was an intruder more or less unsuited to those conditions. In such a case, ordinarily, the crisis would not arise if it were not for the incidents of political

history. We have seen how the economic crisis must be met in such a situation. But where any emigrant labour population of politically weaker stock with less scale of economic consumption and economic productivity finds itself in more highly developed foreign surroundings, it may so happen that the so-called lower scale of efficiency is better adapted to certain forms of labour, and succeeds in ousting the so-called efficient labour from these fields. The question therefore arises in what sense one stock is more efficient than the other. For example, it may be asked, if the Chinese and the Japanese immigrants in the United States, Canada and Australia, or the Hindu immigrants in Natal, East Africa, Zanzibar, Tanganyika territory, Uganda, Nyassaland, Rhodesia, the Transvaal and Cape Colony are found to be more successful in agriculture, dairying, fruit-growing, and in certain kinds of shopping, hawking and other varieties of retail trade, why the so-called infallible test of competition in conventional economics should not be applied to these cases, or why, in subversion of the accepted economic creed, the door should be slammed in the face of the emigrant stocks, or the engine of political or municipal power should be so worked as to degrade in civic, social as well as economic status those who have been inveigled into the situation, and used as instruments of the country's advance, but now are discarded as having served their day? The policy of shutting the door in certain latitudes and longitudes and forcing or breaking it open in others can have no justification in economic science. The plea of disturbance of the living standard is available on both sides, there being an unsettlement or maladjustment of the economic standard for each of the parties concerned; and, as to the efficiency of any body of workmen, it has to be judged not in a general reference but in particular forms of labour, provided these are essential to the economic organisation of the country. And if the test of such efficiency be success in competition, any labour corps, white or coloured, which passes this test has or should have an indisputable right to work under equal civic or political conditions according to the received economic doctrine.

The Case of Chinese and Indian Labour in Africa.—After the South African war there was a shortage of unskilled labour all over South Africa, and the work of political and economic reconstruction of the new colonies under Lord Milner, as well as the financial condition of South Africa, were threatened with disaster. Under these circumstances Lord Milner saved South Africa from an economic crisis by the importation of Chinese labour. From 1904 to 1906 the average number of indentured Chinese labourers increased from 9,668 to 51,427. In 1907 the Transvaal government, under pressure from the Home government, decided on political grounds to put an end gradually to the employment of Chinese labour. This enforced withdrawal of the 50,000 Chinese labourers inflicted great economic injury. That the gold industry was adversely affected by the repatriation of the Chinese has been generally admitted. In the first place the 50,000 Chinese were more valuable industrially as being more efficient than a corresponding number of African natives, and in the second the labour requirements of the industry were so great that it needed for its unfettered development the Chinese as well as any additional African labour which it could secure. This is the testimony of an English editor of the *Johannesburg Star*, and well brings out the racial bias and colour prejudice that stand in the way of an unarrested economic prosperity in the colonies by disregarding considerations of the efficiency of the labour corps, when it is black or yellow. A similar story can be told about Indian labour in the colonies. We quote here, from the report of the Lord Sanderson Committee on Emigration from India: "There can be no doubt that Indian indentured emigration has rendered invaluable service to those of her colonies in which on the emancipation of the Negro race the sugar industry was threatened with ruin, or in which a supply of steady labour has been required for the development of the colony by methods of work to which the native population is averse. The Indian emigration has had a twofold effect. It has admittedly supplied labour which could not be obtained in sufficient quantities from other sources. But we

were also told by some competent witnesses that according to their observation in British Guiana and the West Indies at all events the thrifty and perseverant habits of the Indian immigrant have had an educative effect, perceptible though gradual, on those among whom he has come to live, and that his example and his competition have introduced new habits of industry, and improved methods of agriculture." Thus Sir H. H. Johnston has witnessed that the Indian would do a great deal towards improving African agriculture, for the African as a race has no idea of the use of manure; the Indian is the reverse. He is extraordinarily economical about land, and will teach the native a good deal in that way. Rice cultivation, for instance, was introduced in British Guiana by the Indians; and the instance can be repeated all over Africa. The report continues: "It is, moreover, generally admitted that the majority of the Indians who remained in the colony after expiration of their indentures, either as small proprietors or as free labourers, prove a valuable addition to the population, and that in the second and third generations many inhabitants of Indian extraction become men of considerable property and attainments. Those who turn to other forms of employment, whether with greater or less success, are also recognised as useful in supplying various needs and rendering services from which the other elements of population are more or less averse. In Fiji a certain amount of jealousy of the remarkable success of Indian traders appears to be felt among the European population, and the same feeling no doubt exists in the East Africa Protectorate." The subsequent history of the gradual adoption of unworthy and degrading subterfuges to discourage Indian emigration need not be recounted. About this Lord Curzon said in course of a speech in the House of Lords, February 4, 1908: "We send him (i.e., the *cooli*) to a colony which he enriches by his labour, and then society here appears to turn round on him as if he were a pariah dog. He is penalised there, not for his vices but for his virtues. It is because he is a sober, industrious, frugal and saving man that he is such a formidable economic danger in the situation. And then the

Indian remembers that at any rate in a large number of cases he has fought for the British Empire in South Africa and that it was largely owing to his efforts that Natal was saved." (25)

Unsettled Problems of Imported Labour.—The principle of competition, indeed, breaks down in such a tangle of political and economic interests. The argument that is usually advanced is that the higher standard of consumption must be maintained at any cost in the interests of stock improvement for social and moral reasons. These non-economic considerations are no doubt legitimate and fundamental. But a community of larger consumption and greater quantitative production is not necessarily a desirable community, for it may mean wasteful consumers and joyless mechanical producers. What is essential is: (1) in an economic sense, the surplus productivity and not the scale of productivity or of consumption as such; and (2) in a more comprehensive point of view, including economic as well as ethical considerations, the surplus production of value in terms of happiness, qualitative as well as quantitative. In considering the economic surplus, any natural advantages of a tropical or semi-tropical people in store of calories, in the dark pigmentation of the skin and iris regarded as a protection against heat, light, and actinic rays, or in continuous discharges of cell energy, though at a slower rate, in the adaptative distribution of sebaceous or other secretive glands, in lower level of proteid metabolism for the maintenance of health and efficiency, or it may be other forms of adaptation to the soil and climate, must be counted in its favour no less than there must be reckoned, on the other side, the advantages of inhabitants of temperate or cold climates in respect of physical hardihood and length of life, a toned-up constitution, with capacity for spurts and explosive cell-discharges often due to a higher nitrogenous diet, resulting in high-pressure short-time work of a concentrated and strenuous character. A credit and debit account is not so very easy if we proceed to judge by whole circles of latitude and longitude, the more so as different stocks vary in powers of acclimatisation (including

immunisation from disease), natural as well as acquired. For example, as a rule tropical and semi-tropical people stand cold climates better than inhabitants of the latter bear the tropical heat, and this for physiological reasons. But the whole subject of acclimatisation has to be scientifically investigated from the economist's point of view, and it will be the business of comparative economics to apply the conclusions that may be established by such an investigation. The proneness to certain diseases has been well known to be a serious obstacle to the white man's expansion in tropical and semi-tropical regions. Sometimes it is brain-trouble as in Uganda, sometimes enteric as in India and brain-trouble too, or sometimes dysentery as in Ceylon. And geophagy in its civilised form is as great a scourge as the Negro's trypanosome. The capacity for resisting specific climatic changes should be investigated for each of the migrating and colonising races. Comparative economics must then apply the conclusions which rest upon the more fundamental basis of ethnological and geographical fact rather than upon political status or stages of economic development. Broadly speaking, the unsuitability of climate or the presence of a large and settled population ought to mark the limits of an economic exploitation by the white population, while the exploitation of sparsely populated and entirely undeveloped countries, such as vast areas in Mesopotamia, Natal, Central and East Africa, Central Australia, the interior of British Guiana, and of Borneo and New Guinea, should be left to those Asiatics or Polynesians that are migratory and colonising and are well-adapted to a permanent establishment for climatic and other reasons.

Differential Conditions Affecting Wages.—A cognate consideration of even greater significance is that there are, as we have seen, different levels of efficient metabolism in different regions and among different ethnic stocks, and that consequently the physiological condition of wages involved in recuperation and efficient subsistence which thus varies in different stocks must be regarded as giving rise to differential natural advantages as between stock and stock, which

are governing factors of the economic conflict between the economic types and economic regions. An artificial raising of the standard of wages in the torrid zone due to a fancied physiological demand of the white labourer is as much a case of wasteful and unproductive consumption as an artificial depression of the standard in cold climates by tropical immigrants is an instance of inefficient subsistence.

Short-sighted Colonial Policies.—The key to the solution of this vexed inter-racial and inter-regional economic conflict is to be found only in comparative economics. Appealing to the gospel of free and open competition for purposes of exploitation and wielding a two-handed engine, which by the right hand forces the door open for the Westerner in the East and by the left hand shuts it forcibly against the Easterner in the West is not quite worthy of those who claim to be in the vanguard of civilisation. The gospel of the Super-man and the Super-race to inherit the earth and enjoy the fruits thereof, which would alone justify this course, would bring the world to a greater crisis than the recent Armageddon. (26)

Ring-fences have been put round Australia, and Canada, South Africa and New Zealand; the discrimination has already proved to be a source of great irritation: and, in the case of South and East Africa, even the most level-headed men hold the strongest opinion as to the unwisdom of the displacement of local indigenous labour under the circumstances of the case and the inequity of the regulations that have been passed imposing a colour bar against Indians. About 'the white Australia" I cite an American witness: "Australia is following a policy that ignores to some extent natural and economic laws. The government would redeem a virgin and tropical wilderness by Saxon labour and domicile within the torrid zone a race of workers whose physiological adjustments have fitted them for colder climates. But Australia must meet the facts that tropical industries are at present conducted by processes requiring cheap labour, and that world-wide competition, from which no country can escape, has fixed the wage of the labourer in

the torrid zone far below that required by Caucasian workers. The fringe of continent which the Commonwealth possesses, bending far north toward the equator, still awaits the pioneer. As its capacities are tested and its resources advertised, the demand for its development will become more insistent." Indeed, the growing demand that the modern world makes on the special products of the tropics—sugar, tea, cocoa, tobacco, caoutchouc, cotton, etc.—is so exigent, that international economy and justice would insist, as comparative economics seeks to do, that no nation can lock up in perpetual reserve large tracts of productive territory.

The Impolicy of Colonial Colour Prejudice.—To neglect material resources is to forfeit them. A very large part of the island continent is not even explored, but recent exploration seems to show that the interior of the continent is not such a desert waste as it has often been described to be. Exploration on a great scale is urgently needed. The whole island must be opened up by transcontinental railways and the rainless districts be supplied with water under all conditions. But the population of Australia is yet small. It is settled only upon the outer rim. Indeed, even the outer rim is not settled, as, for example, is shown by the condition of the northern territory. The total population of Australia was only $4\frac{3}{4}$ millions, against the 312 millions of India, which does not very greatly exceed Australia in size. These figures will explain the reason why the West Australian premier stated that Australia must either settle her unoccupied territories or she will be deprived of them.[1] Again, the distribution of population is not equable at all, and the evils have gone far of congested town life and deserted rural districts.

A comprehensive transcontinental scheme of railways and irrigation, however, cannot be undertaken until population has grown considerably and much more wealth than now exists accumulates. But the "White Australia" policy checks the settlement and cultivation of Australia,

[1] Lloyd—*Theory of Distribution and Consumption*, Chapter XLII.

which would be immensely expedited if the people were willing to admit coloured labourers. The sugar industry in Queensland was founded and carried to prosperity by the employment of indentured coloured labourers, and at one time it seemed probable that the extremely hot parts —that is the northern portion—where there are exceedingly few whites and very probably always will be very few whites, would be largely populated by coloured people. Opinion, however, has now entirely declared against that, and the labourers on the sugar estates are being gradually got rid of. Indeed, the decision goes very much farther. It is that the coloured people of all races and all stages of civilisation are to be excluded. The decision, in fact, excludes both Indians and Japanese.

For the present Japan is busily engaged in Japanising Korea and in colonising Hokkaido ; yet she is feeling very much the need of new outlets for her surplus population.(27) Japan with her growing trade and population regards as an insult the exclusion of her people from a British territory. Will the Anglo-Japanese Alliance, then, be able to continue if this policy is maintained ? Nay, more, is it not possible that Japanese feeling may become anti-British if the Japanese, in spite of their active co-operation in the great war, are branded as undesirable settlers with many other Asian peoples and must be excluded altogether from Australia, New Zealand, Canada and from the United States ? In India also there is strong feeling because of the exclusion of Indians from the self-governing portions of the British Empire, and from the United States of America. At present the feeling is especially against exclusion from South and East Africa, because Africa has been a land of settlement for Indians from time immemorial, and because, owing to the gold mines and the recruitment of *coolis* from India, there had grown up a very considerable Indian settlement. The co-operation of Japan and India and of the component parts of the British Empire in the battlefields of Europe and Asia has spelt the death of an exclusive policy which has hitherto been regarded as an insult as well as a grievance. In the South African war it was decided that no coloured man of

any kind was to take part in it—even Indian soldiers of the Crown were to be excluded. This policy was abandoned in the European war, and thus it will be altogether wrong and inconsistent to allow the colour prejudice to stand against the equitable settlement of the post-war problems of emigration and tropical reconstruction, apart from the fact that the colour prejudice cannot commend itself to the moral sense of civilised humanity and is incompatible with the lasting peace of the world and the harmonious development of its resources in men and raw materials. India could send her troops to the front at the time of the Empire's greatest need, when South Africa, where Indians have received a singularly ignoble treatment, not only could not send any aid but was causing grave anxiety as the centre of a formidable rebellion. It is inevitable that the policy of South Africa and the wrongs done to Indians who are immigrants and who have already settled must go. Similarly, the services rendered by Japan in the war must imply the definite abandonment of the attitude of suspicion towards and distrust of Japan manifest in Canada and Australasia. The great response made by India and Japan to the necessities of the war situation renders it obvious that the claims of the Indian and Japanese labourer, capitalist or trader within the limits at least of the British Empire must be recognised in return; and, unless the right of free and undisputed entry is acceded to them, one great advantage of the war in facilitating the progress towards the consolidation of the smaller federation called the British Empire will be lost. Of course, the introduction of aliens, whose wages must be lower owing to their temperate habits and their abstention from beef and beer, must not be allowed to bring about social suicide, and protective measures should be adopted, but not of the unworthy type which have hitherto received the sanction or even encouragement of the Imperial government.

Beginning of Imperial Reciprocity.—The Imperial Conference accepted in 1917 the principle of reciprocity of treatment between India and the Dominions, and recognised the right of the government of India to enact laws which shall have the effect of subjecting British citizens

to the same conditions in visiting India as those imposed on Indians desiring to visit the mother country. In the League of Nations, of which the British Empire is said to be but a precursor, many an old colonial interest and prejudice will have to give way to a more liberal conception of the rights and interests of the component parts of the great Commonwealth of all races, while the British Empire itself will ultimately become not an Empire in the old sense but a Britannic Alliance.

United States Exclusion Policy.—As regards other powers in the West, the United States have excluded the Chinese from their shores by special enactments of Congress. The Japanese labourers since 1907 have also been kept at arm's length by an informal agreement between Washington and Tokyo popularly called the "gentleman's agreement." The circle of exclusion has been deepened and widened by an arbitrary geographical boundary line fixed by the Immigration Law of the United States, 1917, which prohibits from entrance into United States the people of India, Indo-China, Siam, New Guinea, Borneo, Sumatra, Java, but which leaves untouched the people of Africa, the greater part of Arabia, Turkey, Persia, Northern Asian regions as well as the Philippine Islands. To include or exclude peoples by means of a line on the map is at once arbitrary and unreasonable. Japan has all along vigorously protested against the exclusion law of 1917 and secured changes to suit her. Both in America and the British Colonies the few Japanese that are permitted to live have to submit to vexatious restrictions in regard to land and therefore are deprived of full liberty in regard to natural development and prosperity. At the Peace Conference her demand was pressed more vigorously than ever that racial discriminations and restrictions should not be practised any more and be dropped forthwith.(28) The time has indeed certainly come when race or colour prejudice should not stand in the way of an equitable, scientific and consistent arrangement regarding the international and inter-regional distribution of labour and industry for the efficient utilisation of the world's resources in labour and raw materials. Scientific humanitarianism ought to fore-

stall in every field the operation of force and the might of arms in the solution of the vexed problem of oriental migration.[1] Enlarging the markets and spheres of influence by every possible means in the Far East, and denying economic opportunities and legitimate rights to the Asians in the West, are at once harmful and invidious and have raised difficult issues which should be solved sooner or later. So long as racial discriminatory treatment in international intercourse persists, all peace conferences, leagues and federations will be as houses built on sands and no true peace can be hoped for.

Towards Economic Federation.—The economic federation, of which we shall presently speak, will govern the distribution of labour and the utilisation of natural resources on the surface of the globe so as to yield the maximum service for mankind at large while affording opportunities of vital development to every particular people or region in and through that service. Such a federal policy will make the Australian void and the African wilderness as much of an economic impossibility as a vacuum in nature.(29) Nature abhors a vacuum in every sense. And the federal distribution of industries, labour and capital among different peoples and regions for the maximum utilisation of material human resources has been brought to our very doors as a pressing practical problem requiring solution immediately after the war, and though at first such an understanding may be

[1] Even among the Japanese themselves, writes a Japanese publicist, there is a good deal of divergence between popular and official opinion on such questions. What the ruling classes would like is to have Japan given a free hand in East Asia in return for her withdrawal of all demand for unrestricted emigration in English-speaking lands, which is possibly the real meaning of the request for a Monroe doctrine for Asia. But the masses of Japanese, whose poverty looks out on the high wages of British and American labour with envy, do not want to be turned towards China, Korea and Siberia as prospective emigration fields. Obviously it will take the Japanese centuries to become inured to the northern winter. They naturally prefer the warmer and richer labour regions of the Pacific; they yearn for a semi-tropical clime like California or North Australia and the islands of the Pacific. Consequently, if fate drove them northwards, their progress might indefinitely be stayed, as witness the effect on the yellow races of Russia and North America. But official policy pays little heed to science or anthropology. It has to work in the direction of least resistance, and is convinced that a bird in the hand is worth two in the bush.

confined to imperial economic unions and zollvereins separated from one another, this cannot be final but must lead on to an economic federation of the world which may come even earlier than the League of Nations or the World-State.

Race Reconciliation through Federation.—But racial antagonisms die hard. These exclusive tendencies have erected tariff walls and propose to build up close commercial leagues and zollvereins in the near future. The herd instinct, as we have seen, has been the mother of many an experiment in social grouping and solidarity, but one of its more early manifestations—the animal instinct of preying in packs and herds—has died hard, and is now apt to be resuscitated as a ghost that stalks abroad in the highways of commercial exploitation and international tariff warfare. The reconciliation of the conflicting inter-racial claims must be sought, as the new science of comparative economics goes to show, in an economic federation of humanity based on the claims of each economic type or region which has evolved by mutual adaptation of its stock and clime, and will so continue to evolve along its own lines. Such a natural adaptation can alone secure to every progressive type or race,—given only free opportunities for economic growth, self-expression and the pursuit of its own scheme of life values,—the highest surplus productivity in an economic sense and the highest surplus production of human and social values in terms of happiness, qualitative as well as quantitative. Comparative economics, however, furnishes no foundation for the exclusive and mutually hostile delimitation of economic regions or for economic self-sufficiency or self-centredness, because, more than any other economic system or method, comparative economics emphasises the mutual interdependence and complementariness of the various divisions and zones of the world which but represent and embody the physical and psychical phases of one great order.

Unfolding of World Economics.—The physical and biological unity of the earth as embracing different geological, botanical and zoological regions and zones, and the psychical unity of man as embracing different racial temperaments and ethnic values, have made human history one, though

it is a web of diverse threads and diverse colours; and, similarly, the history of man's economic activity, both in the utilisation of natural resources and the construction of economic structures and organisations, shows the same phenomenon of one broad dynamic movement comprehending diverse or multilinear series in diverse economic regions and zones. There has been an iron and steel age, for example, followed throughout the world by steam, and now by electricity. There has also been an age of guilds and factories followed by an age of trade-unions and combines, of co-operative and communalistic experiments. Consumption is following the same general trend amongst thriving peoples throughout the world. From material and sensuous to intellectual and social wants, the progressive expansion and deepening of wants show the unfolding of a common pattern. In exchange, also, there has been the régime of barter and individual economy, followed by money and exchange economy with developments of banking and credit, and similar other forms and structures throughout the world. In relation to land, there has been an evolution from communal to individual ownership, and then from peasant-proprietorship to the feudal system or other type of landlordism; or again from the village to the city—an evolution which is now turning its course towards experiments in state or communalistic ownership and towards the garden city, implying the ruralisation of the city and the urbanisation of the village.

And yet it is only through specific adaptation and regional differentiation, based upon the special and distinctive natural resources as well as human gifts of different regions and stocks, that the general course of economic evolution can accomplish itself. It is for this reason that the loss or suppression of any particular thoroughbred economic type, which had been the historic expression of the needs and instincts, of the physiognomy of any great people or culture, must mean a disruption or a solution of continuity in the body economic of man and inflict loss on humanity as a whole. The recuperative processes of economic evolution would slowly re-evolve, with proper modifications, the

economic type which the particular geographical and cultural environment requires for progressive adaptation, and thus painfully heal the wound in the centuries to come. Every such region or type has a place of its own which none other can fill in the human economy, and it must utilise to the full its natural products and human potentialities for its own maintenance and development as well as for the service of the world at large.

A world scheme of the distribution of the products necessitates an international division of labour and distribution of occupations. The economic conflict can never be solved by trusting to narrow protectionism or to blind competition for a sound scientific geographical distribution of industries and manufactures, or, again, to the old entanglements of Secret Diplomacy, and the formation of Leagues against Leagues. With an economic federation of the world, when the various states and regions will be organised in the pursuit of the common good of humanity as a particular national economy is now organized for the fulness and enrichment of the national life, the delimitation of production and consumption by tariff walls and exclusive monopolies of commercial rights and privileges will come to be regarded as a blind, haphazard and wasteful method which destroys the patrimony of the race and reduces the fund of enjoyment for each and for all. As we have seen in discussing social utility and social consumption, the fundamental principle of such utility and consumption is that the enjoyment is multiplied in the sharing of it. And this will apply not merely to social utility in the sphere of congregate individual life but also to social utility in the congregate life of nations, or in international life and consumption. It is thus an imperative demand of social consumption that different peoples and nations help one another in the creation and increase of common values for common disinterested enjoyment. This is the verdict of the science of economics building on the bed-rock of physical and physiological fact, and the stratification and distribution of human instincts and social values worked up in multiform regional types and orders in the economic evolu-

tion of the race. Neither the abstract doctrinarianism of an *a priori* deductive economics, from Ricardo and Mill to Marshall and Pigou, nor the equally abstract classifications of a self-styled historical school, from the empiricism of Vico and Montesquieu to the nationalism of List and Roscher; neither the law of nature, nor the law of nations; neither the arbitrary conventions of international jurists, nor the pacific gospel of an international credit or commerce; neither the feverish hope of a hunger-born socialism, nor the siren lure of commercial leagues or zollvereins, will make for a permanent settlement of a world distracted by the conflicting claims of armed hostile camps into which the nations stand divided to-day. The problems of a scientific civilisation cannot be solved without a recourse to the methods of science. It is only the new vision of a cosmic humanism re-reading the story of man's life and man's history on earth and building on a scientific study of the biological and sociological forces which have been the originating conditions of the great historical types and regional cultures that can hope to grapple successfully with the vexed problems of inter-racial and inter-regional conflict, and direct and control the course of inter-racial co-operation and conscious organised selection in the evolution of a universal humanity.

CHAPTER XIII.

EQUILIBRIUM OF RACES AND REGIONS IN WORLD ECONOMICS.

Work for the League of Nations.—The problems of tropical reconstruction must force themselves for a solution now that the world-conflict has ended if lasting peace is to be maintained. For the war has affected the political status of immense territories in the tropical and sub-tropical regions where seeds of future trouble may lie embedded under the apparently smooth surface of a national or international policy of force and fraud exercised upon the inarticulate races of the world. The German colonies, the Belgian Congo, as well as the huge areas of Mesopotamia, the New Hebrides Archipelago, British Gambia and French Dahomey,—these are especially the regions to which the League of Nations must look for the application of those principles of equitable dealing between adult and child races that have of late gained the favour of the modern conscience. International action ought to guarantee the protection of the immature races and backward countries of the world against capitalistic exploitation, and this in the interest of the smooth and harmonious development of both the superior and inferior races.

Germany's Plantation System.—For instance, Germany will never be allowed to continue the policy of exploitation which has led to an awful decimation and suffering of the native races. With the exception of certain parts of South-West Africa, the climate of the Protectorates was suited only for independent native labour or for coloured labour under the direction of white men, and a census of immigrants shows that, even after thirty years of colonisation, the percentage of Europeans was small. In East Africa the Germans syste-

matically discouraged white settlement; the white colonists, with their small farms, gradually building up a European system on a small scale, which are a marked feature of British colonies, were conspicuously absent. Thus, while white colonisation developed next door to their colonies in British East Africa, Germany developed the plantation system. Tracts of country were granted to companies, syndicates or men with large capital on condition that plantations of tropical products would be cultivated. Among the accompaniments of the system were:

(1) The spoliation of the natives' lands for concession companies and plantations;

(2) The seizure of cattle, on which the natives look almost with veneration, because the animals are sacred to the cult of their ancestors whose wrath they fear to bring down upon themselves if profane hands touch their herds;

(3) The inequality between black men and white men before the law;

(4) The institution of corporal punishment, and the cruelty and arbitrariness with which it is used even against women and children;

(5) The carrying off of natives from their homes against their wills to work on plantations, roads or railways, and the consequent diminution of birth-rate and decline of cultivation;

(6) Their herding together at night under conditions so insanitary as to bring every foul and loathsome disease in their train;

(7) The use of brandy as the means of education, which causes the complete degradation of the natives,—the more *schnapps*, the more slaves.

All this has brought about "an awful decimation of the native population which runs parallel with the coming to the fore of the so-called capitalistic Kultur" (Deputy Dittmann).

General Evils of the Tropical Plantation System.—Certain general considerations may not be out of place here. It cannot be gainsaid that trade is fundamentally a beneficent activity. But when selfish motives outweigh all

other considerations and a race or region is looked upon as a means to an end, trade develops vicious tendencies to the destruction of the healthy texture of social life. Each economic region develops certain habits of life in the adaptation of stock and clime. In the Western economic region there is need of more clothing, fuel and shelter on account of the cold, and hence of an increased earning capacity. Thus, there is a great multiplication of wants, a great increase of goods and of commercial activity, an invasion for trade purposes of lands where many of the goods are out of place and even positively harmful. Wherever the plantation system has developed, an artificial demand for goods for which the tropical climate makes no demand is stimulated, cravings for intoxicants and narcotics are fostered, together with demands for unnecessary clothing and articles of luxury. "Not only does trade affect the moral condition of the native where the liquor traffic enters his social life, and threatens to counterbalance the good results which should follow upon contact with white peoples, but, by bringing white and black into more intimate relationships, which are not sanctioned by any legal or social recognition, it strikes at the root of whatever ethical instincts and habits the native may possess and threatens the integrity of his social life."[1] Physical and moral uncleanliness, disease and increased death-rate are thus chief results. The existing sale of alcohol is, indeed, a crime committed by the whites against the child races of the world. The liquor problem becomes manifest at the point of contact between the black and the white races. It is those classes among the educated natives which come into closest contact with the white community which are the greatest consumers of alcohol —they imitate the whites with whom they come in intimate intercourse. (30) Again, the scandals of sexual irregularities in the tropical regions have become crying, and it cannot be denied that the evil effects which at present stand out from these irregular connections are mainly the result of the lax habits of the white community dwelling on the borders of

[1] Macdonald—*Trade, Politics and Christianity in Africa and the East.*

the homes where the so-called backward races dwell. Even in India, in the tea, coffee, indigo or cinchona plantations, the irregular relationships that obtain are but one remove from, if they indeed obtain amongst, the lower creation. In fact, the plantations are everywhere associated with the disintegration of the tribal system, the demoralisation of domestic life, the spread of syphilis, and the pitiable spectacle of the poor, sickly half-caste, the respected offspring of neither the white nor the coloured races, the problem alike of the biologist as well as of the administrator and reformer.

International Regulation Necessary.—Some sort of international action and control are essential, if not for anything else, for restoring the loss of prestige and moral force of the civilised white, for preventing the whole of this sordid tragedy which stands out naked and unashamed—a monument of disgrace to white industrialism.

Common international regulations may be suggested to amend, develop and extend the existing agreements for maintaining the rights and well-being of the backward races. The Berlin and Brussels congresses laid down the guiding principles for the abolition of slavery and the restriction of the sale of fire-arms and alcohol. Much remains to be done, but it cannot be denied that these congresses contributed a great deal to improve the standards of treatment of the backward races by the whites.(31) The following are some of the directions along which reform may be useful:

(1) **Sale of Alcohol.**—The sale of alcohol should be very carefully regulated in order to restrict its consumption so far as the native races are concerned, and common international regulations should be binding on merchants who deal in liquor, opium and other intoxicants, and any violation should be penalised nationally or internationally.

(2) **Sexual Irregularities.**—Legislation dealing with sexual irregularities should apply equally to the white as to the coloured races. Provision should be made for the registration of illegitimate children, as well as for their education and rearing-up.

(3) **Venereal Disease.**—Scientific international control

is essential in the case of the venereal diseases, as well as of other diseases like the sleeping sickness.

(4) **Employment of Women and Children.**—If white industrialism in the tropics creates demand only for male labour in the plantations, the degradation of the tribal life is inevitable. Provision should be made for the employment of women and children. The disproportion between the sexes in the plantations and the congestion in the *cooli* lines are more than anything else responsible for demoralisation and vice and are but symptoms of the thoughtless exploitation of white industrialism in the tropics which will ultimately spell economic ruin to the white races no less than to the native races. A floating *cooli* population uprooted from the communal system, unchecked by family restraints and herded together in foul, dingy huts, falls an easy victim to the forces of demoralisation. Provision should be made for married labourers to live separately with their family.

In Southern India, in the coffee plantations, the *coolis* come in June and July and stay for eight months in the lines, when they usually get lodging and firewood free. They are recruited by agents of the coffee-planters, *maistris* or foremen, who give them advances generally of Rs. 10. to Rs. 20. Malabar, South Kanara and the *maidan* places supply the bulk of the *cooli* population, amongst whom the disparity between the sexes is two to one, while Tiyar women, who are well known for their fair complexion, are imported as prostitutes for the European planters. If the moral situation in the *cooli* lines is not as bad as one would expect, it is due to the guardianship of the caste *punchayets*, especially among the Lambanis, Wadders, Holiyas and Madigars, which punish misbehaviour and which are all-powerful among the Panchamas.

(5) **Labour System.**—An important cause of depopulation and suffering is the labour system under which the native races are made to work under white capitalists. Slavery has been abolished by international action, but forced labour as well as debt bondage still flourish for private profit and await international co-operation for their entire abolition.(32) The scandals and inhumanities of a system

in which the individual labourer is transferred without any regard to his family ties at a monetary valuation, covering an alleged debt, or is decoyed and forced to work under the lash of a gang-master in an unhealthy environment to fulfil the terms of an alleged contract, demand that safeguards be provided to prevent the exercise of force and fraud upon the child races of the world. Such safeguards can only be provided by international action. An authority which has only commercial or even administrative interest cannot be entrusted with the recruiting, payment, accommodation and repatriation of native or imported labour. The atrocities which private trading companies, syndicates or capitalists can perpetrate are written in blood in the history of the Congo, the records of the British trading companies in West Africa, and of the French companies in Indo-China and in other French possessions, the Putumayo outrages in South America, and the scandals in German East Africa. Concession companies and plantations aim only at good business irrespectively of the equity and justice of its production. Nor can administrative authority be exclusively depended upon for restraining the policy of exploitation in the interests of the native races in the tropical regions. The colonial system in Africa, for example, has not as yet reconciled itself with the idea that the value of tropical Africa lay not in any openings for white colonisation and settlement but in the collaboration of white capital and black labour in the profitable exploitation of vast natural resources. While, on the one hand, it must be recognised that the raw materials of the earth should not be left unutilised and wasted but be made to subserve human needs on a scientific system of industry, whether black or white, the civilised conscience must sooner or later demand an equitable treatment of the native inhabitants who have grown in a process of natural adaptation of stock and region, and who have therefore some inalienable rights to their appointed region that cannot be usurped or violated in the interests of a so-called scientific culture. It is imperative that colonising powers should cultivate this sense of justice, and this respect for the principle of self-determination of a particular economic region or race.(33)

International agreement will thus appear to be essential to check the abuses in the recruitment and treatment of native or imported labour in the tropical regions. Every European and American colonising power has a system of contract labour which lends itself to the most flagrant abuses. These abuses are either in the recruitment of the labourers, the terms of the contracts, or the treatment of the labourers while the contracts are operative.

In the length of contracts, Germany demanded the longest possible periods, but exercised a good deal of care over the labourers in transit. In the violation of law and terms of contract, the Portuguese system has shown the gravest abuses, and British indentured labour has led to serious scandals as regards recruitment and treatment during the indentured period.

The German system of longest-period-possible contract must go, and the British ten-year and five-year contract must be abolished never again to be introduced. For these international action must substitute a maximum of six months and three years for mining and agricultural contracts respectively.

It has been the practice of all nations to visit breaches of civil contract with criminal punishment—a practice which has brought about most deplorable results. Let us picture the contract labourer. He enters into a civil contract to serve for some years of 365 days. His first shock is the discovery that the planters' "days" are not days of so many hours at all, but measured tasks set by the employer. When he finds a task cannot be performed in perhaps double the time allotted, what wonder that he protests vigorously against this apparently fraudulent interpretation? In quick time he probably finds himself in the police-court and in due course may suffer a penalty for the so-called crime.

But it is not merely from breaches arising out of a failure to perform the allotted task that the labourer finds himself in the court. A British Magistrate said: "Sometimes people were brought before me as vagrants or deserters, but the great majority of cases were idleness and alleged

idleness, and it was impossible for me to ascertain really the merits of the case."[1] Again, there are complaints by masters and mistresses of insulting conduct, or words or gestures, and trumpery cases, which ought not to have been brought into court, and which could not be brought in any other country before a criminal court.

An enormous number of labourers pass through the court for breaches of contract. In British Guiana, with an indentured population of 9,784 persons, no less than 3,835 charges were preferred against the *coolis* under labour laws. In Trinidad, out of 11,506 *coolis* under indenture, 1,869 were convicted; and in Fiji, with 11,689, some 2,291 were charged in the criminal court. In most of the colonies of certain other powers the labourer does not possess or is not allowed access to a court of justice at all, whilst in many such colonies the power of inflicting punishment is left in the hands of the employer. International agreement should be possible so that

(*a*) breaches of civil contracts are visited with civil penalties;

(*b*) no labourer is punished without being given a trial;

(*c*) the employer is in no circumstances allowed to inflict punishment.

The Portuguese have one excellent practice, although it is not as effective as it might be, viz., that the protectors of the natives recruited from their colonies are chosen from the country from which the labourers are secured.

The British system of protecting natives has broken down in most dependencies, the chief reason for this being that the protectors appointed are mainly colonials with no knowledge of the country from which the labourers are obtained; but, worse still, in the majority of cases they cannot speak the language of the labourers they are appointed to protect.(34)

A reform long overdue is the appointment of protectors, one of whose qualifications should be an ability to speak the language of the labourers whose rights they are appointed to safeguard. If the tropical and sub-tropical regions cannot

[1] Mr. Bateson before Lord Sanderson's Committee, 1910.

be developed without an adequate and regular supply of native or imported labour, it is esssential in the interests of industrial progress to safeguard adequately the health and social well-being of the labouring population. It is not seldom that the demoralization of the tribal system, the shorter periods of labour contract, the existing systems of recruitment, employment and accommodation as well as the conditions of labour lead to an increased mortality and seriously restrict the labour supply and dislocate industry.

(6) **Land Policy.**—An insatiate land-hunger and a short-sighted policy adopted towards land settlement which have seriously affected the tribal organisation of agriculture and agrarian distribution, are also responsible, as labour-abuses, for the decline and deterioration of the native races. In many parts of the tropical and sub-tropical world, natives have been driven from ancestral lands into districts which they know instinctively are unsuited to tribal life, perhaps waterless, probably unhealthy, and certainly restricted.

Throughout the Pacific the native races showed a great inclination to sell away their lands to white traders, little understanding what the transfer of land implies. White men on their side did not at first realise the significance of tribal or communal ownership, but when they understood it they still persisted in the pernicious policy of land-grabbing. Thus the native races were gradually reduced to a position of helpless servitude to white traders and exploiters, and sometimes the governments not only condoned but facilitated the policy of maintaining the subjugation of the immature peoples which turns not only upon force but upon fraud regarding the native ownership of land. In certain parts of Indo-China, when the natives had fled for safety during the war, their lands were freely granted to French concessionnaires. Far from introducing improved methods of agriculture, or enriching the soil, they simply took possession and superimposed themselves as a landlord class upon the natives when the latter returned to till their ancestral lands.[1] (35)

[1] *Vide* Reinsch—*Colonial Government*; also J. H. Harris's informing and suggestive articles in *The Contemporary Review* which I have freely used in this connection.

International agreement should be possible upon what constitutes title to land, or at least should provide for defined areas whose titles ought to be permanently secured to the indigenous inhabitants, and only alienable by international consent.

The indigenous inhabitants are accustomed to the communal system for countless generations, and to break it up would inevitably destroy social cohesion and create unsettlement and suffering. The communal system has disappeared, though not completely, in Western countries, and many survivals still exist, as in Russia and India, which suggests that changes in the indigenous agrarian organisation should be introduced gradually and cautiously. Again, as will be shown in a later chapter, the new land theories of recent years, notably the socialistic conception of land-rights, have brought to the front the considered opinion that the individualistic land system does not satisfy all the conditions of a harmonious social and economic progress. Thus the conclusion follows that the best policy is to accept for the present the tribal system as it is, to recognise clearly that the land belongs to the whole tribe and not to the tribal chief, who has certain rights to enable him to fulfil certain important functions. At the same time, while maintaining the common ownership of the lands, provision should be made for a time when tribesmen may be willing to agree to some change in the indigenous system, whether in the direction of a more scientific and efficient system of co-operation, or in the direction of private ownership. Indeed, nowhere is a more sympathetic and far-seeing policy essential than in laying the foundations of economic progress which must follow the socio-economic traditions of the native races. Nowhere is the policy of exploitation more obnoxious and short-sighted than in the dislocation of their economic and agrarian organisation to suit the interests of Western planters, traders and merchants in the tropical regions.

Great caution is especially demanded in determining the terms on which white capitalists and adventurers can acquire land in regions where whites can never be real workers. It has been suggested that the policy adopted in Australia in

regard to squatters should be adopted in regard to whites in the tropics: in other words, that the ownership of the soil should be retained by the government, and that it should let on very easy terms any quantity of land the white immigrants might choose to turn to advantage. But there should be two clear conditions: (1) that the white immigrant should not leave the land untilled; (2) that it should be at the option of the government to resume possession of the land by giving reasonable notice or by paying the occupier for anything on the land which he had himself put there, and which he could not take with him if only a short notice was given. In this way whites would be free to settle and to help the native races in building up the country. But they would not be able to hand on in perpetuity the ownership of the soil to descendants who might not have their own enterprise—who, in fact, might live abroad all their lives. Experience would gradually enable the government to judge whether the policy worked well or ill. In any case, so long as the government retained the ownership of the soil in its own hands, it could change its policy when sufficient reason was shown; whereas, if once whites are allowed to buy land to any considerable extent it will be impossible to retrace the step thus taken.[1] (36)

Regional Limitations of the White Man.—This leads us to a general consideration of the limits of white industrialism or of economic exploitation of the tropical and subtropical regions by the white population. Nature herself has prescribed these limits, and it should be the object of scientific legislation and administration, whether national or international, to ratify the judgment of nature.

Nature has decreed that under certain physiological conditions, the bases of which are light and heat, human evolution should include a colour scheme which is an essential factor in the adaptation of the human creature to his surroundings, and which is an outward and visible indication of man's fitness for life under certain geographical conditions.

The dark-skinned man is the recognised product of an environment of strong light and heat, and possesses actual

[1] *Vide* Lloyd—*Theory of Distribution and Consumption*, p. 337.

physical characteristics which are only associated with such an environment, and this means to him life and continuance of race; but the white man, originally starting in the race for peopling the world from the cold uplands of High Asia, has never yet adapted himself to a tropical condition of life. He is still by nature and development as much an exotic in the sweltering plains of the equatorial regions as a polar bear would be in the Indian Ocean. Altitude serves him to a certain extent because altitude means the gain of cool breezes which are to be found in the tropics; but no amount of the grace of adaptability, which is a characteristic of varied force in different races of the white people, can ever adjust really the inherent differences in physical construction and render him absolutely "at home" in the tropical regions.

In each race there must have been originally at least sufficient pigment to exclude the dangerous rays of sunlight in the particular latitudes and the particular race-home. In that part of the world where the local relief gives most access inland to moist winds under cloudy skies in high altitudes, the whitest skins must be found originally; there is no excessive light demanding a black skin and the white skin is demanded by the relatively deficient heat. The development of skin colour owing to the increased activity of lungs and intestines in different relative potencies of sunlight is a protective adaptation to the increased light. Accordingly, no individual or race can expect to flourish in any zone, unless protected artificially or naturally by the degree of pigment normally necessary for the zone, as no plant can survive without sufficient chlorophyll to absorb the rays of the particular wave length which will break up the carbonic oxide of air.

White sojourners in the tropics feel the stimulation of the nervous system by the tropical sun, but they know that in many cases this stimulation is excessive and therefore injurious. Extreme nervous irritability is a common symptom. The new-comer feels a keen desire for action, and at night he cannot sleep. Irritability and nervous weakness follow, and then comes a condition of nervous

exhaustion with diminished sensibility and a tendency to indolence and apathy. It may be taken for granted that constant excessive heat and stimulation of excessive light lead to physical neurasthenia or loss of emotional control in the case of the white man, and tempt him to alcoholic or sexual excess unless he belongs to a race whose will-power is sufficiently high. This sensual gratification and irregular mode of life increase the predisposition to diseases in presence of parasites to resist which the body has not been prepared. Professor Lyde thinks that if any white man can settle in the tropics, it is the tanned white man, a native of 45° to 55° North.[1] But probably only the yellow man can settle there and the blonde white is probably doomed to disappear off the face of the earth. Pigment is no danger, though unnecessary, in high latitudes, while the absence of it is fatal in low latitudes without precautions, which no ordinary white man would systematically adopt, and therefore the dark can intrude more permanently in the domain of the fair than the fair into the domain of the dark.

Along with dark or yellow pigmentation there are other physiological characters of a race which are equally, if not more significant from the economist's standpoint, and which similarly originate under the influence of climate (temperature, humidity, light, altitude), nutrition (proportion of proteid or starch consumption), habits of life (such as open-air or city life). The number of red corpuscles and the amount of hæmoglobin in the blood, the pulse-rate, the vital capacity, the muscular strength, stature and weight, the amount of urea in the urine are different in different races. Such more or less stable characters are the outcome of natural selection which acts as an eliminant, of segregation which gravitates towards a mean or centre, and of heredity which conserves and restores. Normally each race has evolved the morphological characters as well as the characters relating to the metabolism and reproduction in perfect adaptation to the conditions of nutrition and habitat (including climate). We generally think of the survival of the fittest as a principle

[1] "Climate and Racial Skin Colour," by Prof. L. W. Lyde, *Contemporary Review*, February, 1911.

which operates in time, bringing about those changes in biological species which are implied in the term evolution. But the same natural selection which in time causes a closer adaptation of the organism to its environment is also potent in regulating the distribution of the several types and species in space. For as climatic and other conditions vary according to the locality the selective influences at work at each point of our globe differ correspondingly from place to place, and the material selected, the surviving type, thus becomes a function of geographical position. The white man of the temperate zones is ill-adapted for the tropics, where nevertheless thrives the native. Selection, however, does not operate only through death-rate or liability to certain diseases. The settlers, and presumably through hereditary influence their descendants also, would represent the more enterprising element of the original population in the home countries and acquire the capacity to resist diseases. But a thorough climatic naturalisation, which is the necessary foundation of any white settlement in the tropics, is impossible and involves forfeiture of most of the external characteristics of "whiteness." As regards immunisation, the period cannot be fixed at less than seven years for the white man in the tropics. During this time the change from temperate conditions to tropical must cause obvious and even violent disarrangement of the equilibrium as between the lungs on which the temperate conditions put the hard work and the intestines on which the tropical conditions lay the burden. During such disturbances of equilibrium the new-comer must have less power than the natives have of resistance to any parasites which attack the particular organ that is being temporarily overworked. There are indeed distinct zones of human and animal distribution, distinct climatic colour zones, distinct variations of specific or racial characters; the age-long adaptation, physiological and racial, of stock and environment in the particular latitudes of the particular race have created the external and internal characteristics in the same way as the delimitation of economic regions or types is a part of a universal process of the life-maintaining adaptation of people and their institutions. In the course of generations

hereditary adaptive characters appear in any environment as a result of the operation of the principle of natural selection, aided by direct physico-chemical or physiological action of the different habitats and climates. A special adaptation to a particular environment with continued isolation and segregation implies a corresponding non-adaptation to changed conditions where the changes are not graduated in intensity or spread over a long period. Acclimatisation appears to depend in part on the quantity of water in the organism. The tropics require more water than temperate countries (Kochs). On the other hand, cold climates require more proteid than hot. Loss of vital energy owing to chemical changes in metabolism, incapacity to resist diseases of bacterial origin, and finally sterility or diminishing fertility of the germ-plasm due to changes in the environment, food and habits of life,—these are circumstances that set a limit to the cosmopolitanism of a race and baffle successful acclimatisation and colonisation. Even the Anglo-Saxon stock in America shows a declining birth-rate, and foreign races also in the third and subsequent generations show in the United States a diminishing fecundity. Disease also offers an obstacle to the white man's colonisation. Semple says that a tropical climate produces certain derangements in the physiological functions of the heart, liver, kidneys and organs of reproduction. Bodily temperature rises, while susceptibility to disease and rate of mortality show an excess ominous for white colonisation. The general effect is intense enervation; this starts a craving for stimulants and induces habits of alcoholism which are accountable for many bodily ills attributed to direct climatic influences. Transfer to the tropics tends to relax the mental and moral fibre, induces indolence, self-indulgence and various excesses which lower the physical tone. The social control of public opinion in the new environment is weak, while temptation due to both climatic and social causes is peculiarly strong. The presence of an inferior, more or less servile native population relaxes both conscience and physical energy just when both need a tonic. The result is general enervation, deterioration both as economic and political agents. Ripley points

out that the temperate youth in England becomes a heavy drinker in the barracks of India, and the Portuguese and Spanish races, predisposed to the use of light wines—ready even to give up the habit if need be—suffer from the disorders incident to alcoholism far less than the English. Inflammation of the liver is indigenous to the tropics; and yet the ofttimes sixfold deadliness of hepatitis among English soldiers in India, compared with the mortality among the native troops from the same disease, is probably due more to the consumption of alcoholic drinks than to the influence of the climate. Alcoholism and sexual immorality go hand in hand. Newly-acquired vicious habits, unknown amid the restraints of home life, would speedily cause physical prostration in any climate.

Comparative Mortality of Whites and Natives in the Tropics.—Not only is the mortality of white foreign soldiers higher in the tropics than at home, but it is greater than that of the negro soldier. Neustatler put it for the English troops at 4 to 1. The death-rate of the French soldiers at home in 1883–4 was 0·7 per cent.; in Algiers and Tunis 1·1; in Cochin China 9·2; and in Senegambia 52·7. This mortality is also true of the children of the soldiers; so that in their case immorality and hard-drinking cannot be said to be predominant causes. In India it was 70 per cent. as against 22 in London. The following table, referring to the Dutch East Indies, although made up of figures of 1898, is typical. It gives the number of whites and of natives per 1,000 who were attacked by and who died of the respective diseases named:

	Whites.		Natives.	
	Attacked.	Died.	Attacked.	Died.
Malaria. . . .	748	15	.. 362	3·6
Diarrhœa . . .	107	23	.. 25	3·8
Cholera. . . .	62	32	.. 23·5	0·3

These figures have been reduced, but there remains the fact that acclimatisation has not been accomplished.

Even where there is no absolute sickness, there is always tropical anæmia, which makes the colonist or soldier unfit for active work or thought, although he may appear

sound and healthy enough. This seems to be the real reason why the European succumbs more readily to the diseases already there.[1]

Taking the European and native armies of Bengal, in the aggregate the average annual loss per 1,000 on the results of 1867–76 stands thus and is made up in detail as below :—

	European Army of Bengal. Aggregate Strength, 1867–76, 353,450.	Native Army of Bengal. Aggregate Strength, 1867–76, 395,081.
Cholera	5·19	2·12
Smallpox	0·15	0·20
Fevers	3·31	2·84
Apoplexy	1·88	0·22
Dysentery	1·68	2·01
Hepatitis	2·60	0·15
Phthisis	1·38	0·77
Respiratory diseases	0·99	2·57
Heart disease	1·29	0·20
Spleen disease, Dropsy	0·19	1·03
All other causes	2·09	0·99
Accidental and suicidal deaths	1·61	0·74
	22·32	13·84

In acute disease, the ratio for pneumonia in the native supplies the place of that for hepatitis which characterises the death-rate of the European.

The mortality from dysentery and diarrhœa is greater in the native than in the European, but how seldom it is attended with hepatic complications is evident from the fact that, on the average, six deaths only are accountable to liver disease.

For heart disease the ratio here shown is 1 to 6 in favour of the native soldier. But the disproportion is in reality much greater. As expressed in aortic aneurism it is as 30 to 1. The native army of Bengal and the European army of India are bodies approximating in strength, and in the last seven years 260 British soldiers died from aortic aneurism, while in the same period the death rolls of the native army of Bengal showed nine deaths only.[2]

[1] Dr. Robert Grimshaw—*Scientific American Supplement*, September 7, 1912; Seal—*Physical Basis of Race*.

[2] *Statistical History of European Army in India*—Bryden.

If we compare the health of European and native troops for the following years, we find the same results, though there has been a marked improvement in the rate of mortality. Thus, in 1905–6 the chief causes of sickness were, as usual, venereal diseases and ague, the former yielding a ratio of 154 per 1,000 against 198 in 1904, and the latter 111 per 1,000 against 174. For the preceding decennium the admission rate for venereal diseases had averaged 386, and for ague 311 per 1,000. Thirty-two per cent. of the total sickness resulted from these two causes. Enteric fever and hepatic abscess were, as usual, the chief causes of mortality. Thirty per cent. of the total deaths were due to enteric fever, and 12 per cent. to hepatic abscess. The chief causes of invaliding were debility, ague, tubercle of the lungs, heart complaints and syphilis, these accounting altogether for over two-fifths of the total invaliding. The admission rate of European troops was nearly 40 per cent. greater than that of native troops, while their constantly sick-rate was twice as high. The European death-rate was 10·05 and the native 8·09 per 1,000.

In the case of the native troops, the chief causes of sickness were ague, dysentery, venereal disease, and simple continued fever, pneumonia, and other respiratory diseases, while pneumonia, remittent fever and tubercle of the lungs were the chief causes of mortality.

The native troops suffered less than the European troops from influenza, enteric fever, simple continued fever, diarrhœa, hepatic affections and venereal diseases, but more from the other chief causes of sickness, especially dysentery, pneumonia and plague. Venereal diseases ranked first in the list of causes of admission of European troops to the hospital. They were the cause of 18·4 per cent. of the total sickness during 1905, and of 5·5 per cent. of invaliding of the European army. The admission rate per 1,000 was 154, a lower rate than had been recorded for thirty years and less than one-third of the maximum rate of 522 recorded in 1895. In the case of the native troops, venereal diseases accounted for 19·6 per 1,000 of the sickness. They were nearly eight times as prevalent among European as among

native troops. Their prevalence in the native army has declined from 42·5 per 1,000 in 1900 to 9·6 in 1905.

The physical risks from the malarial germ are no less serious. As Holdich has remarked, the whole question of European acclimatisation and the future of India as a British Colony is very closely connected with the suppression of the ubiquitous mosquito, for from a close approximation to cholera symptoms through those of intermittent ague and fever to enteric, and even to the oriental form of influenza known as *dengue*, we have probably nothing to thank except the malarial germ and the mosquito. It seems that districts contiguous to the sea are more free from fever than those inland, but a change from the moist warm climates of Southern India on the coast to the dry and apparently invigorating atmosphere of such hills as those of Baluchistan will frequently accelerate the disease and decimate a regiment before it has had time to acclimatise.

It must be admitted that a complete naturalisation or acclimatisation is only progressively possible under specially created favourable conditions. Again the decline in the health of European children bred in India, and the mortality before the sixth year, the development of a class of "mean whites" among the tropically domiciled Europeans from the fourth generation downward as well as their special proneness to bacterial and other diseases,—these are among the proofs of want of adaptation between the white man's physical organisation and a tropical environment.

But the gradual conquest of enteric and malaria among the British troops in India and the coming extinction of venereal diseases through hygienic and salvarsan treatment are only indications that acclimatisation, however retarded, is one of the possibilities of scientific advance, just as the immunisation of the natives themselves against the pathogenic agencies of particular regions such as cause malignant diseases like malaria, black water fever, sleeping sickness or the hookworm lethargy, is being daily brought within the bounds of possibility. The remarkable improvement in more recent years effected in the health of the army in India in the case of Indian no less than British troops proves

what science can do even in an unfavourable environment. The following figures will show this:

Year.	British Troops.		Indian Troops.	
	Constant Sick.	Death-Rate.	Constant Sick.	Death-Rate.
1875–9 . . .	62·40	20·37	44·04	19·93
1880–4 . . .	67·54	16·30	41·40	19·00
1885–9 . . .	74·85	15·11	33·06	12·90
1889–94 . . .	85·63	15·09	34·66	13·48
1894–9 . . .	87·68	17·14	30·10	11·34
1900–4 . . .	64·58	13·03	27·20	10·87
1905–9 . . .	47·21	8·93	22·31	6·78
1910	31·90	4·66	21·10	4·89
1911	28·80	4·89	19·80	4·48
1912	28·90	4·62	20·10	4·42
1913	29·7	3·3	21·4	4·2
1914	31·8	4·3	20·9	4·2
1915	39·1	5·94	33·9	8·55

Exclusion Policy an Anachronism.—But even apart from artificial conditions created by scientific legislation and administration, there is a natural process of immunisation secured by the trial and error methods of natural selection, chief of which in this sphere is the selective mortality of disease; and at any rate any policy of systematic exclusion of stocks and races from particular regions in the supposed interests of healthy or pure breeding and hygiene, or of a supposed standard of efficient subsistence, is at once an anachronism in this age of scientific humanitarianism, and an offence against the experimental code of nature herself under which new adaptations of old stocks to new situations are being perpetually evolved by the free and unchecked operation of the forces of selection.

This exclusion has been attempted under the policy of the shut door in various ways in the economic sphere, such as, on the one hand, the prohibition of immigration, or of free imported labour of black, brown or yellow stocks, or their segregation and assignment to locations, discriminating tests and trade licences, as well as civic disabilities; or,

on the other, the disability for holding land, for investment of capital in extractive industries, or agriculture, or as regards the management of railways, imposed on foreign exploitating agencies, European or American, as in some Eastern countries.

None of these forms of exclusion is justifiable on mere abstract grounds, or in the interests of monopolistic exclusiveness, or a national dog-in-the-manger policy. This is the general rule for adult civilisations and organised cultures.

Protection of Less-Developed Communities.—But the same biological principle of natural selection, which, in its application to the economic sphere, condemns all exclusive arrangements and artificial barriers,—like tariff-systems, bunds and zollvereins, which limit international competition,—prescribes for a period of growth and adolescence a certain favourable *nidus* as well as sustenance and nurture under specially advantageous conditions, and accordingly demands an economic policy of protection as well as a racial policy of protective administration and legislation in the case of relatively less advanced or incipiently organised and immature peoples and economic regions. While monopolistic exclusiveness is always to be deprecated, a judicious action on the part of a state, restricting and limiting an unethical competition, for the protection of backward or less-developed communities, or for the prevention of an economic set-back or degeneration in the standard of efficiency and comfort in the case of a relatively less advanced stock, or generally, for warding off and correcting economic or social disorder and disruption, becomes imperatively needed in the interests of equity and justice as well as of national well-being.

Wherever and whenever, as is so frequently the case, hostile exotic forces tend to disintegrate the indigenous economic and social fabric by the unchecked operation of the forces of competition and exploitation, or in circumstances of political subjection by legislation and administration based on an alien type of social organisation, the principle of self-determination of the economic region must come into play to rescue the people from such risks of in-

cipient thraldom or incipient disintegration. In the tropical reconstruction of the future, white industrialism in plantations and mines must be subordinated to the needs of development of the tropical peoples, and every sovereign or suzerain state has the right as well as the duty to arrange for protective measures whether of a judicious segregation and reserved plantation, or a restriction upon unhealthy industrial or mercantile competition and exploitation in the interests of the relatively less advanced stocks and peoples.

Basutoland, an Instance of Judicious Protection.—What a policy of judicious protection can accomplish is amply testified by the well-being of Basutoland, where within a century the Basutos have increased from 40,000 to 400,000, whilst the annual emigration of labourers is no less than 70,000 who work in the mines and fields of South Africa. Native methods of government have been maintained, while tribal life is not allowed to be disintegrated, but is left unchecked to expand and develop in Basutoland.

Tragic Results of Unchecked Exploitation.—On the other hand, the tragedy of a virtual decimation of the native races in a greater part of the tropics, due to the process of unchecked competition and thoughtless exploitation by the white population, stands out as a monument of iniquity in the history of humanity. It has been estimated that since 1884 the depopulation of Central Africa alone has exceeded 10,000,000. Herr Dernburg's was one of the first authoritative voices against the colossal destruction of African life in German colonies, which exceeded 50,000 in German South-West Africa and almost as heavy a population in Togoland. The Berlin official reports estimate the losses of the natives in East Africa at 120,000, while Von Trotha's infamous proclamation that the Hereros, male or female, armed or unarmed, were to be shot at first sight shows the same cold, inhuman policy. In the Pacific Ocean the ghastly experiment of the Franco-British Condominium in the New Hebrides during the same period has been primarily responsible for a reduction of the population from 650,000 to 65,000. The pacification of the South Sea

Islanders by the Germans also involved bloodshed and strenuous oppression. Either it is actual bloodshed or it is the deliberate inhuman policy of native exploitation that lies beneath the Western colonising policy (J. H. Harris).(37)

International Action Necessary.—The tragedy has become too flagrant to be neglected. Private companies and individual nations can no longer be left to pursue their selfish policy of capitalistic exploitation of the backward countries that is bringing disgrace to civilisation, and the time for international action has come. The International Labour Conference or the League of Nations must consider the insistent problem of conserving the native races and come to the definite policy of co-operation in the preservation of tribal institutions and the maintenance of tribal integrity and individual self-respect of the immature peoples of the tropical and sub-tropical regions. Under pacific conditions there will be a far greater demand for the raw materials of industries and such tropical products as cotton, sugar, and coffee than now exists. But the very condition necessary for agricultural success in the tropics,—continuous manual labour,—is fatal to white races. Thus white capital will be thrown in greater dependence on the native labour force in tropical cultivation, and the success of white industrialism will depend not merely on the conservation of the native populations, but also on their actual increase. White industrialism, in its selfish pursuit of profits, its labour abuses and land-hunger and its artificial stimulation of unproductive consumption, has tended to destroy more or less the human and social values of the tropics. In tropical and sub-tropical lands nature favours an easy and comfortable life. A wintry climate induces more intense physical activities. There people have got to work more to get warm and also to seek the means to keep warm. There is need of increased earning capacity with the need of more clothing, fuel and shelter; hence a multiplication of wants, the extension of commerce, and the invasion of lands where climate makes no demand for many of the things and where many of them may be positively harmful.(38) Life is more simple

in the tropics; there is less pressure upon life, and there is greater diffusion of wealth and well-being which contribute to the gracious and dignified manners and the social democracy of Eastern life. If white industrialism contributes the resources of modern technical and scientific management, and improves instead of exploiting and degrading native labour, an all-round comfort will be easier to secure in the tropics than in the higher latitudes, social benefits will be more accessible, while more air and sunlight will check many of the diseases which are widely prevalent in shut-in winter life. In any case civilisation must not be spread by force, while the presence of a large and settled native population and the unsuitability of climate ought to mark the limits of expansion of the white races.

The time has surely come when the white colonising nations should agree in giving an international guarantee that in those portions of tropical and sub-tropical regions or possessions, where continuous labour and permanent residence are impossible for the whites and white children cannot thrive,—territories which are incapable of white colonisation and settlement,—the actual development and administration must be mainly the task of the indigenous races or of immigrants of similar habits and temperament. International control and supervision ought to be exercised, if need be, to secure the maintenance of the rights, liberties and welfare of the native races.

Whites and Natives in Africa.—Throughout the greater portion of Africa and Asia the white man is usually an exotic. There is no great space in Africa except in the South which can commend itself as a future field for the development of white energy.(39) It seems that South Africa is the only area which allows the permanent settlement of the white community. Here the white man may make a permanent home for himself and leave his children to take up his burden. The main task of development of these territories might be in the hands of the white community, while the Bantu races which came from the regions of the Zambesi, as well as Chinese and Asiatic immigrants who were also introduced to meet the needs of colonial industries, and who played a

significant part in building up the region's prosperity, should be given adequate lands which they can hold in secure tenure and where they would be left free for tribal expansion and development. The vast regions of West and Central Africa, as well as the greater part of East Africa, should be thrown open to the native races as well as to Asiatic immigrants. Tribal methods of government and administration should be allowed opportunities for unarrested growth; and the people should be screened from the forces of competition and exploitation, or the demoralising effects of an intimate contact with white social and industrial life.(40) But even on their own soil the natives of South Africa are to-day treated as aliens. The white settlers in South Africa have come to regard their settlement as a white man's land in which its native populations are no better than intruders. Colour prejudice runs high and has during the last few years worked its way into the legislation of the country. In 1913 the Union government passed the Natives' Land Act by which the natives are deprived of the right to own, buy, or rent land in the country of their fathers. The drastic operation of the Act is scattering the natives all over the country, and causing many even to emigrate, impoverished as they are in a thousand ways. A scheme of territorial segregation of the blacks has also been formulated. The crusade against the natives has been more vigorous since 1911. The natives are being dismissed from all grades of service under the whites down to skilled labour in the industries. The drift of the legislation is towards the wholesale unsettlement of the native population from a country which is large and fertile enough to support white and black together. To-day they have leaders who can address meetings and edit newspapers in a language not their own; and yet discriminating laws drag them down in the economic struggle.

The European in Asia.—No part of the Continent of Asia is suitable for the permanent residence of the white community except Siberia. But Siberia, with her severe climate, and her vast and mostly untapped natural resources, affords the only channel of overflow of the expanding

Russian and Mongolian populations, for many years to come.(41) Both the yellow peril as well as the Russian danger would not be real and serious as long as there is ample space in Siberia left for expansion from the Eastern and the Western directions. India can never be the permanent home for the British colonist. It is true that there are a few permanent European residents in India, who might rank as colonists, English families settled in Kashmir, in the lower valleys of the Himalayas, in the Chota Nagpur plateau or in the South Indian hill stations, and occasionally a few Englishmen live as *zamindars*, or planters, in the sweltering plains; but the instances are rare, and in no case is the settlement built up by white labour. In Mysore the experiments in agricultural colonisation and the Eurasian and Anglo-Indian settlement did not meet with much success. The original Whitefield was to be the model of thousands of similar Eurasian and Anglo-Indian settlements in other parts of India. Instead it is a single community of not more than 150 residents. In the petty arts and crafts, and in agricultural labour, it is almost impossible for the Eurasian or Anglo-Indian to compete with the Indian, for the latter can work for less and can by force of heredity and physical adaptation to his environment live on a fraction of what is necessary to support the former.(42 and 53) Similarly, Ceylon, which is the crown colony of Great Britain, can never be a permanent home for the British colonist. In Indo-China the Frenchman, instead of adapting himself to the tropical conditions, lives more or less the life of a Frenchman there. Whether in India, Burma, and Ceylon or in the Straits Settlements, whether in Indo-China or in the Indian Archipelago, it is white capital that by employing black, brown or yellow labour utilises the products of these regions. The European is there as the suzerain: the indigo, tea or coffee-planter, the rubber or copra-grower, or he is there as the manager, the commercial intermediary, the trade agent, the landlord, or the capitalist; he is never the labourer.(43) It is for this reason that a scientific system of education and administration, coupled with a racial policy of judicious protection and segregation, are essential in

order that the less organised cultures of these regions might have unarrested growth along the lines of socio-economic development of the past in natural adaptation to the geographical and ethnic environment, and the control of international bodies or leagues may be necessary, as we have seen, to protect a region or race from the forces of competition and exploitation, and reiterate the imperative demands of the principle of self-determination of the region.

Rights of Minorities must be Respected.—All this is, however, subject to one great limiting principle. Segregation or no segregation, reserve or no reserve, shut door or open door, the sovereign right of the labourer or capitalist, merchant or planter, entrepreneur or trader, in fact of every member of any productive as distinguished from exploitative or parasitic organisation to a full participation in civic, including political, rights and responsibilities, must be recognised as inalienable, and must not suffer encroachment or lapse by the action of the majority against unprotected minorities; any violation of this principle produces malignant and cancerous growths in the body economic, the body social and the body politic, such as forced labour, slave-driving, slave-trading, penal contracts, discriminating laws, ghettos and gambling dens, drink and debauchery, and all the forms and guises of parasitic exploitation whose name is legion, corrupting the very life-blood of the people in its fountains, and breeding decay, disease and degeneration.

The repudiation of the foreign trader or capitalist's claims and rights to life, liberty and property, and of foreign debts by arbitrary decisions of indigenous tribunals, are also other instances of the same violation of inalienable rights which by denying the essentials of human freedom necessarily corrupts the healthy and equitable relations between races, and deranges international intercourse.

Imperialism must Restore Natural Justice.—Two most significant and outstanding facts of contemporary world history in the domain of regional economics have an important bearing on the question of promoting future peace and securing economic justice throughout the world, which the

League of Nations proposes to solve. The condition of the tropical and semi-tropical peoples has rapidly deteriorated. Just as the Aryans had once gone forth as conquerors of the then known world, displacing older and more civilised stocks with the help of iron, and heralding the advent of a new civilisation, so the children of the industrial revolution wrested the economic supremacy from the historic peoples of China and India with the help of steam and other mechanical powers. The enormous increase in the efficiency of production enabled them to oust the native industries from their home-markets and with capital accumulated therefrom to utilise the labour and raw materials of the tropics for further exploitation and mastery. This has proceeded in the history of imperialism regardless of the requirements and even the possibilities of economic and racial adaptation to the natural as well as the social environment. But this very unnatural situation, this derangement of the world equilibrium, and of its natural order of the distribution of races and industries in the adaptation of stock and clime, points to its own remedy. And that remedy lies in the restoration of the normal equilibrium by an extension of the very principle of natural justice which secures to the individual labourer the recuperation for his expended energy, and which should equally secure to each region, and cultural stock, and integral member of the corporation of humanity, its due and legitimate share of efficient subsistence and maintenance. Thus will an equitable distribution for the corps of labour in the international army of production be established. Accordingly the natural principle of justice, based on biological recuperation, no less than the ethical requirements of fair play and equal opportunities demand protective and remedial measures in the interest of the races and regions that are being ousted and despoiled. It is for this reason that the present backwardness of the tropical and semi-tropical peoples gives them a claim to the advantages of a judicious protection, which, as we see, is sanctioned, nay demanded, by the principles of biology as applied to the progressive evolution of races and civilisations. This is an international concern. Until and unless this

problem is solved by the more advanced methods of experimental sociology and experimental biology as applied to the spheres of international legislation and international administration, a sort of extended eugenics of race, the world must be regarded as suffering from a constitutional derangement and disease, and human history will be an arena of many an Armageddon like that of 1914–18, whether of economic, social or political warfare, which is but the symptom and sequel to such a perverted diathesis.

Reserved Lands must be Thrown Open and Reclaimed.—Equally momentous is the forced reservation of vast areas in different continents by powers and states, which have dispossessed the native inhabitants from the soil, or brought about their extinction by destroying their tribal organisation of life, and who now keep those lands barren and unproductive by the fiats of sovereign authority. But science and humanity alike recognise no such claim. Outraged nature in these depopulated voids and devastated tracts calls for the rightful cultivator, whom the womb of time has conceived, and the cradle of history has reared and nurtured, to play his due and legitimate part in the building up of an indigenous and natural civilisation, each as it were the child of destiny in his appointed region of the earth. The claim of the Chinese, Japanese and Indian labourer to participate in the economic regeneration and reclamation of Central and Northern Australia, Mesopotamia, New Guinea and New Zealand, of the Bantu races, supplemented if need be by the Indian stocks, to convert the wildernesses of Central and Eastern Africa into fertile plains and smiling pastures, is the claim of nature adjudged by science and ratified by humanity. And if international action perpetuates the demand for the open door and the claims of the white races to explore and exploit the tropical and sub-tropical regions of the East, the banged door in the West must be thrown open, and the claims of the Indian agriculturists, miners and traders in South Africa and America and of the Mongoloid peoples of the Central Asian steppes to take part in the pastoral and agricultural development of the Canadian and Alaskan wilds must be recognised.

The League of Nations must Stand for International Justice.—International justice makes these demands imperative, but the League of Nations pays scant attention to them. On the contrary, it proposes to perpetuate the economic enslavement of whole regions and the economic monopoly of the favoured tracts of the earth: it sows the seeds of future estrangements between the races of men, because, instead of treating such problems in the light of a scientific humanitarianism, it clings to the obsolete, unscientific attitude of superiority of some races to all others and acquiesces in their self-assumed right of exploitation of all parts of the earth's surface, whether these be fit environments or not. This favours the idea that the League works for the secret control of world business, and the dividing up of world territory,—an international intrigue woven into a peace treaty by Diplomacy for the exploitation of the backward regions of the earth. There are to-day no other serious hindrances to a right perception and adjustment of international issues by the League of Nations than the haze of chauvinistic bias and cultural or colour repugnance, which lead to racial discriminatory treatment in international intercourse; and the blind instincts of appropriation and possession which exploit a dominant political position for securing economic monopolies and privileges, overriding the interests and rights of less organised peoples and cultures and of weaker political units, thus upsetting the world-equilibrium which it is the duty of a scientific civilisation to establish and maintain.

PART II.

CHAPTER XIV.

APPLIED ECONOMICS IN THE LIGHT OF COMPARATIVE SOCIOLOGY: GENERAL CONSIDERATIONS.

Sociology and Economics as Dynamic Sciences.—The study of economic regions, we believe, has established that there are developed different types of social structure and economic organisation according to different cultural characteristics and regional conditions. Indeed, we are not to conceive of social and economic evolution as a linear and unitary process, but must admit divers and divergent lines of evolution. The conception is gaining ground that the study of the trend of Western and Eastern civilisation cannot be reduced to a simple and single narrative: the different and successive types of human achievement, followed in a variety of directions where the line of least resistance leads, should be systematically analysed and classified, on the basis of comparative and historical treatment, to lay the foundation of any sound theories of social evolution. This means that sociology and economics have to be treated afresh from an extended, genetic and comparative standpoint. Sociology and economics should no longer be statical sciences dealing with clearly-defined and simple forces which work within the rigid barriers of crystallised institutions and approximate conventional norms and standards, but be regarded as dynamical sciences dealing with complex social forces which are in ceaseless inter-action, and which are building multiform types and ideals in progressive adaptation to different environments. Each of these sciences should therefore be not merely a science of norms and categories but also and ultimately of life-values and ideals, and this

with reference to the trend and broad movement of world history as well as to regional needs or the needs of adaptation to particular geographical and historical conditions.

Need of Comparative and Regional Study of Economics.—There is no doubt that the East has preserved certain vital values and developed certain synthetic and communal instincts which differentiate—as specific types of variations within the same genus of a common humanity—the fundamental categories, postulates and structures of human society in general; and the time has now come for a bio-sociological study of inter-racial claims and conflicts as well as of the ideal ends and values pursued by different races in the different geographical zones of culture. For this study of types and cultural units an investigation of their genetic conditions and causes, of the biological and sociological forces at work which have shaped and governed the rise and development of different races into historical cultures or nationalities, is essential. And this has not only a theoretical but also a momentous practical significance. Such a comparative and regional study will be an indispensable guide in the coming reconstruction of the foundations of civilisation. For the post-war task of reconstruction in the West is bound to be more momentous than has ever been attempted in the past, and in this task, as we have already seen in our survey of the march of social and economic progress, the principles held in solution in Eastern social groupings and organisations and the communal instincts which are their *primum mobile* will furnish fruitful suggestions and lessons especially in the direction of the formation and development of intermediary social groups and communal bodies, which will serve to show the way to peace and concord amidst the deafening clash and conflict of the forces of individualism on the one hand and of state-absolutism on the other.

Errors due to Narrow Outlook.—Unfortunately the genetic (and necessarily bio-sociological) point of view which is the method of science is not being applied to the study of civilisation. There is, first, a tendency to believe in statical, rigid, and immobile racial types, European and Asiatic, instead of dynamical entities which they are, plastic,

fluent and growing. Secondly, the shibboleths and watchwords derived from the social progress and civilisation of the West are crudely and mechanically applied to the interpretation of the social evolution of the Eastern peoples. The synthetic view of race demands that the *ensemble* of sociological forces at work which shape and govern different ethnic cultures should each be referred to its own system and configuration, its own centre and point of origin. They should not be put, so to speak, in a Procrustean bed or a Chinese bandage by artificially conforming them to one and the same pattern of social norms and categories, whether that pattern is Western or Eastern. Culture does not grow within a charmed circle, or recite an exclusive *mantra*. For the various ethnic cultures which are yet living are mobile, fluent, growing, with their energies not exhausted but still renewed, and super-imposing layer upon layer, as the earth, their scene, still subject to the primal forces that have built up the bed-rocks in their sequence and distribution.

The want of due recognition of this fact has been a fruitful source of error in the world's judgments of value and validity with regard to social and economic institutions and forms. For instance, in the field of economics there is a prevailing tendency among Western economists and sociologists to judge the communal habits of India, and the deep and silent working forces of our ancient communal institutions, according to the standards derived from their own civilisation, and to assume that communistic and collectivistic instincts have in the history of mankind marked only the beginnings of social evolution, that these have now outgrown their uses and that degeneration must attend all latter-day attempts at a constructive communalism. A twin error akin to this is that implied in the conventional and uncritical theory of progress from status to contract or from custom to competition. These theories have to be recast in the light of an extended genetic and comparative study of institutions. Universal laws of social evolution will no doubt be the goal of such studies, but these laws will come as a sequel to the intermediate and subsidiary generalisations, multiform formulæ, which will be based on and applicable

to diverse geographical and social environments and which will embody the universal in diverse forms of the concrete and the real. An adequate and comprehensive analysis of different cultural regions can interpret them much better than the current intermediate generalisations which have ignored the social values and types of organisation other than those which underlie the Greek and Teutonic schemes of culture and will be an aid and incentive to new departures in economic and social experimentation in the East and West alike. The conflicting claims of rival cultures can be harmonised only from the point of view of genetic sociology and economics.

Indian School of Economics.—Following this view of race, racial types and developments, I proceed to define the type and ideal of the Indian economic organisation, representing as it does a distinctive order of economic conditions and values, and to enunciate the scope and method of an independent school of Indian economics. This will not only help in the solution of Indian economic problems but also contribute towards the formulation of a universal system of economics. The principles of economics which Western economists have given us are only partially true, being based on insufficient analysis. No doubt they seek to explain away their inapplicability to particular regions and races in particular stages of economic evolution by their hypotheses of economic friction, of the unsurmountable barriers of custom and of uneconomic or extra-economic standards. But they miss the real meaning and character of what they call customs and uneconomic or extra-economic standards. These, as we have seen in chapter VII, are in reality the expressions of the instincts, dispositions and schemes of value which in progressive adaptation to the physical and traditive environment build up the economic order and type both in structure and in function. And it is these also which constitute the internal as well as the external conditions in which we must seek the explanation of the characteristic phenomena of consumption, production, distribution and exchange, and the connected formulæ, curves and constants.

India cannot be Reconstructed by Western Economics.—But regional economics, as we have said, has more

than theoretical or merely scientific interest. In its applications it will build up economic experiments which will have for their object the reconstruction of the particular region in harmony with its cultural physiognomy and its organised scheme of life-values. Experimental constructions and regionalism will thus develop side by side in a new economics of values, which will thus rise into the experimental stage and will no longer be satisfied with the fixed and formal categories, norms and standards of abstract-deductive economics. Social progress cannot be achieved by the substitution of one ultimate ideal or structural basis for another. The superstructure must be built on the bed-rock of the social structure of a race. Thus India's economic progress will be found to lie not through the unregulated competition and individualism of the West, but through a modified and well-developed scheme of communalism in line with the socio-economic traditions of the past. The Eastern social structure in its stratification has been built up by a rich native endowment of communal instincts, and accordingly individualistic contract and competition cannot serve as the lever wherewith to raise her economic system from the present level of stagnation.(44) Her economic evolution will be easier and more successful by following the lines of a modified and ethical competition and a communalistic justice instead of unregulated individualism and monopolistic appropriation. The course of India's economic advance in the near future will be marked by a communal control of industry, a co-operative commonwealth growing ultimately into national dimensions out of the union of self-governing village communities, guilds and workshops in which communal solidarity will lend grace to the economic motive, individual creativeness will raise work into art, and social consumption will assure an equitable distribution of well-being and culture.

Fallacious Judgments of Indian Communalism.— But here we must sound a note of warning. Every system of life has its accompanying phenomena of disease and decay when and where it breaks down under internal or external strain, and, just as every virtue has its characteristic fault,

communalism in India has had its own shares of risks and mischances. But it will be wrong to fix upon the peculiar and distinctive pathology of any organism as characteristic of its normal and healthy condition. This blunder has been usually perpetrated by Indologists under a haze of misunderstanding, and chauvinistic bias. The special danger of the pluralistic type of communalism in India has been twofold. Rigid inelastic groups exclusive of one another, and mechanical customs for maintaining the group life which reduce individual initiative to a blind instinctive response, are the morbid and degenerate tendencies which in India are especially liable to break out under the pressure of alien intrusions and inroads from without, as well as under the handicap of too many heterogeneous stocks and congeries of stocks the assimilation of which is the sphinx riddle proposed to India's civilisation and culture. A failure to understand the real nature of these defects and their origin has led to many a pretentious estimate of that civilisation which in reality is but the fashion of race superiority and cultural repugnance sporting in the guise of historical judgment and philosophical survey. Some hold with Espinas that the concentration of the family in India has been injurious to the interests of the communal life. Others following in the wake of M. Senart view the institution of caste as a crystallised structure which in its elaboration has shunted on India's social history to a wrong line inasmuch as it has prevented the growth of states and nationalities as organs of the larger life of the people. One anthropologist in a jocose vein would propose a dichotomy of man and would label the Indian people as a variety of the "*homo dissidens*" which form one-half of the dichotomy. Even a prophet who brings a message of peace and good-will between the East and the West discovers after a hasty tour round the world that East is West and West is East, but that India does not belong to the system of the world and of time, being a straggler from beyond the bounds of time, a lost traveller from eternity speaking strange accents and cut off from the communion of universal humanity. The truth underlying these criticisms is one of those half-truths which are more

delusive than whole errors. We have already seen that these half-truths build on the characteristic symptoms of India's morbid diathesis and not on her healthy functioning. The constructive principle of India's organisation of life has been neither division nor *nirvana*, neither transcendental stupor nor secular *furor*, neither family-centredness nor eccentricity, neither rejection of the world nor its conquest in a scheme of devastating progress which like a triumphant march drags a captive world in chains and weeps because there are no fresh worlds to conquer. But India's constructive principle of social organisation has been the concord and co-operation of individuals in the group, as well as of individuals with the larger society or polity in and through the group-life under a scheme of communal and cosmic values; —and the concept of *varna-asrama-dharma*, the code of communal duties, however corrupted and engineered by close-vested interests in the course of ages, has in its central idea proposed the subordination of exclusive group-interests to the organisation of the *dharma* or the ideal of man's full and comprehensive life satisfying material as well as spiritual, personal as well as social, particularist as well as cosmic wants, on the basis of a social federation securing to each group and its members their rights as well as their duties in a universally recognised order. So far, therefore, as group-jealousy or strife, group-separatism, apathy and dissolution, caste rigidity, or the *noli-me-tangere* spirit, family-centredness or a narrow rusticity, *nirvana* or fatalism have appeared in India's social history—and they have been resuscitated again and again in new forms owing to India's political and geographical destiny in the past—these traits militate fundamentally against the soul of India as expressed in the bases of her economic and social life built as it is upon concord and solidarity, union and communion, and extended and enlarged by the synthetic vision of a race which seeks to conquer Nature through the Spirit, and the Spirit through Nature. The social and economic experimenter must therefore be on his guard against the risks and tendencies to disease and decay to which the very excellences of a pluralistic type of communalism expose it, but he must

build India's economic and social future on the democratic federation of such group-units and associations as she has evolved in her rich and multiform communal life.(45) The course of reform lies for her neither in group exclusiveness or dissolution nor in the advent of the economic man or the specialised and segmented individual, but, on the one hand, in the incorporation of more and more of the free, self-conscious life of the individual into her customary schemes of the group-life and the group-consciousness, and, on the other, in developing new organs for social solidarity and co-ordination which is of the very essence of her *dharma* and of her polity, based on *dharma*, and which she must now seek to expand and enlarge in an extensive social and economic federation in the spirit of that cosmic humanism, which must be her message to a world divided between naturalistic inhumanism and positivistic humanitarianism.

Three Stages of Human Progress.—In considering the foundations of applied economics, we perceive that the main task of economic construction and selection must be carried on through the application to social and economic experiments of scientific principles and methods, working on the data of the internal organisation of instincts and dispositions and the external environmental factors of any given situation. And in this connection a general law may be laid down as regards the motive force and direction of progress in human history. In surveying the history of that progress we find three clearly marked stages: (1) the instinctive stage in which instinct is the driving power, (2) the empirical-reflective stage in which empirical rules are derived from the experience of generations, and (3) the scientific and experimental stage in which the principles established by methods of science are applied to the conscious selection and rational organisation of social conduct and human behaviour. In other words, in the first stage, a race in the stress of conflict develops certain customs through the instincts of race-preservation, partly original and partly acquired, which materially help them in the adaptation to the natural and social environments. In the second stage, the collective experience of the race gradually crystallises into certain empirical for-

mulæ, norms and standards, as well as types of social arrangements and institutions. In the last stage, which is the outcome of a scientific, genetic and comparative study of civilisation, the empirical norms and standards have to be criticised, recast and even reconstituted in the light of modern social and biological sciences. The rigid norms and standards will now be transformed into ideals and policies for regional and social experiments which will be as various and multiform as the zones of human distribution.

Economics Founded on Life-Values.—And here in the third or last stage the law which we have already formulated as regards the assimilation—on a higher level of synthesis—of the third stage to the first holds good as in every other department of progressive evolution. Accordingly, the application of scientific experiments and methods to social selection and organisation by legislation, administration and other machinery will be in alliance with the elemental building force of instinct and inherited disposition, which was the driving power of the first stage. In other words, in our attempts at social reconstruction the primary and elemental value of instinct, which at once furnishes the material of life as well as its driving power, should be recognised and utilised, as we have emphasised in chapter VII, for the purposes of race-preservation and race-progress. To seek to bind man by the authority of abstract formulæ which are divorced from life-values and are often in contravention of the demands of vital instincts and dispositions has been a blunder to which latter-day Western social policies have often been prone. For example, in applied economics the repression of the population instinct in neo-Malthusianism, of free individual choice and variation in state-socialism and collectivism, of national differential capacities, opportunities and interests in the name of a cosmopolitan free trade, of individuality and distinction in production and consumption for the sake of mechanical efficiency in large-scale production with the consequent suppression of arts, handicrafts and cottage industries, and of the vital values of agriculture and rural economy and the touch with nature in the multiplication of enormous manufacturing centres and city agglomerations,

shows this tendency of an unnatural divorce between the promptings of instinct and the lessons of an economic science which takes no heed of the internal psychical constitution of man and his social heredity and tradition. Our practical schemes of eugenics, sanitation, education, town-building, show the same unfortunate tendency which needs to be corrected in order that they may contribute effectively and intelligently to the betterment of the race.(46) Here it is interesting to note that the Indian civilisation in its social, ethical and even spiritual institutions and constructions gave full recognition to the primal facts and forces of human instinct and human nature, though this has been strangely misunderstood in the current Western travesty of that civilisation, and the West will do well to seek a fuller and more intimate understanding with the Hindu genius and race-consciousness, of the vital value of instinct and man's kinship with Mother Nature as a great constructive force in creative evolution. This is the age of scientific concepts and experimental methods as applied to all social legislation and administration, as well as to political questions, whether national or international, but science must march hand in hand with nature and instinct in the world-building processes.

CHAPTER XV.

RELATIVITY IN ECONOMIC THEORY.

Classical Economics Unworkable.—Up to the middle of the nineteenth century economics held a commanding position among the social sciences. Its "great laws" were beyond dispute. The public received the teaching of economics with unquestioning faith. Since then a great change has come over the science. A good many people to-day think that economics is dead. The change of attitude began long ago. Cairnes complained that economics had "ceased to be a subject of fruitful speculation with the educated public," and Bagehot found that "it lies rather dead in the public mind," and that "it no longer matches with the most live ideas of people." Bagehot, always brilliant and original, though narrow and dogmatic, rightly understood the malady, but he aggravated it by his own positive work. What the eloquence of a Ruskin and the sarcasm of a Carlyle could not do in the nineteenth century is done to-day in a single night's lecture by a half-educated hysterical socialist, so much shaken has been the confidence of the public in economic theories. The Austrian economists, and the economists of England and America, who re-formulated economic theories during the last generation, could not recover for economics its lost prestige. The fact is, that, while all the social sciences have given up their old dogmas and outworn creeds, economics has shown a more or less perfect indifference to the leading ideas of progress which now govern the world. In a sense economics has still a metaphysics of natural liberty and unchanging law, and a cult of the plutonic absolute and mechanical efficiency which stands opposed to the higher

life-values as well as to functional growth and development. Far be it from me to underrate the "abstract-deductive economics." Ricardo and Mill, Walras and Von Wieser, Professor Clark and Professor Marshall have developed with great success the economic concepts and categories. The neo-classical school is applying mathematical conceptions with graphic treatment. But a good deal more is yet to be done. Some fields have been left untouched; while the conceptions of physics have not come under the ken of economists at all. Even if we grant that the classical schools, old and new, have determined the economic categories with some preciseness and exactitude, they have given us, so to speak, only the metals and a few acids and salts. The apparatus for making experiments we have yet to make. They have failed hopelessly in the task of setting up a theoretic constitution of the science or the working apparatus for handling actual economic problems. And, in addition, they have spread a widespread distrust in the metals and salts. We have already described the influences that show us why the scheme of thought so carefully and skilfully elaborated by the older economists is unworkable. Functional *versus* associationist psychology, evolutionary *versus* hedonistic ethics, the very names will show the wide contrasts between the new attitude and the old. The difference between the modern notion of development and the older notion of stability is fundamental. Economic forces can no longer be regarded as approximating a norm as in Ricardo's economics, or working their way to a position of equilibrium as in Professor Marshall's: nor can economic institutions be judged according to a conventional standard. Economic forces and institutions can no more be schematised than life itself. They are the result of the accumulation and development of complex instincts, dispositions, and forces working, not always on a rationalised plan, but sometimes haphazardly and by accidents in adaptation to the environment which is constantly modifying and being modified by those forces. Evolution, the origin, variation and survival of habits and organisations which determine economic institutions, ought to be the centre of interest, and not the present

economic institutions, idealised as something "normal," "definitive," or "fixed." The psychology of ideals is also not to be ignored. Society is something more than an organism. It is teleologically progressive. Biology and social and race psychology, the study of geographic, social and anthropological origins, have achieved important results which are applicable, as we have seen, towards the interpretation of economic movements, the solution of the complex difficulties of the present and the organisation of the formative forces of the future. This necessitates a radical change from the mechanical concept of society, with its clearly defined and simple forces approximating a conventional standard, to an organic and dynamic conception of society, with its complex forces in ceaseless interaction and development, and ever transformed into ideals, in adaptation to the environment. This is a change from the economics of norms to the economics of life-values.

Three Stages of Scientific Development.—In the development of any science there are three clearly-marked stages. In the initial stage a science collects and classifies facts, and this more or less in an empirical fashion. Then the science begins to construct theories and hypotheses, certain norms or standards, which interlink and bind together the observed facts. In the next stage, which is the last and most fruitful, experimental methods and quantitative analysis are applied; as results of experiments the norms or hypotheses are modified, even restated and reconstituted. The line of development is the same in the mechanical as well as in the social sciences. But in the social sciences, experiments are difficult and the results difficult to measure, because here a new factor operates: the elements react upon the apparatus and modify the experiment altogether. Institutions which are the apparatus of social life are also in process of change. Again, in the sociological sciences, which deal with the data of life, facts and norms serve for the determination of *values*, and science accordingly is lifted to a higher plane as a science of values, not merely of norms or of facts as in the previous stages. Experiments in the social sciences must be modified and regulated

by the scheme of life-values, and must not disregard regional needs or the needs of adaptation to particular historic and geographical environments, for this adaptation is of the very essence of value. The science of Economics has not developed beyond the stage of the classification of facts and the enunciation of norms. Economics should now rise to the experimental stage, and this will only be possible when the accumulated data of facts and norms are subjected to valuation. Experimental constructions and regionalism will thus develop side by side in the economics of values. Economics following the lessons and experiences of all social and even biological sciences should take up definitely the work of regional survey and reconstruction. The progress of the science demands that economics should address itself to a careful regional survey, geographical, economic and anthropological, with the specific object of economic reconstruction, and find not abstract theories and hypotheses which ignore economic difficulties, but concrete, solutions for the 'storm and stress' of the present economic situation. Modern science has a concrete knowledge of things to provide, and a concrete experiment to perform. We have to judge economics according to this standard. Like chemistry, economics should enunciate principles based on experiments or indicate the results of experiments, under certain specific and well-defined conditions. It should define the programme of economic progress, taking into full consideration all the conditions of social well-being and culture under the given historical and social environment. But modern economists are still busy with their abstract hypotheses, norms and standards, and judge economic forces and institutions according to them. The centre of interest is not life and its developments, but theories and abstractions, axioms and postulates supposed to be inviolable and universal towards which economic forces are regarded as hammering their way. In the controversies which raged for a long time about the nature of economic laws, the battle has indeed been won on the side of relativity, but only nominally. Most economists are now willing to concede that the economic laws regarding the determination of the wealth

of individuals are not universally true. They admit that the causes which make individuals rich or poor vary with the laws, customs and institutions which are established in the industrial society to which they belong. But at the same time they urge that with regard to the wealth of mankind and of nations, the generalisations of political economy are universally true. They concede relativity when they discuss the wealth of individuals, but urge inviolability when they deal with the wealth of nations and of mankind.

Changes in Western Economic Concepts.—The governing principles and aims of individuals and societies of Western Europe alone have hitherto been considered while discussing the limitations of economic laws. This has been only a partial insight. The East has hitherto taken no part in the formulation of economic theories. The two most important institutions as regards the material welfare of individuals in the Western world are private property and the state. As regards the former it is coming to be more and more recognised that the Roman civilisation has given a false and an exaggerated emphasis on individual rights which have assumed a more or less aggressive character. Already in the West we see a new code of private property springing up in which private rights are clearly held subservient to those of the community.

As regards the state the Græco-Roman influence, strengthened by the historical fact of a ceaseless rivalry and hostility among the different nations, led to an exaggerated emphasis of the rights and powers of the state. Already there had been a strong movement towards the protection of individual rights, both political and economic, and towards voluntary co-operation as against state-socialism, coercion and exploitation, when this nascent tendency suddenly received a violent rebuff from the war.

Relativity in Life Implies Relativity in Economics.—As the conception of private rights, or of the principles, aims and limits of individual and state action, has changed, there have been corresponding changes in the concrete background upon which Western economists have based their theories. New economies have grown up.

The conception of wealth, again, among different nations is not absolute. Race-psychologies differ, and with different race-psychologies arises a difference in dominant instincts and social values, and in the relative estimate of economic goods and the wants they satisfy. Among different peoples there are differences in the relative emphasis of the primary and secondary wants, personal and non-personal wants, physical, intellectual and spiritual wants. Ruskin drew the famous distinction between Wealth and "Illth." All wealth is not socially useful. This brings into prominence the importance of the uses and expenditure of wealth as an important consideration in economics. As these vary according to age and country, the relativity of economics is further emphasised. No economic institution or economic force is indeed fixed. The content of private property and the functions of the state have varied from age to age. The concept of wants and the estimate of goods have also been different in different epochs among different peoples. For life implies variety.

Neither the subjective nor the objective conditions of different societies are identical. The initial causes of society are physical. Differences in external conditions thus initiate differences in the economic structure. Association develops the conscious individual and the conscious society. There is a conscious adaptation of social wants, and this varies according to physical conditions, historical antecedents and racial characteristics. Relations and activities are valued differently, different choices are made, different policies are devised and different institutions established. The economic structure in a particular age or country has, indeed, nothing definitive about it. Institutions are always regarded as a part of the conventional apparatus of society. They are still in the making, therefore, and always will be; and they are not accounted for by representing them as functions in an orderly and rationalised scheme of things. An economics which regards institutions as definitive and the theories based on them as inviolable is essentially unsound.

The New Economics, Comparative and Regional.—Property, competition, the price structure, the scheme of

arrangements known as the wage system, the social stratification, refuse to be standardised. Cultural anthropology exhibits a variety of law-making, of collective action and of social arrangements. Even in the same cultural region changes are going on constantly within them, while their relations to other things are also changing, though there is such a thing as institutional and cultural standardisation. If this is true of particular institutions, it is likewise true of the complex of institutions which make up the economic order. The baffling and complicated affair called industrialism, for instance, is a recent product in human history, having its origin within a very brief period in a particular environment, geographical and social. Accordingly the economic order is to be regarded not as a closed system but as an *ensemble* of tendencies, some dominant, some moving slowly, others seeming immutable. Both economic statics and economic dynamics alike deal with physically distinct substances; both alike reduce their problems to mechanical formulæ; both have their conventional norms, and both find solution in equilibria, stable or unstable. Formulæ are found in terms of which economic values are reduced to pecuniary measures. The value theory, which is derived from the classical doctrine of the organisation of industry upon the principle of free competition, has, indeed, as little right to the dignity of an "economic theory" as the theory of money or of accounting in the East. Even in the West there is to-day a reaction against "a highly selective and highly partial" theory in which the broader social aspects of value are neglected and the materials of price economics are selected not with reference to furnishing an open-minded interpretation of the business system with reference to the movements that are afoot in the present era of reconstruction, but with reference to their capacity for fitting into a quantitative, deductive scheme of thought —a logical, closed system. To-day economics takes market values as a gauge of social purposes and desires and presents a set of finished doctrines[1] and quantitative laws.

[1] J. M. Clark, "Economic Theory in an Era of Social Adjustment"—*American Economic Review*, March, 1919.

Economics will now have to interpret the social values which market value distorts or ignores and to explain in this light the discrepancies between market value and the more comprehensive scheme of social values, between competitive efficiency and social or national well-being. Economics will now contain more of qualitative analysis than of quantitative; it will furnish the student with tools of thought rather than with the finished product; with knowledge of the general features of the institutions he is studying, and with principles of a widely varying sort embodied in diverse institutions and ideals in different cultural regions and environments. In the institutional approach to economic theory the significance of the comparative and regional outlook can hardly be over-estimated.

History of Western Economics—the Physiocrats.—Not merely are social institutions relative in their character but social speculations as well. Social and economic conditions and the general intellectual outlook of an age or country regulate social and economic thought. This can easily be demonstrated by a brief survey of the history of economics in the West. To the physiocrats belongs the credit of having attempted the first great synthesis in economics in the West. The economy of the physiocrats was a product of the economic conditions of France at their time. Industry was in a condition so primitive that there was little surplus left to producers after their expenses of production were paid. Under such conditions it was easy to look upon the services of the manufacturer and trader as unproductive, securing their profits not from what they produce but from the surplus of the former. Nature came to be regarded as the source of the surplus of society and her aid was regarded as necessary to get a net product in a country where the struggle for living was as severe then as it is now.

The physiocrats also lived in a country and in an age whose thinkers devoted themselves to the study of material forces, and even conceived the laws of subjective association after the analogy of physical laws. Thus it was natural

that they formed an economics modelled after the physical sciences.

Adam Smith's Subjective Economics.—Adam Smith belonged to a country where the mental rather than the physical sciences were brought into prominence by a host of thinkers and investigators. Thus he depended upon subjective laws. He traced the influence of self-interest in the various forms of economic activity and found that the causes which increase wealth are subjective in their nature. Labour, he said, is the cause of value. He devoted his attention chiefly to the processes of production and exchange. The problems of distribution did not arise in his mind, for the industrial world had not as yet experienced the conflict of classes and social unrest. Moreover, he was overpowered by a belief in the invisible providence and the beneficence of nature, the philosophical doctrine of his time—and he was led to understand that the promotion of self-interest was the promotion of the welfare of society—the ground for *laissez-faire* in England for several decades. In the Theory of Exchange, Adam Smith preached the same doctrine. England had developed her manufactures while other countries could not boast of any; she occupied a central geographical position forming as it were a link between the old world and the new world that had just begun to exploit the vast natural resources hitherto unutilised. England had also a mercantile marine of which she was proud. It was the self-interest of England to adopt free trade. The self-interest of England was the interest of mankind. The wealth of England was the Wealth of Nations! All these through the invisible hand of a beneficent providence.

The British commercial imperialism of the epoch was logically and inevitably connected with the rise of the Smithian economics as the result of the same economic and political forces then operative in the expansion of the British Empire in India. The English radicalism of Cobden and Bright had the same origin. In that epoch men of wealth and leaders of industry and commerce attained and maintained a dominant influence both in economic and political life. Indeed, the bourgeoise political economy of

Ricardo with its happy-go-lucky optimism was a triumphant expression of the spirit of the industrial revolution with its revolutionising effects on the movements of labour and capital, on markets and the stock exchange, as they were seen by a stolid English banker who took but slight notice of the far-reaching changes in social economy.

German Historical Economics.—The reaction against the ideas of the Smithian-Ricardian school was seen in Germany. It was Roscher who started the movement of reaction. Reacting from the excessive *a priorism* of English political economy, stimulated by the example of the new historical jurisprudence, and inspired by the Hegelian notion of development, Roscher set out to reorganise economics on a broader basis. He aspired to make of economics a philosophy of history whose special function should be to discover the laws of cultural development in their economic aspects. The movement from the beginning had an ethical as well as an historical or national import. Roscher recognised only national economics, holding that each people and each age has its own peculiar economy. Hildebrand said that Adam Smith, like the mercantilists and physiocrats before him, erred in trying to construct an economy which would apply to all times and places. "The cosmopolitan character of the Smithian school is not to be sought in the denial of the existence of states, but rather in the fact that it applies its doctrines to all states and peoples equally, considering the state only according to its external boundaries—as a mere fragment of the whole mass of humanity, and ascribes the same validity to its laws everywhere." Knies emphasised that the truth of all theories which have their foundation in empirical life rests upon concrete hypotheses. Relativity in the validity of their conclusions or judgment is a necessary result of the circumstance that these hypotheses do not remain identical, nor occur constantly in all times, places and circumstances (Haney).

The German historical school saw that society and not the individual is the centre of economic activity and that economic efficiency depends more largely upon the organisation of society than upon the material environment. They empha-

sised the study of man and society instead of the natural and objective conditions. In the investigation of subjective conditions they began with society rather than the individual. Schäffle, Adams, Wagner and Schmoller have all endeavoured to show that civilisation depends upon the perception of the individual that he is not an end unto himself, but merely a member of the community. The doctrine of the promotion of self-interest, the kernel of the classical political economy, has thus been repudiated. Schmoller has indicated the progress and deepening of economics as compared with the older historical school which was the first to oppose the Ricardian idea of a constant and normal form of industrial organisation superior to the limitations of time and space. This he said was only a partial insight. The whole nature of industry is comprehended only when it is recognised that the external natural technical facts of economic development are highly important, but not the only decisive conditions for the form of industrial organisation. Custom and law always co-operate so that industry is always a product of the co-operation of natural and societary causes, moral ideas and ideals. German economics not only called itself German national economy and was opposed to the cosmopolitan political economy developed by Adam Smith and Ricardo, but its scope was much larger and wider than what was assigned to it as the theory of the economic relationship of man by the founders on the other side of the North Sea. It became a science of society. What had been in the forties an economic interpretation of history amongst the older school of historical economists became in the seventies a sociological interpretation in the hands of the new school. Economics included much more than the theory of value, and covered the whole field of the theory of institutions, more specifically the theory of the factors that have shaped the successive phases that make up the life-history of these institutions and the outcome in the present situation.

German Economics.—The opposition of the German historical economists to the English political and economic ideas was due to the rising national sentiment in Germany.

They all rallied at Bismarck's patriotic call and opposed every social movement which had an English origin. Their economics was national and exclusive. Its scope was different, as also its ideals. German economics was coloured by political ideas and by the sentiment of antagonism to anything that was English. And yet economics is a subject that is essentially English in its origin. It is for this reason that when Karl Marx Germanised the classical English concept of profits and gave it a new name, surplus value, he was heard, but the concept of profits which had fully developed in the hands of Ricardo and Mill had no meaning and significance there. German exclusiveness, German hatred of anything foreign, are nowhere better displayed than in the development and reconstruction of economic theories, and in the socio-political ideas infused into their economic literature.

Modern Problems *v.* Abstract Economics.—Above all, new and complicated problems of economic life have arisen which have altered the older methods of abstract reasoning. The problem of labour has become acute and this must be solved. It cannot be solved by an abstract theory of economic relationships. The sense of injustice has been aroused, misery and exploitation have been emphasised, passions and feelings have come to play a part in economics, and people have begun to consider economic relationships and activities from the bias of class conflict as well as from a new ethical standpoint. Altogether it was a new angle of vision. It was thus emphasised by Professor Schmoller in his remarkable Eisenbach address to the socialists of the chair. "The marked division of classes in the midst of existing society, the open war between masters and workmen, between owners and proletarians, and the danger still distant but threatening the future of social revolution, have for some years caused doubts to arise as to the truth and definitive triumph of the economic doctrines represented by the congress of economists. On all sides it is questioned whether absolute freedom of labour and the complete abolition of the antiquated relations of the middle ages will bring about that happy situation which

the believers in *laissez-faire* (the Manchester school) have so enthusiastically predicted. We do not wish, out of respect for abstract principles, to allow the most crying abuses to become daily worse or to permit the so-called freedom of contract to end in the actual exploitation of the labourer."

We have already described the distinctive features of the economic situation in America, giving birth to distinctive economic theories. Recently the evils of a great disparity of wealth, emphasised by the political importance of financial rings and syndicates that are coming to exercise greater and greater control over the business of production through the organisation of trusts and combines, have encouraged socialistic ideas to a considerable extent. Professor Seligman's *Principles of Economics* is Marxism Americanised and has exercised as great an influence in America as *Das Kapital* had exercised in Germany. It is said that all American thinkers are socialistic now. In the speeches of the American radicals at the present day we find the same doctrines of revolutionary economics that we find in Karl Marx—the same doctrines of class struggle, and of the increasing concentration of industry, as well as the same catastrophe theory. Only, instead of "capital" we hear of "the power of the millionaire." And these doctrines are arousing emotions, because the outstanding industrial features of modern America are the instability of modern industry, and the dangers of concentrated production.

This brief and rapid historical survey is enough to show that the science of economics is an outgrowth of economic conditions, social facts, and ethical forces. Hitherto economic theories have been enunciated as though they depended solely on physical and psychological conditions of a certain type or "stereotype," and hence they have been endowed with an absolute and inviolable character. Such a conception is essentially wrong, for it does not recognise the relation between economic theory and the age, region or race in which it has had its origin. Thus what owes, for instance, its development to the particular

conditions of industrial life, to class struggle and to the inharmonious play of political and social forces in a particular age or region, is put forward in the West as though it were a necessary and inseparable element of human nature.

CHAPTER XVI.

THE INDIAN SCHEME OF DISTRIBUTION, CONTRASTED WITH THE WESTERN: THE COMMUNAL GROUP AND THE CLASS.

Economics of the Landlord—Slavery.—Economic theories and institutions of a particular nation or age are always based on some theory as regards progress of society as a whole. The exploitation of natural resources always leaves a surplus of wealth to society after a return for the subjective costs of production. In a progressive society each individual plays that *rôle* in production for which he is naturally fitted; moreover, his economic activity is such that leads to the full development of his personality. A progressive society by creating laws, customs and institutions also distributes the surplus wealth in a way subservient to the best interests of the progressive elements of society. In classic Greece, slavery was the dominant factor in production. The philosophers defended slavery as a natural institution and found nothing wrong in it. In the Southern states of America, property in slaves was at one time considered economically advantageous and morally defensible. The more slaves, the more wealth and ease for the land-owner and the greater stimulus to agricultural enterprise in classic Greece and the Southern states, where cultivation was arduous, but, with an adequate supply of labour, profitable.

Economics of the Trader—Protection.—But the land-owners soon become a separate class in society and ceased to be enterprising and progressive. They reap where they do not sow, and when commerce and manufacture have to be encouraged, the traders and manufacturers clamour for the land-tax, and demand that the net product

from land should be enjoyed collectively. The landlord-economics is supplanted by the producer- and trader-economics, and finds its appropriate apostles in the physiocrats and Adam Smith. The working-man was overburdened with new taxes and feudal dues. Industries were crippled by the regulations which absolutism had adopted from the corporations of the middle ages. Thus a new theory of productivity was essential. The physiocrats declared that the landlords were entirely superfluous, as they performed no labour; that if the state should absorb the entire rent, and thereby deprive them of their means of support, society would be just as well off as it was before. Their theory of a natural tax, the *impot unique*, was thoroughly socialistic in its opposition to the landlords. This particular thread of their argument was not taken up by Adam Smith, but by Ricardo. Adam Smith's system sought to emancipate the producer and the trader on another basis, the theory of a natural order, the result of the free and spontaneous action of individual interest led by the invisible hand of providence which thus secures the highest good of the community. Adam Smith also devoted much pains to show that the trader is not superfluous, but is as much a productive agent as the artisan or the agriculturist. His defence of the economic position of the trader will thus have a significance in relation to the economy he was speaking for. Again, when industries have to be established in new or backward countries, society encourages industrial enterprise by a system of protection. While in England the protection that existed before 1846 benefited exclusively the land-holding interests, the tariff in Germany and America has been peculiarly favourable to manufactures. The practical politics of Bismarck and the business instincts of the American Congress follow or lead the economics of Frederick List and Carey or Hamilton.

Economics of the Consumer—Co-operation.—After the initial stages of the development of manufactures have passed, the producers become a closed body. Large capital and large-scale production have special advantages. Capitalistic industry ends in monopolies, the exploitation of the

labourers and consumers by the employers. Instead of Ricardo, Mill and Henry George taxing land values and distributing the surplus of the landlord collectively, Karl Marx analyses the oppression of capitalistic economy, and Rodbertus and Vidal want to tax the excessive profits of manufacturers and the inordinate gains on interest for collective distribution. Socialism, collectivism, co-operation, trade-unionism and industrial democracy all now arise, and they all emphasise the protection of the interests and well-being of the consumers, or the community as a whole, against the class which has been the most progressive, which by its progress has hitherto directed society to undreamt-of tasks of wealth-production and accumulation, but which is now threatening social peace and stability by over-riding the interests of the organic welfare of the masses as a whole. There is abundant capital, but capital seeks only old and safe investments. Protected industries are sought, and not new industries where risks have to be undertaken. The demand for a revision of the tariff becomes strong and Taft and Roosevelt or Prince Bülow have to satisfy it, for the old fiscal system has outgrown its needs. Above all there is persistent demand for checking money-power, and clamour for "the new freedom," freedom from the harsh operation of the forces of capitalism and militarism which so often go together, which are foes so deadly to democracy, and with which democracy is now in apparent conflict in the Western world.

Western Class Development.—In the West there has not been a smooth harmonious development of the different parts of society. The West has attempted to secure progress through the classes. Now one class and then another has arisen, pushing new economic activities and being rewarded with political power and surplus wealth of society. As one class ceases to be progressive, another has stepped into its place. The demand for the progress of society as a whole is imperative and the static class must go. But it resists, and there is conflict.

Class-Struggle Reflected in Western Economics.—The conflict between the classes is the background of econo-

mic thought. The balance of power among the industrial classes has not been achieved as there has been no stable balance of power among the different nations. Ever since Adam Smith showed the threefold division of society into a landlord class, a capitalistic class and a class of workmen, economics in the Western world has been a theory of the conflict of industrial classes. When the feudal system with its privileges and vexatious regulations declined, a liberal viewpoint was created in England and on the continent. In France philosophers and statesmen dreamt dreams vying with one another to sketch elysiums. The early economists were optimistic. But we see pessimism already in Ricardo, and in Malthus the optimism has gone and instead we find a strong conviction of the retrogression of society which earned for economics the name of the " dismal science." (47) As a result of the effects of the Napoleonic wars and the evils of the industrial revolution, there was a strong feeling for a reaction or a rising sentiment for a revolution. It was thought that the development of the new system was too rapid or too slow. In England the former is associated with Carlyle and Ruskin who sought to bring back to a class-ridden society the inner harmony and the strong social feelings with intimate social relations of mediæval life. In Germany Bismarck was the representative of the reactionary ideal. John Stuart Mill occupied a half-way house. The class-conflict was dominant in his thought. In dealing with distribution he actually made a rough outline of revolutionary changes of rights of property, bequest and inheritance. In production, however, his leanings were with the capitalistic class : he viewed the progress of society in relation not to changes in the condition of the toiling under-class but to the accumulation of profits of the upper capitalistic class. The best representative of the revolutionary sentiment is Karl Marx, who displaced altogether the selfish upper-class view of the wage-fund theorists. The industrial revolution altered the older relations between the classes. The old upper class would not easily forgo the economic benefits they enjoyed or submit tamely to the loss of political power. Why delay for fifty years or

more when a proletariat revolution will accomplish in a day what is inevitable in the long run ?—that is the logic of Marx and Lassalle as political agitators. Since Marx, the concept of class-struggle has become dominant in economic thought. Each new wave of economic thought sets up a new end and suggests some new compromise among the classes. More often, while the claim of a scientific basis for socialism is vitiated by a defective theory of value, specious economic reasoning is a ready weapon in the hands of the proletariat as it seeks dictatorship.

Influence of Darwinism on Economics.—But the new Sociology would reject an ideal of progress which takes one class in its turn, encourages its development to the utmost and then gives it up to develop another class, a new victim of the same indirect and costly process. In the biological plane it is said that a species is developed through an age-long process, and then it falls a victim to a relentless struggle for survival. A new species appears —a new victim of the same process. That is at least what has been made out of the facts of plant and animal evolution, and this has strengthened the theory of class struggle in social thought.

Western sociologists hitherto have been obsessed by the Darwinian struggle for existence, and the more so because Darwin said that he obtained the clue to his theory through reading Malthus's theory of population. Darwin himself has admitted, in one place : " Important as the struggle for existence has been, and even still is, yet, as far as the highest part of man's nature is concerned, there are other agencies more important. For the moral qualities are advanced, either directly or indirectly, much more through the effects of habit, the reasoning powers, instruction, religion, etc., than through natural selection ; though to this latter agency may be safely attributed the social instincts which afforded the basis for the development of the moral sense." But in spite of qualifications here and there, Darwin's idealisation of competition and struggle is well-nigh complete. A metaphysics like this has moulded the theoretic constitution of the social sciences and especially

of economics which was earliest developed among them. It has ignored the facts of the development of animals and men. By so doing it has not only retarded the development of scientific thought with regard to organic and social evolution, but, by misdirecting natural instincts, has impeded the freer development of societies and given a wrong trend to civilisation. Competition, struggle, extinction, progress,—these are the watchwords of scientists and philosophers from Spencer and Huxley to Nietzsche and Bernhardi. There are struggles, conflicts, wars, which disintegrate social groups into atoms and play with them the rough game of confusion, ruin and death. It is rare in the annals of society that a fancied theory has so misdirected its natural instincts. The study of animal and insect societies as well as of human origins, and, very recently, the investigation of the herd instinct as a formative force in human psychology, is revealing facts quite at variance with this theory of progress through struggle; but economics, which had its concepts and categories crystallised long before the development of such studies, has obstinately persisted in conserving its outworn theoretic creed and constitution. Kropotkin emphasises the part played by mutual aid and the social life in animal evolution. He maintains that under any circumstances sociability is the greatest advantage in the struggle for life. Sociability is as much a law of nature as mutual struggle. The struggle for the life of others is a necessary concomitant of the struggle for life. Professors Patrick Geddes and Thomson say: "The activities of even the lowest organisms are often distinctively referable to either category. Hardly distinguishable at the outset, the primitive hunger and love become the starting points of divergent lines of egoistic and altruistic motion and activity." [1]

Development of Human Sociality.—The same struggle for existence which develops the egoistic impulses also develops the ego-altruistic and the altruistic. Social life survives as the best aid to the maintenance of the individual

[1] *The Evolution of Sex*, p. 279. See B. N. Seal—*Physical Basis of Race.*

as well as the species. Sociality, more extended, more intimate, more varied in its phases than sociality practised by inferior species, was the chief cause of the mental and moral development, and of the anatomical modifications, that transformed a sub-human species into man. In the animal world mutual aid attains its highest development amongst social apes and monkeys. In man, as sociality is more adaptive or life-maintaining, it has gone on expanding its circle, and the anti-social impulses have contracted theirs; the evolution of man has been, and will be, the evolution of sociality within the limits of the complete and free personal life.

Defective Sociology of Conflict and Its Origin.—Sociability, co-operation and altruistic principles are great elements in organic evolution. But this truth has not been sufficiently recognised by Western sociologists. To them conflict is the key-note to progress, and the ending of conflict by the socialisation processes means degeneration. But there is a fatal lack in the biologistic philosophy that would ignore the social environment and attempt to account for variation through mere struggle with the physical environment. There is also a fatal lack in the social philosophy that would ignore mutual aid and co-operation and the herd instinct and attempt to explain progress merely through mutual struggle and conflict at the margin of subsistence.

A new sociology based on a new biology shows, as we have pointed out, that co-operation and compromise are stronger elements than discord and struggle. But the current teaching misses this vital truth. Dr. Small of Harvard said, "No one gets through a primer of social science to-day without learning that class-conflict is to the social process what friction is to mechanics." That is the common basis and common faith of Western sociologists and economists.

The doctrine that society is a balance of class-conflicts has its origin in the peculiar economic and historical conditions of the West. It is significant that in Eastern Europe, where political and class struggles are more marked than in

Western Europe, the doctrine has been greatly exaggerated and the organic theory of society flouted. Italians like Loria and Vaccaro, the German Ratzenhofer, the Austrian Pole Gumplowiez and the Russian Novicow all emphasised the struggle within societies. Throughout Europe, and not merely among her Eastern peoples, the struggle for political and intellectual mastery and the forces of monetarism and militarism are so strong in nations and classes that neither races nor classes are stable units. In Asia nations are more stable, and society is not a free fight of organised interest-groups. Thus both in China and India where militarism is not dominant and societies are better welded, communalism has received emphasis.

Indian Communal-Groups and Western Interest-Groups.—India has her social gradations and groups. But these are in theory likeness-groups, based on resemblance partly cultural—resemblance in ideals and tastes—and partly economic—resemblance in economic conditions and modes of life. In the West classes are interest-groups, which sharpen opposition and build up minor interests at the cost of the general welfare.

A class is an interest-group formed for the satisfaction of individual interests and needs, and the mode of satisfaction is found in competition, and its criterion in contract. Competition both of individuals in the class and of classes with one another is the pivot on which the class-system hinges. The communal group, on the other hand, represents in its formation the totality of life-interests. It forms a social unit which is an epitome of the life of the community or society. Its ideal is the harmonisation of group with social interests, and of individual with group-interests, and its lever is not competition, but service. It regulates individualism and contract on an ethical basis by the subordination of lower to higher life-values. Thus while interest-groups lead to class antagonism and conflicts, communal-groups on the other hand develop a voluntary co-operation for the common realisation by each group of its own good through the achievement of a common goal.

A class which in its lowest form is a mechanical aggregation of individual units and at its best an organisation or organism of such units seeks individual satisfactions or the development of the individual personality, without a due recognition of social needs and the corporate personality of society as a whole. A communal group seeks to satisfy the totality of individual-interests and life-values. It is thus a cultural group, and in the pursuit of its own particular group-activities and ends it furthers the general or universal ends of society. There is identification of group with individual interests, and of individual with group interests. Individualism, with its appropriativeness, and class-conflict, with its aggressiveness, which are phases of the same opposition of individual and group interests, and the twin products of unregulated contract and competition, are thus avoided. Communalism which depends on ethical justice as the pivot of its operations rescues the individual from the deteriorating effects of competition and an all-sufficient economism. It seeks to satisfy not mere economic ends but diverse human needs and social values, and to develop the corporate social personality in each individual by having set before itself the goal of the supreme social good in which the individual or communal good finds natural fulfilment and realisation.

The separation of communal groups was also limited by the regulative ideas of a common religion and a common ethical ideal. The *asrama dharma* which is associated with *varna dharma* represented an eternal code of duty of a universal character and sought to hinder the crystallisation of class feeling. In the West it is war which is one of the great solvents of class crystallisation and a most powerful agency for promoting the socialising process. We therefore hear much of the psychology of war, and of the need of war in fostering the spirit of sacrifice, and philosophers and sociologists are troubled in finding out substitutes for war in a blank war-less world of the future. Communalism, founded on the co-operation of social groups, would furnish a new economics different from competitive-industrial economics whose theoretical basis is supplied by class-

conflict. India has had her social progress through communal groups, but she has attempted to check the development of class egoisms antagonistic to the communal welfare. India has thus sought to attain to a harmonious promotion of a social consciousness which has not been marked by an unhealthy class-consciousness, though in its characteristic degeneration she may have exhibited morbid symptoms of group-separation and apathy.(48)

In the West social ethics does not duly check class aggression or the enjoyment of the unearned surplus which a class may enjoy at the expense of general welfare. Ricardo and then Mill elucidated the law of rent. They could only dimly appreciate the relation between interest and rent, they would not apprehend the relation of both to wages. Modern theories of distribution, following up the teachings of Professor Marshall, do not accept the division of the national dividend into rent, wages and interest as logical. The logical division, according to economists now, is either surplus value and wages, or rent and wages. With industrial prosperity the rent of land and the rent of ability increase. There is no separate interest fund because no equilibrium exists between the incomes and expenditures of the interest-receiving class. Super-rent and super-wages which grow in amount with the progress of industrial evolution are enjoyed by favoured individuals—those who command better grades of land or the higher forms of personal service.

There are optimistic economists in the West who regard rent as a lien on profits and not an indication of diminishing returns. They believe that the increase of rent and of super-wages implies the disuse of poor land and the lack of employment for inefficient labourers, which are signs of industrial progress.

Eastern and Western Schemes of Distribution.—The Indian ideal of distribution is that differential incomes which arise from net differential advantages, personal or material, are not allowed to be enjoyed for their selfish advantage by favoured individuals.

In every age or country social distribution modifies the natural distribution due to differential conditions. In the

West the same conscious distribution of surplus wealth counteracting the results of struggle and competition is secured by extra-economic institutions, and now it is proposed to secure the same end by organising economic institutions on the state-basis, and indeed the schemes of state socialism seek to absorb all unearned increments and profits and to insure for the masses of the people who control the state a fair share in the social surplus.

In India the same end is secured by group-co-operation. In the West democracy resorts to political action to distribute the social surplus equitably. In India communalism effects the same thing by group action.

Eastern and Western Social Groups in Degeneration. —In the Hindu social organisation there were communal groups, which derived their respective privileges and obligations from the ethics or *dharma* of the caste. And the fundamental characteristic of caste-morality was that each caste should subordinate the private advantage of the group to the general welfare of the community as a whole.

In the West each of the classes, landlords, capitalists or the proletariat, represents a part of the elements needed for abiding progress. When it obtains special privileges it tends to become static. The impetus to progress which it gives exhausts itself and then there arises a wrangle for power among the antagonistic classes, each with its exclusive interests opposed to those of the rest. Such was the economic origin of many of the civil wars and revolutions, and these are now followed by class struggles, strikes and lock-outs, syndicalist and women's movements.

A similar story of degeneration is also to be told about the Indian communal groups. But these groups have been very unequally affected by internal tendencies of degeneration or the accidents of political history. As a result of degeneration, groups have been separated and dissolved or became rigid and exclusive in order to check the disruptive tendencies. Thus the natural distribution of work and rewards and the equitable distribution of the social surplus were upset. And the old communal order based on the family, the village community and the castes and occupa-

tion groups was subverted by the introduction of alien principles of social gradation based on the militaristic state such as those represented by feudal-aristocracy, and revenue-farming landed oligarchy. Fortunately the family and the village community, though developing separate interests and individual ownership within the group, retained their vital principle intact. (49) But the castes and their *dharma* became more and more rigid and exclusive, and the free movement of a sliding scale in social ranking, which has always marked the Hindu social organisation in its vigorous health, was impeded by setting up artificial barriers of an uncertain, empirical and premature application of heredity. And here we may note in passing that in its social aspect the caste division included in its scope the selection and specialisation of the pre-eminent social classes which did most of the leading, directing and organising work in society. The attempt at conscious selection and segregation, especially in the presence of heterogeneous social strata, which intensified the risks of pangamic or indiscriminate mating, need not be condemned off-hand in an age of prolific social theories and experiments in connection with eugenics and social segregation, and in the interests of vitality and social personality classes. But monopolistic and theocratic tendencies supervened to lend to the caste division a rigidity and exclusiveness quite foreign to the communal ideal of its origins and sources and prevented it from being an instrument of healthy social development.

Features of Eastern and Western Group Degeneration.—But the degeneration of a communal group has certain traits distinguishing it from the degeneration of a class as understood in competitive economics. An economic class, as we have seen, being organised on the basis of specific functions and exclusive interests for asserting, and if need be securing, its own rights by concerted action, is a vital organ of competitive industrialism, and the balance of classes in such a system when properly secured performs as useful a function as the balance of political parties in the theory and practice of parliamentary government on the

"one man, one vote" representation basis in a centralised and monistic state organisation. But in its degeneration, a phase through which it is passing to-day in the transition from the capitalistic to the communalistic order, a class becomes a militant group, appropriative and monopolistic, aggressive and exploitative, and converts industrial life into the strife and discord of jarring and repellent atoms. On the other hand, a communal group in its degeneration presents other distinctive marks. As a communal group represents the totality of life-interests and life-values of society, its perversion implies that it loses the central reference to the whole system or configuration in which it has a place, and, falling apart from the general scheme, becomes apathetic and indifferent to the common well-being, while consuming its own customary apportionment of social or economic rewards and privileges. This leads to an economic arrest and stagnation, and the phenomena of descending consumption and descending productivity accompanying economic decadence manifest themselves in such a condition. The social sense, which is the impetus to economic progress in the communal scheme of life, and which in its proper working is no less effective than individual initiative, the impelling force of competitive-industrialism, becomes weak and diseased, and the medley of groups, loosely co-ordinated or even incoherent, lapses into the original polymorphic and particulate economic structure out of which communalism has risen. Multiplication by repetition of parts instead of by complex organic growth and differentiation becomes the rule, and the strange spectacle is witnessed of economic destitution and disintegration in a region which by virtue of its communal organisation of industries was the most efficient producer of manufactured goods and the home of the most dexterous metallurgic, iatro-chemical and technological skill in the world for more than fifteen hundred years, before the inventions of the steam-engine and spinning jenny.

Indian Socio-Economic Code.—But apart from these weaknesses and signs of degeneration, the *varna-asrama-dharma* or socio-economic code of India, in its essential

aims, sought to attain a certain nobility and dignity of culture such as the Hellenes alone among the ancients could achieve, though the paths were characteristically divergent. The Hellenes, however, were not successful in attaining a harmonious co-ordination of the interests of culture and labour, and this not only undermined the economic base of their civilisation, but also tended to produce an over-refined finical intellectualism and æstheticism on the one hand and contributed to the instability of the political system on the other. While India as much as Hellas sought the ripest fruits of a human and humane culture in her communal provision for the maintenance of the higher personality-classes, she did not commit the fatal blunder of the social depreciation of agricultural and manual labour, to which she gave a full and cordial recognition as one of the main pillars of her social polity, the Vaisyas of the socio-economic stratification. The Vaisyas, the agricultural and trading classes, were governed by a code, as regards the acquisition and consumption of wealth, based on the duties and responsibilities of the producing group in a society, which checked and regulated their conduct of business and production of wealth. Again, any inequalities and acerbities that might have been inevitable were corrected by the inculcation of the Vaisya *dharma*, which demanded of this class itself the maintenance of the communal endowments of intellectual, æsthetic and spiritual interests, as well as of every class of charitable and public works and institutions. Indeed, the injunction of the *varna dharma* limiting earnings to right as opposed to unrighteous ways and means and the customary or guild regulation of fair prices and fair wages, as well as of the mutual obligations of equitable dealings in the competition with those who are engaged in the same business or trade, formed a code regulating the economic war of competition even in the same way as there was an answering code of *kshatra dharma* for the regulation of warfare and inter-state relations, which, anticipating as it did thousands of years ago the modern international regulations for belligerants and neutrals, was a monument of Hindu humanistic

civilisation and culture. It is true that India's scale of occupation values placed domestic service at the bottom, associating it with whatever is mean and illiberal in its lack of independent productivity and its status of personal dependence; but, if this view was wrong, it was due more to the hereditary character and the fixity of status which were attached to this servile condition than to the social disesteem in which it was held.

And even here the concept of *dharma*, which was applied to service as an indispensable social function, prevented that embitterment and attitude of revolt so apt to smoulder in the basement of the social fabric, the submerged servile classes, whose share is opprobrium and reproach coupled with the degradation which is the badge of their tribe in a society which regards poverty as a sin. An equally refining and elevating influence was exercised by the *varna-asrama-dharma* on the tone of industrial competition in the scheme of Indian economic organisation.

Elevation of the Economic Motive.—Connected with this scheme of economic valuation is another characteristic feature of the Indian type of communal organisation. This did not set up the ideal of industrial efficiency as developing the best type of manhood. In a civilisation dominated exclusively by economic ideals, the fittest to survive are not necessarily the best types of men. They may combine their strength and "business honesty" with the absence of the noble and refined traits of manhood, and are apt to develop unfavourable traits, such as cunning, greed and money-getting habits and feelings, which can never go to the making of a noble personality. It was Bryce who regretted in America that "In no country does one find so many men of eminent capacity for business, shrewd, forcible and daring, and yet who are so uninteresting, so intellectually barren outside the sphere of their business knowledge."

In preventing the industrial ideal from overstepping its due bounds and aiming at a comprehensive scheme of social values, India lays the primary emphasis on intellectual and spiritual efficiency. She thus seeks to control

the struggle for existence, preventing it from overtaking society from top to bottom.

A racial and social psychology of a healthy strain and a sound tone and temper is promoted by the social ideal which rescues the personality-social classes from the deteriorating influences of the industrial struggle by providing for them from the communal wealth and property sufficient opportunities of leisure and culture for the highest forms of social service.

Socialist Criticism of Modern Industrial Ideals.—The Indian plan of distribution prepares us to understand the strength and significance of the socialistic criticism of modern industrial ideals, though we may not accept it as a whole. The socialist is quite right when he demands a freer and higher type of men than what are produced by competition. "Those who argue that we need economic competition because character is so developed forget that competition develops strength primarily in that field of conflict only in which the competition takes place. Character tends to be what men strive for. If men concentrate attention on industrial competition, they tend to develop materialism and shrewdness. This is exactly what we have to-day. Artists complain that commercialism is killing art; religionists say we are growing material; the bourgeoise middle-class boast of our material prosperity. It is the result of industrial competition." Under socialism, it is urged, if men seek to serve society, it will produce a higher character.

Socialism is right so far as it has probed into the evils of the present industrial system of the West. It is right so far as its demand for a higher type of character is concerned. But no socialist as yet has been able to devise a practical scheme of the distribution of wealth that would prevent society from sinking to the dead level of uniformity and mediocrity.

Communalistic *v.* Socialistic Reconstruction.—The failure of socialism to solve this problem is due to many causes and cannot be urged against communalism. So far as the various projects of state-socialism are concerned,

the attempt to produce a new social and altruistic sense by pressure *ab extra* of a dominant majority over self-centred and mutually exclusive individual units is both illogical and superficial. Again, so far as socialism seeks to form groups on the basis of the conventional psychology and the existing segmentation of the economic man, it must fail in its ill-conceived attempt to educe an altruistic calculus out of an egoistic one in the individual consciousness as a guide of individual behaviour and conduct, or to educe the whole man and the reactions of the whole man by putting together the parts and segments. Communalism, whether in its incipient forms and ideals in the East or as the coming order in the West, can attack this difficulty more successfully. It is only through a practical discipline in actual social and economic life and institutions, based on co-operative productivity, social utility, social consumption and ethical custom in distribution, such as we have pointed to as the economic goal, that a healthy social sense can be evoked and educated which will give a new communal direction to the appropriative instincts of the individual, socialise individual ownership by developing into joint ownership or coparcenary and mitigate the acerbities and inequalities of individualistic competition and monistic capitalism without killing individual initiative and enterprise. *Pari passu* with this there must be accessory changes in the formation of groups which will no longer stand for hypostatised specific interests and functions, but will represent the totality of life-interests, and will thus prevent the atomic clash of part-interests by building up a social personality within the individual personality, so that the units will no longer be the individual and the community as separate wholes, but the individual-in-the-community and the community-in-the-individual. In correlation with this change in the scheme of life-interests, consumption will enter on a new cycle by being more and more directed towards " quality " as against " quantity," and naturalistic satisfactions, and by being lifted up to the plane of social and co-operative consumption from that of individual and particularist enjoyment. All this will be conprehended

and completed in a characteristic scheme of life-values which is the soul of the communalistic type, and order.

Western and Eastern Systems Compared.—To visualise the main elements of contrast between the two types of human and social standards of values, competitive-industrial and communal, with their attendant risks, I have put them in the following table:

	Competitive Industrialism (Western).	Communalism (Indian).
Economic Motive.	Industrial competition. Individualism that seeks to get the best out of the individual's life and worth. Militant nationalism.	Ethical competition or ethical custom. Communitary spirit that leads the individual to find himself in the community. Cosmic humanism — peace and harmony resting on instinctive sympathy with all life and all sentience.
	Attendant Risks: Social revolt, class strife and, in the international field, racial antagonism.	*Attendant Risks:* Social rigidity that may interfere with individual initiative.
Economic Process.	Struggle for existence, and survival of the fittest, "tempered by individualistic justice."	Custom of co-operation.
	Attendant Risks: Degradation of the weak and artificial breeding of the successful types. Inequity in the distribution of rewards. Appearance of privilege and monopoly on the one hand, and of destitution and pauperism on the other.	*Attendant Risks:* Social inertia, and social compulsion by inelastic custom.
Socio-economic Structure.	Interest-groups, the bond being the common interest of the class. Centralised organs in industry and in state polity.	Likeness-groups, based on resemblance partly cultural —similarity in ideals and tastes, and partly economic, —similarity in *milieu* and mode of life.
	Attendant Risks: Magnification of groups into monopolistic rings, combines, syndicates, state bureaux and collectivistic organisations.	*Attendant Risks:* Lapse into particularist and loosely cohering groups.

	Competitive Industrialism (Western).	Communalism (Indian).
Economic Distribution.	Individualistic distribution, the whole dividend being shared among the individual producers with nothing reserved for the community, except so far as the state claims a part for purposes of regulation, and not as a co-owner and co-producer. Private property accordingly emphasised against the community.	Communal distribution, the community taking an independent share of the dividend, being regarded as a co-owner and co-producer, for purposes of education, charity, and the support of the higher personality-classes. Private property accordingly owned and operated on communal rather than competitive principles.
	Attendant Risks : Inequitable distribution of wealth and opportunities withholding from the majority the very values which are sought.	*Attendant Risks :* Customary distribution which checks free adaptation to new cultural needs, stultifying the very principle of proportioning reward to merit.
Consumption.	Geometrical progression of wants.	Limitation of wants by the restriction of artificial and non-social wants. Plain living and high thinking.
	Multiplication of private luxuries.	Communal enjoyment.
	Intense pleasures as essential to happiness.	Moderate and equable happiness rather than intense pleasures.
	Attendant Risks : Ostentatious waste. Art the monopoly of the few. Lavishment on luxuries and scrimping on necessaries.	*Attendant Risks :* Low level of consumption below the margin of efficient subsistence. Loss of initiative due to limitation of wants. Mendicancy. Want of variety and novelty in consumption.
Socio-economic Ideal.	Wealth, efficiency, and subjugation of environment, natural and social.	Personal life-values and attainment of harmony with the environment, natural and social.
	Attendant Risks : Poverty of the personal life, bourgeoise respectability. An undue emphasis on the appropriative and possessive impulses at the expense of the creative and distributive. Mechanical efficiency at the expense of vital efficiency.	*Attendant Risks :* Personal values become too subjective, resulting in inefficiency and listlessness, stagnation and fatalistic resignation to nature and to world-forces.

CHAPTER XVII.

UNIVERSAL ECONOMICS AND ECONOMIC REGIONALISM: GENERAL THEORY.

A Synthetic Science of Economics.—The above analysis has marked out a distinct field of regional and national economics as comprehended within universal economics. But the conception of economics as a science here is not that of a branch of historical economics intended to repudiate the conventional standards of deductive economics. The conception here is neither that of the classical nor of the historical schools, avoiding, as it does, on the one hand, the hasty and hypothetical generalisations of abstract economics and, on the other, the empirical formulæ of limited scope and character to which historical economics has confined itself. The conception of economic science, which we represent, is based on the belief that there are universal values which express themselves through ages in different environmental conditions in different bodies of culture and institutional forms. Economic institutions have to be studied as satisfying such universal values in a particular department of human activity. Accordingly the business of the economist is to study these concrete embodiments of economic institutions in the light of these life-values and so reach in the first place certain intermediate generalisations based on regional, national and historical surveys, and by a collation and comparison, according to genetic and comparative methods, of such provisional bodies of intermediate generalisations, to attain to a certain system of universal economics, based on psychological and biological principles of universal force and applicability in which the apparent conflict

of sectional interests and ideals will be resolved in the harmony and synthesis of a universal science.

National and regional economics err by setting up a sectional or even an exclusive ideal as universally true. Historical economics misses the true historico-comparative method by losing sight of the universal dynamic forces of history in which particular historic cultures have their origin, and is apt to regard the particular stages in a particular historic series as the general line and even the ultimate goal of economic movement. Neo-classical economics errs in setting up a system of norms based on existing institutions which it regards as definitive and fixed—a system to which economic forces are tending as towards an equilibrium. The mechanical conception of economic forces as forming in their limited operation a closed system, bound by rigid barriers of crystallised institutions, militates against the fundamental concepts of present-day philosophy and against the principles and methods of the new relativism which is revolutionising the classic foundations of the mechanical and physical sciences to-day. Avoiding these mistakes, to which are due the inadequacy of economics as a science of principles of universal validity and its deficiency as an art of experimental reconstruction, we conceive of a science of economics in which the intermediate generalisations based on the study of facts and norms of diverse economic types or regions in the East or the West alike are synthesized into a system of universal life-values with the help of the elemental and universal principles of psychological and biological sciences, and of an art of economics which definitely addresses itself to the task of reconstituting economic arrangements and institutions by a harmonious synthesis of the apparently conflicting ideals of the East and those of the West. The economic ideal of humanity is not actually and completely realised by any race or region. In the evolution of history each race seeks to realise the ideal fulness of which its present social structure is an imperfect and fragmentary reflection. Each race seeks to satisfy through its economic arrangement and institutions

its peculiar life-values, which to it would represent its characteristic conception in different stages and environmental conditions of what are true, ideal and universal values. The true and universal ideal is potential in each race in its process of evolution, but in its economic constitution, as in other divisions and departments of the social organisation, it actually embodies it only partially. For each race, its own ideals would represent its special and concrete expression of the universal ideal of humanity; its characteristic economic constitution would represent a stage in its realisation of the universal values which it seeks to express.

Moral Unity of Humanity.—Such a synthetic view rests on one ultimate postulate, the economic, æsthetic, sociological and political unity of the races of man as forming one intra-dependent composite living organism. This is established by the science and the philosophy of history and is true as much in a dynamic as in a static aspect. In other words, in spite of diverse ethnic developments, the general history of human culture and progress shows the unfolding of a single ideal plan or pattern. Such an historical survey gives a new vision of progress, a synthetic vision in which different races, in the course of their evolution into historical nationalities and with their diverse ethnic developments, all very real, all very special, show the unfolding of a universal ideal. It was the vision of the moral unity of the human race that is fast taking the place of many of the outworn creeds of the ancient or mediæval world, and the vision of universal humanity, of which we get a tantalising glimpse beneath the protean transformations of race and cult; this vision is only the yet unrisen sun which looms in the horizontal mists on which it has cast its image. But, to probe deeper into human history, all social and humanistic evolution, including the economic, is diversely ramifying, though in spite of diverse and multiform series there is a universal movement. Thus, the science of universal economics or universal economic history can be founded only on the basis of a comparison and collation of the several economic histories and of

the intermediate generalisations derived from several types of industrial society and of economic progress. This is the genuine historical method on which universal economics has its basis, and this method is applied to the study of Indian economics intended as a contribution to universal economics thus conceived.

CHAPTER XVIII.

ECONOMIC CONSTRUCTION, OR THE THEORY APPLIED.

Reconstruction, not Substitution.—Since it is for the satisfaction of regional needs and racial life-values that a particular environment has evolved its characteristic type of economic arrangement and institutions, it therefore must be recognised that economic reconstruction of any environment can only be successful by expanding and unfolding its characteristic type, utilising the accumulated force of tradition. It is on the bed-rock of a region's characteristic social and economic arrangement that the superstructure of new economic forms is to be raised. Wherever there is forced interference, and substitution, there will be deadlock and arrest of progress. In the East we are witnessing to-day the evils of the gradually increasing process of substitution, in the destruction of the village, of the related arts and crafts and the introduction of the de-humanised and de-socialised methods of production with all that it involves, the disintegration of family and social groups, the breaking-up of the communal order based on human and natural relationships, the relentless operation of the forces of competition, poverty and social unsettlement.

Eastern and Western Economic Development.—India has sought to build up an economic fabric on the basis of the co-operation of classes. Her social institutions have developed out of the needs of satisfying natural and human relationships. She has avoided class-conflict and sought social progress through the co-operation of groups and communities, and in the village community as well as in the organisation of her functional classes has sought to

clothe economic functioning with the moral value and responsibility of social service. In the West the instincts of self-assertion are strong and economic institutions have emphasised those aspects of human nature, which in their unchecked and uncontrolled operations are resulting more and more in individual appropriation and exploitation. The deeper sociality and the greater co-ordination of individual and group action have no doubt been utilised, but mainly in the interests of individualism. These are but the natural effects of an exaggerated emphasis on that individualism, which in its legitimate scope and ethical manifestations is one of the prime movers of the social system. The same instincts of appropriation have led to the division of society into antagonistic interest-groups or classes. It is through class-conflict that under an individualistic régime social progress is sought to be achieved. One class tends to prosper at the expense of the other classes. Wages, profits, rents are supposed to be inevitably antagonistic in a competitive distribution. Competition has developed, and, during the last century, has tended to disintegrate into atoms the family and other social groups which are bound together by natural and human ties, and on the other hand to emphasise those social and industrial relationships based on contract which arise out of appropriative interests and prudential values. Individualistic industry has developed a strong, shrewd but often anti-social manhood. It has produced untold wealth, brought the mechanism of industry and trade to a state of efficiency undreamt-of before, and created its millionaires and financiers, with their empires and world markets, for appropriation and exploitation. But very often the increase of mechanical efficiency has been accompanied by diminution of vital efficiency and well-being. There have been in the West a wide disparity of wealth and power among classes, individual appropriation of enormous gains, economic exploitation, unrest and unsettlement. Class-conflict has destroyed social peace and race-conflict has destroyed the peace of the world; and each has arisen out of the yearning for appropriative or even aggressive expansion and exploitation

which itself has well-nigh perfected the central organisation of mechanical production and administration, securing its mastery over the whole world for exploitation.

India's Economic Advance through Modified Communalism.—The economic institutions of India have so far withstood with difficulty the attacks of Western industrialism. The mere fact that they have survived till now, in spite of the effects of education and of law which are playing havoc with the communal organisation by their direct effects on the constitution of the family and on property rights, indicates that they have a future. The development of Indian economic life lies in the conservation and extension of the vital forms of communal life and institutions in progressive and expansive adaptation to the complex economic and social needs of to-day. India has to improve very greatly the efficiency of her industrial organisation. She has to extend the scope for individual initiative and enterprise. She has to find the means for the satisfaction of a higher standard of comforts and of activities. All these are required for adapting herself to the complex needs and duties that have arisen on account of the natural forces of progressive development, and not merely by virtue of the contact with Western industry and civilisation. At the same time she will realise the paramount necessity of emphasising now more than ever the communal character of her industry and social life. Her economic advance will be found to lie not through unregulated competition and individualism, which are unsuited to her racial habits and psychology and which with her will be more destructive than reconstructive, but through a modified and well-regulated scheme of communalism raised from an incipient and instinctive basis to free, conscious co-operation for the harmonious realisation of individual interests and social well-being.

Western Economic Advance through Modified Individualism.—Similarly, the West has to set up as a definite end of economic life the social uses of industry. She has to transform the individualistic industry and make it promote and share in communal prosperity. The West has to find

in her industrial organisation the recognition of the paramount need of developing personality and humanity in the individual for the very sake of his individual self-realisation. The West has to develop an ethical standard and leave the decision of industrial disputes not to collective bargaining but to the social conscience. Checking her class-conflict and exaggerated individualism, the West has to socialise and humanise her production, and also to learn something of the Eastern discipline in the limitation of artificial and non-social wants. Gradually she has to learn the value of leisure and social consumption and to find that inward satisfaction which she is now missing in her rage for standardised production and mechanical efficiency.

But, as regional economics demands, the course of economic reconstruction in the West cannot pull down the two main pillars of her social fabric, the centralisation of the state, and the initiative of the individual. She will have to reconcile these opposed tendencies by more and more devolution and decentralisation, by developing groups and associations of individuals, which will serve as links between the state and the individual. Thus she will pass into the communalistic order, but on different lines and of a different variety from that of the East. Not the Eastern types of communal institutions, or the spirit and form of socialistic or communistic state, such as is being attempted in Russia, but new forms of communalism which will serve communal needs on a democratic basis in line with the evolution of her political institutions,—that is bound to be her watchword. In her state polity she will build on the theory of government by the will of the majority on the "one man, one vote" basis, tempered by representation of minorities on the proportional or other plan. This monistic theory of the state will thus become more and more qualified by the introduction of devolution and decentralisation, but will ever remain the foundation of her state polity. In the same way her social organisation which has come to be based on the relationships of contract, rather than those of personal kinship, status, or natural ties, is a product of historic development of law and custom, which will serve as the matrix and mould for future

social forms and constructions. Since she cannot wisely change her foundations of law and individual rights, her social institutions must continue to be dominated by the concept and category of personal will, and be based on relationships which have more of the element of personal consent and individual contract than of status or natural obligation. But she must more and more satisfy the demands of natural instinct and natural relationship, returning to nature and to instinct, and seeking more and more their guidance in her conventions and contracts. Her plan would be, not like that of the East to superimpose the relationships of status on those based on contract, but to give a greater recognition to natural obligations and vital instincts, and to develop contractual into ethical relationships based on social justice.

For example, the West would not develop a structure like the joint family, but would substitute the ethical family for the unstable organisation of the romantic family. The West would not destroy the classes, but would gradually transform them from antagonistic interest-groups to cultural-groups, based on distinctions other than those of wealth, rank, or political power. She would gradually transform the forces of socialism and capitalism, which now look each other in the face, from a revolutionary to a reformist type; instead of making a radical experiment in communism or replacing a middle-class industrialism by a new economic order, she would evolve a saner and more conscientious industrialism, based on an active comradeship and partnership in feeling and labour, reducing the social waste and securing greater economic freedom and equality for the individual.

The Past as Conditioning the Future.—It is only along the lines of the past that progress can be achieved both in the West and the East. The economic evolution in the past has its momentum and inertia. Race psychology cannot be changed. The social environment and historic precedents have created the heredity, the mingled good and evil of the present, and the corresponding hope and limitations of the future. Both India and the West cannot

change their body and their soul. They must accept the economic and social *karma* of the past, and in the case of nations unlike that of individuals there cannot be births and rebirths in new environments. Each nation is bound to work out her industrial destiny in a given geographical, historic and social environment, and she will find that, for the full unfolding of that phase of the universal economic ideal which it is her imperative duty to express, her best means would be to accept her own *karma*, the characteristic line of development in the past, to weed out all evil from all that had been good in the past by present efforts, and thus shape a hopeful future from the present. New life-values can only be engrafted on the old, new *karma* can only be engrafted on the old *karma*, the accumulated force of environment and tradition. The body and the soul of the nation which have the *karma* or burdens of good and evil cumulatively increasing by activities through generations cannot be changed. Each region or race has its own characteristic industrial life and destiny to evolve, and this for giving expression to that particular phase of universal life-values which it is its purpose to develop. Thus economic regionalism and experimental constructions will always be different according to regions and races; regional and national economics will postulate different plans of economic activity. And yet, out of apparently conflicting regional policies and national pursuits the universal economic ideal of humanity can be discovered, a distinct phase of which each region or nation embodies in different economic arrangements and institutions under different environmental conditions.

Monistic Communalism for the West; Pluralistic for the East.—This economic regionalism demands that, in the economic reconstruction of the West, the morphological type of her economic organisation will develop the constructive force of co-operation, which we have seen at work through the ages in her past, into a monistic type of communalism as contrasted with the pluralistic type which has already taken firm root in the Eastern soil in less complex forms. The keynote of this monistic com-

munalism of the West is that the goal of the economic activity of society should be the enrichment and efficiency of the individual, though this will be pursued by the co-ordination of economic groups and unions formed on a free voluntary basis; while at the same time the economic will of the people will be embodied in a quasi-personal being like the state, conceived as a super-individual having rights of his own over against individuals and groups. On the other hand, the keynote of the various Eastern types of pluralistic communalism is that the goal of the economic activity of individuals should be the enrichment and efficiency of the community, which lives not only around the individual, but is also an integral part of the individual personality; while at the same time the economic will of the people will be embodied in a quasi-personal being—a composite social personality like the state, conceived as a super-group, having rights of his own over against individuals and groups.

This is the coming era, economic, social and political, in the West which will solve the crisis in which she has been landed by her past *karma*. For that *karma* or history has no doubt been one of remarkable mechanical efficiency, developed by the industrial and political constitution under the monistic central organisation of militarism and capitalism. But that efficiency has cast its own shadow of an accompanying inefficiency in the disparity of wealth, and culture, and in the destitution of the spirit and the personality. And the monistic method of social grouping which has produced the centralised organisation of trusts and cartels, collectivistic states and Germanic empires for the sake of efficiency and exploitation, has also exhibited explosive and devastating forces in the form of supermen and anarchs dominating to their advantage every field of industrial, social and political life. And now there arises as an imperative need a new principle of social grouping based not on the dominance *ab extra* of a centralised power, which separates itself as an individual entity from the subordinate social organisations and uses them for its own advantage, but on the recognition of the divine right of

the original and primary constituent bodies and individuals to find their satisfaction through concerted action, and this can only be promoted if the central organ has for its only objective the co-ordination and correlation of the functions of these elemental bodies, and makes this its own individual or particular end.

On the other hand in the East, in social, political and industrial organisations, the principle of social grouping has long recognised the free and independent interests of the constituent primary bodies, resulting not in the concentration of power in a central organ, but in a decentralised polity, and the diffusion of industry, of wealth, of population and of social functions and activities. Thus the life of the social organism has not been sacrificed to the soul-killing ideal of mere mechanical and administrative efficiency. This principle of social organisation has created multiple communal groups, and not one vast machine like the state or the industrial system. The East does not rear the fabric of an omnipotent state or a socialistic democracy, but develops intermediate social groups, such as the joint family as the unit in economic life, the guilds and castes as industrial groups, the *varnas* and *asramas* as religious groupings marking an individual's rise in the spiritual scale, the *punchayets* and village communities in political life. (50) The pluralistic principle and method of communalism, which is still now on an instinctive basis in the East, has to be lifted to a free, self-conscious plane of bio-sociological effort and organisation on the basis of voluntary and not merely customary co-operation; and this alone will enable her to check the destructive inroads of an alien absolutist and militaristic ideal that threatens to swallow up all vital and growing forms of social constitution. In the East the pluralistic principle of social constitution feeds itself on an attitude of mind which has gone beyond a mere abstract and barren monotheism in its conception of *Biswarup* and *Biswadeva*, the world-body of God and His infinite manifestations in finite names and forms. The East stands for a spiritual outlook of life and the universe which is akin to the cosmic spirit, and it is only this higher outlook which can rescue

the world from the mad pursuit of monopolistic appropriation and advantage, mechanical efficiency and power which threatens to engulf the East and the West alike.

Unfortunately we find more displacement of racial and regional ideals by one another than their co-operation, more conflict than synthesis; and, in the social experiments that we see around us to-day both in the East and the West, there is more substitution than adaptation, more destruction than renewal and reconstruction. Socialism and communism as are being attempted in the West propose drastic changes in the foundations of industry and social life and are more revolutionary than reconstructive. The West needs development not in the direction of socialistic and collective ownership of production, but in that of co-operation and industrial democracy which will regulate production and trade in the interests of the whole body of consumers, without implying a semi-military rule—co-operation in all its forms, agricultural and industrial, co-operative production, co-operative distribution, expanding and differentiating till it encompasses every field of industrial activity. It is a blunder to hold that a bureaucratic organisation of industry monopolises efficiency and sound management. Co-operative institutions and new forms of communalism, developed on the basis of individual voluntaryism as opposed to coercion as in all socialistic schemes, and in line with the democratic traditions of social and political life, will be seen to satisfy the claims of individualism by giving legitimate scope for individual energy and initiative as well as individual variation, and at the same time secure efficiency when the social and educational adaptation to the new economic order has sufficiently advanced.

In India the warning lessons to be derived from the economic unrest of the West have no significance, and we are still in the midst of a crude process of substitution which sees "progress" in every little economic unsettlement. The new regionalism which we advocate rests on the belief that Western industrialism in India, and socialistic or communistic society such as is being advocated in the West, are both deficient so far as they will not be able to satisfy

the regional needs and ideals of India and the West under different historical and social environments. Both in the East and the West different economic and social structures would grow out of, and, in their turn, develop different racial ideals and regional interests. Not substitutions of cultures but an unarrested and independent development of each is essential for civilisation. It is not, indeed, that the separate and divergent lines of cultural activity have no common trend or direction; on the other hand, racial and regional ideals have their affinities and sympathies. As each race pursues its characteristic line of regional and national development there will be more and more synthesis of racial ideals and co-ordination of regional interests converging towards the realisation of the all-embracing universal ideal in which the discordant and separate ideals and policies of particular races will find their complete harmony and fulfilment and in which the interests of different regions will find their satisfaction for the common good of humanity.

Ideal of National Communalism.—In the economic scheme communalism implies that the individual will no longer remain a self-contained and self-sufficient unit and his industry no longer be divorced from the creative impulses and the social instincts and that the industrial classes will work together in harmonious co-operation for the common good of the industrial society. In political life, communal representation of groups and interests and of functional classes supplemented by election on an individualistic basis, as is the common vogue, will secure the true representation of all social groups and interests, including those of minorities, and solve many problems insoluble whilst modern democracy is worked on an exclusively individualistic basis. Each industrial and political group will pursue its peculiar interests, but its activities can find their fulfilment only in the common weal of the entire community which they will promote by their harmonious co-operation.

Ideal of International Communalism.—This principle of social organisation that communalism represents is also applicable to the relations between races. It will not only

prevent the competition between individuals in the groups, and between the groups themselves, but, in the international sphere, will usher in the League of Nations for the satisfaction not of appropriative or exploitative impulses, but of the impulses of free creation and distribution that will rescue civilisation from the evils of political and commercial competition of nations. Not each region or race, each a self-contained and self-sufficient unit pursuing its exclusive interests and ideals which diverge and come into conflict, but a family of races with separate and independent personalities which in their full development converge in the ideal of universal humanity. That is the ideal of communalism in international politics which would guarantee peace and harmony, secure international justice by ensuring the free and unarrested development of each race-personality and make possible the highest promotion and the widest diffusion of culture through the co-operation of races in developing and realising a common ideal. In international economics the same ideal would prevent tariff-wars and commercial offensives, secure justice by ensuring the advantages of national and territorial specialisation of industry and produce the largest amount of wealth through the co-operation of regions and races in an international scheme of the distribution of labour. The conflict of races can only disappear in an economic federation which avoids the conflict between the interests of a particular nation and those of the family of nations bound together as one unit by the religion of a cosmic humanism for the development of vital efficiency, both material and spiritual.

CHAPTER XIX.

RELATIVITY OF PROPERTY AS A CONCEPT AND AS AN INSTITUTION.

In the preceding chapters, we have emphasised the necessity of a new extended historico-comparative study of economic institutions as the only method of arriving at economic principles of universal validity. We have also advocated a new economic regionalism according to which economic reconstruction will be found to be adaptative and life-maintaining as it satisfies the scheme of regional life-values. We shall now examine the institution of property in India and the West, and try to arrive at some general principles of universal applicability and indicate a programme of economic rearrangement with regard to property based on regional and national needs and values.

Differences in Western and Eastern Ideas Regarding Property.—The whole edifice of economic life is based on the foundation of property as a social institution. There are remarkable differences in ideas about private property in the West and the East which are responsible for a striking dissimilarity of economic institutions. The differences in conceptions of private property are due not merely to a different economic environment, but also to a different race psychology. Indian economics works within the limits set by the characteristic institution of property in India and the social ideas it implies here. It is true that some of our governing ideas relating to property are being greatly modified by the operations of the British revenue system and administration. The decisions of the courts also facilitate the transformation of ideas. But we have to analyse the nature of the change and find out whether such transformation of ideas relating to private property will

be best conducive to our economic progress on the lines of the past. It is well known that law follows at a respectful distance behind economic forces and conditions. Law adapts itself to them. But it has not seldom been in India that law fails to interpret tendencies correctly and brings about conditions that might hinder economic progress. Thus good law may be bad economics.

Indian economics will tell us what property is in India, why it is and what it ought to be. It is then for law to follow up its teachings.

Roman Doctrine of Property, Based on Force.—The Roman doctrine of private property seems still to hold the field throughout the world. The Roman jurists laid down that property belongs to him who has first seized it. The assertion of the right of occupation involves a theory of force which can easily be explained by the facts of the development of Roman life. Private property was considered to be a part of the law of nature. Private property was a natural right. But what was nature? Does nature imply the reign of the natural law of brute force which operates in the physical and animal world? Or, does nature mean the condition of perfection? The latter meaning could not be accepted, for the philosophers of antiquity regarded slavery as a natural institution and private property in slaves a natural right. This was utterly repugnant to democratic ideas. Nor could the theory of occupation be accepted without modification, for seizure implies coercion, not justice. Locke argued that when a man first occupies the soil he mixes up his own labour with it. Thus, the land belongs to him, for he has a natural right to the fruits of his own labour. Thus, the pure and simple Roman theory of force was given a colouring of justice and equity by the philosophers of the seventeenth and eighteenth centuries. In France Camus emphasised the element of prescription as a content of private property. This introduces a moral element into what otherwise would be a creature of force. The principle of seizure may be antisocial, but prescription is conservative, if not constructive. The limits and extent of prescriptive right may have been

determined by convention and may have appeared subsequently to law, but the principle itself is prior, being among the foundations of law.

Reactions against the Roman Theory.—Turgot, in his luminous essay on the limits of proprietary rights especially as vested in corporations, was the first to enunciate boldly the principle that the interests of the common weal must be acknowledged as paramount, and therefore as a source of certain restrictions or limitations on the exclusive possession and enjoyment of property in large masses, especially as these may be employed to the detriment of the state and be a source of political risks. It is unfortunate that amongst Western economists and jurists Turgot's anticipations have not received the close study and examination which they deserve.

Western theories of private property, from Locke to Spencer, are all inadequate because of their exaggerated emphasis of the individual element and their neglect of the social. It is for this reason that we find thinkers of all ages in Europe, from Phaleas of the ancient times to Bakunin and Kropotkin, protesting against the injustice of private property.

And America, at the present day, is witnessing a revolution of the old ideas of private property. This has been found chiefly in connection with the problem of irrigation. The English common law conception of private property is a product of a moist climate—of conditions where there is an abundance, even a super-abundance, of water, and where private interest could be safely depended upon to give the best results. But in the arid and semi-arid regions of America, neither occupation nor labour is deemed to give an equitable title to the river or the adjacent riparian lands. The code of private property that is now in process of evolution in America restricts individual rights and emphasises social interests. In India, where by irrigation works or otherwise the government makes waste and unoccupied lands fertile and productive, it is at liberty (and it exercises the power sometimes) to give to the cultivators whom it establishes there a mere occupancy right instead of full

ownership. This is what has been done, for instance, in the Chenab and Jamrao Colonies, in the Panjab and Sind. In New Zealand, where immense private holdings checked social progress, their size has been restricted. In Ireland the agrarian problem became so acute and private proprietary rights of the landowners so detrimental to agricultural progress, that the form of property right had to be altered.

Throughout the West the socialistic demands for the modification of private property rights have become imperative, and socialistic legislation has become the rule rather than the exception. The municipal ownership of gasworks, water-works, and street-car lines, as well as the public ownership of railways and waterways, also indicate the same dissatisfaction with private property. In the West the accumulation of enormous fortunes has become economically and politically dangerous, and has affected art, religion and culture. There is a growing opinion that private property rights should be greatly modified in order to secure social stability and the full development of democratic virtues. Bequests, settlements and *fidei commissa* have been greatly limited. The development of progressive inheritance taxes, and more especially of collateral inheritance, has also been remarkable in recent times. In the United States the rate of taxation reached 15 per cent., in England 18 per cent., and 20 and 25 per cent. in some of the states of Switzerland and Australia. Professor Ely has expressed the common feeling for inheritance taxation thus: "All inheritance of every sort should be taxed, provided the share of an heir exceeds a certain amount. The state or the local political unit —as town or city—must be recognised as co-heirs entitled to share in all inheritances. A man is made what he is by family or town or the local political circle which surrounds him, and by the state in which he lives, and all have claims which ought to be recognised. Taxation of inheritance is the means whereby this claim of the state and town may secure recognition."

The idea of property as a true and genuine trust is developing and this operates in the direction of the diffusion of

wealth. Professor Seligman asks: "What phrases are more common to-day than the obligation of wealth—the public trusteeship of wealth? How long will it be before we tread the same path that has been opened up in the fiscal domain, where voluntary contributions have become transmuted into compulsory payments and where the moral duty is now converted into a legal obligation?"

There is every reason to think that the development of private property rights has now been arrested in the West at the point where it has become perilous to social stability and social progress. The Romano-Gothic law, with its exaggerated emphasis of private proprietary rights, has done incalculable harm, and, in spite of its encouragement to individual initiative and private enterprise, has proved a menace to the stability of democratic government, social peace and general well-being in the West.

Indian Doctrine of Land as Common Property.—In India we find from very early times a sense of individual property in land, and, at the same time, associated with it, a sense of a certain right in others to have a share of the produce. The laws of Manu justify private property in the same way as Locke has done. "The land belongs to him who has first cleared the jungle and killed the deer of the forest." In the words of the commentator Savara, "men are lords of their own fields." The precise nature of the ownership, however, cannot be interpreted as individual proprietorship; in effect, though not in law, it presumably meant tenure by a family rather than by an individual person. The Aryan race migrated in tribes and families. The joint families and tribal aggregations as they settled developed and expanded into village communities. In the village communities, the holdings belonged to the joint families, not to the individuals. The fields were all cultivated at the same time, the irrigation channel being laid by the tribe or the community, and the supply of water regulated by rule, under the supervision of the headman. No individual or corporate proprietor needed to fence his portion of the field. There was a common fence, and the whole field was surrounded with its rows of boun-

daries which were also the water-channels. And each village had a grazing ground for the cattle in common, no one having separate pasture, and a considerable stretch of jungle where the villagers had common rights of waste and of wood. Manu has laid down that grazing grounds are the common property of the village, and the people encroaching upon them are liable to punishment. Yajnavalkya also lays down the same rule. And Usanas in enumerating properties not to be divided even among persons of the same *gotra* makes mention of the field.

The *Mitakshara* quotes an anonymous text which lays down that the consent of the village is necessary for the alienation of land—sale or mortgage. Kautilya in his *Arthasastra* similarly lays down that the tax-paying cultivators could mortgage or sell their lands only among themselves, otherwise the seller was liable to a fine. The members of the community thus had a sort of right of pre-emption, so as to keep the land within their own body. Thus there was individual proprietorship, though no such proprietary rights of individuals against the community so much emphasised in modern courts of law.[1]

The land was owned and operated on social principles. When the crop is reaped, the king or the chief or the headman and the villagers take their traditional shares of the produce. The lands are separately cultivated, but there is a sense of ownership by the whole tribe, arising from co-operation, however indirect, in the work of settlement. It is the same idea that the local political unit (which in our agricultural communities is called the tribe or the village, when the bond is no longer kinship but economic co-operation) is a co-proprietor and co-heir entitled to a share in all inheritances, which has, as we have already indicated, recently received emphasis in the West in the discussion about inheritance taxation. Professor Bluntschli proposes that the property acquired by taxation of inheritances by the local political units should be used as a fund to promote the interests of the propertyless classes, also that it should

[1] *Vide* Mr. Radharaman Mookerjee's chapter on "Land Tenure in Ancient India" in his *Occupancy Rights in Bengal* (Cal. Univ. Pub.).

be used to reward persons who have distinguished themselves in science or in art, or who have rendered especially valuable service to the poorer classes of society. In the village communities in India, the land, though it is distributed into parcels for separate enjoyment amongst the members of the tribe, belongs in theory to the tribe: because it is the tribe working collectively that originally cleared the jungle, formed the settlement and created the property, and because the individual can cultivate and enjoy the property on account of the economic, social and political benefits he gets from the tribe. Thus, no member can postulate individual proprietorship. From the earliest times the power to alienate land, which in theory belongs to the tribe or village, was limited by the power of the tribe or village to prohibit it absolutely, then to prohibit certain forms of alienation or to impose restrictions as to the purposes for which alienation might be effected, or when these purposes were satisfied to limit the choice of alienees to members of the tribe who would have the first right to take up the alienation, in other words had the right to pre-empt.[1] It is also characteristic that throughout India institutions like the *Dharmshala*, or a shrine or the common-room of the village for the benefit of the propertyless and the intellectual classes respectively, are supported from the common funds of the village, or from property endowed on their behalf by the whole body of proprietors. In the West it is only about inheritance taxes that the idea of communisation has been emphasised. In India the interests of the propertyless and intellectual classes have a sort of first claim on all earnings from the use of capital or the holding of land which might lead to cumulative profits or unearned increments.

The sense of private property in India was indeed always governed by the sense of a certain right in the local political or social unit. This can easily be understood if we investigate into the chief forms of tenure in our typical agricultural communities.

Indian Land Tenures.—Any intelligible account of

[1] Ellis—*Law of Pre-emption.*

land tenures must proceed by the genetic method, i.e., it must deal primarily with origins and development therefrom. From this point of view villages may be divided into those :

(1) In which ancestral shares were recognised and utilised from their foundation ;

(2) In which this was not the case, but the user and occupation of land was distributed and determined from the first in other ways.

To clear the ground it may be premised that in early times (which may roughly be taken to mean those prior to the British rule) ideas of proprietary right as an exclusive and general right of dealing with material objects attached themselves not so much to the land or soil as such, but rather to the products of land, including in that term not merely agricultural produce, but dues, services and suchlike exacted from or rendered by actual cultivators.

The two classes of villages detailed above respectively point back directly to the sources of the two main streams of ideas, the gradual fusion of which has resulted in the modern conceptions of property in land current in this and in other countries. They are (*a*) political authority or social domination in various grades and shapes ; (*b*) the actual occupation of land by the self-cultivating clansman.

Political Authority Passes into Ownership.—As regards (*a*), political authority had tended to become proprietary connection with land by a process of attrition or degradation through the stages of feudal superior, seignor or overlord (*sirdar*), assignee of land revenue (*jagirdar*), farmer of the state revenue (*ijaradar*) and suchlike. In each successive stage the actual personal connection of the above classes of persons with the management of land and the control of its cultivation became closer and more intimate than could be that of the *raja*, political ruler, or tribal chief of a more or less wide tract of country, although as a rule they would not themselves actually drive the plough. As the political power of such a chief or of his descendants became more and more curtailed by conquest or by a process of fission set up by the necessity of providing appanages (*guzara*)

for the younger scions of the family, in so far did political connection with land give place to a closer and nearer personal and proprietary connection, coupled of course with a concomitant restriction of the area concerned.

It seems to be a reasonable conclusion that in the case of villages in which proprietary status resulted, in the manner sketched above, from the gradual degradation and curtailment of political authority, or in the case of those whose founders belonged to clans imbued with aristocratic traditions of political status and functions, ancestral shares would be recognised and followed in the original distribution of land among the original founders. In such cases the inchoate ownership of land would imply the enjoyment of dues, services and feudal privileges; perhaps also of some vestiges of political power over and above the mere right to appropriate a certain share of agricultural produce. On the other hand, cultivation was perhaps more of a burden and a responsibility than a privilege; while failure to develop the area of the village and to bring it under cultivation would involve expulsion by the ruler or his local deputy, or else the forcible introduction of outsiders who were capable and industrious. Distribution of the area in shares would clearly enable a family of non-cultivating landlords of this class to meet such responsibility more easily, and would also tend to prevent friction and trouble in the collection of produce, and in the enjoyment of dues, services, etc. It is the same history of land settlement and demarcation of rights that is to be found in the occupation of Gaul and adjacent provinces by the Gothic and other tribes from the North after the break-down of the Roman empire.

On the other hand, where (*b*) the founders or original settlers were a group of more or less closely related kinsmen of a comparatively low social status who actually tilled the soil themselves (*halbah*), each family appropriating the produce of its own labour, the necessity for a distribution of area on a definite system of shares would not arise, at least in the earlier stages of the life of the village. Land would be plentiful in most cases, and the main object would be for each family to break up and cultivate as much

of the area round the young settlement as its resources would allow. As development proceeded and the group grew in size, the need for a more regular and definite method of assigning land for the use of the various households might arise.

Rajput Pattidari Villages.—Inquiries made into the history of a considerable number of villages in Class No. 1 in the main tend to confirm the theory sketched above as to its chief features. Up to a comparatively recent period the Rajput clans with their aristocratic and political traditions regarded the work of tillage as one entirely beneath their social status, to be left to Jats, Sainis, Arains and others of lower rank. The idea is of course now rapidly disappearing, but is by no means even yet extinct. It is among Rajputs that those villages are principally found which were originally held on a system of ancestral shares and which may properly be called *pattidari* villages. They were in the great majority of cases founded by an individual. After his death his sons or grandsons proceeded to divide a considerable portion of the village area among themselves on ancestral shares, the remainder being kept joint or *shamilat*. The area assigned to each sharer was sometimes in a compact block and sometimes in scattered plots on the *kurabandi* or *dheribandi* system, to be noticed below. Each sharer and his descendants were at liberty to bring under cultivation so much of the joint (*shamilat*) waste as their means allowed and to add it to the severalty plot or plots assigned to him or his predecessor on partition. The result of this process and of other incidental causes, such as transfers and abandonments, was sooner or later to introduce and foster discrepancy between the area of lands actually held on severalty and the ancestral shares. The more or less definite application of these to the *shamilat* appears, however, to have been preserved; but what the practical results of this application were it is difficult to see, since the *shamilat* area which each sharer could appropriate for cultivation by his tenants does not appear to have been definitely limited by his share. However this may be, the application was sufficiently definite at the time of the British

settlement to cause *shamilat* lands in *pattidari* villages to be recorded generally as owned jointly ancestral shares, while lands held in severalty were treated as owned by the holder without reference to his ancestral share. The above was the normal type of development in the case of Rajput *pattidari* villages; but there were of course cases of more or less wide divergence from it. The early definite partition on shares appears to have been absent in some cases. For instance, villages are settled without definite partition, each family appropriating land for cultivation according to its means and ability. It was only in the course of the first regular settlement that it was definitely partitioned according to ancestral shares. The case illustrates the Rajput instinctive tendency to preserve the recognition of ancestral shares, even when cultivation has been in severalty and in temporary disregard of those shares. In other cases a *pattidari* tenure appears to have overlaid and displaced a true *bhaiachara* tenure (dealt with below) in consequence of the forcible assumption of proprietary status by Rajput interlopers or by the development of such a status from that of *jagirdar* or *ijaradar*. This aspect of the matter will be more fully noticed below.[1]

In the Deccan the proprietary bodies called the Thalkaris were the result of the settlement of tribes and clans of invaders from Northern India of Scythian origin who drove their Dravidian enemies before them into the Southern districts which they hold. They were at the outset like the present-day Rajputs, averse from agriculture as a degrading pursuit and left the work of cultivation to be done by their vassals, the present-day Kunbis, corresponding to the Rajput Kardias. Under the régime of heavy village assessments and the farming system, the landlords sank to the position of *mirasdars*, government tenants, albeit of a favoured class, yet still clinging with passionate devotion to their ancestral fields, and the *upris* were created,—mere tenants at will, cultivating government lands at a yearly rental.

[1] I am indebted for the above account to an interesting note by Mr. P. J. Fagan.

Jat Bhaiachara Tenure.—The pure *bhaiachara* (class 2) is the tenure *par excellence* of the self-cultivating Jat clans. Inquiry tends clearly to show that generally the original settlers or founders of a village, to which this class of tenure applies, formed a group of families more or less closely connected by blood or intermarriage. Often, but by no means always, the families were of the same clan. In the earlier stages of the settlement each household appears to have occupied and brought under the plough so much of the waste area surrounding the infant village as its means allowed. The common expression in the records is *taraddud hasb istatdat apni.* As population increased and the advantageously situated lands near the village site became more fully occupied, the initial stage of promiscuous occupation appears in many cases, though by no means in all, to have been followed by a reorganisation which took the shape of a redistribution of the occupied and cultivated area among the original settlers or their descendants on a definite system, the nature of which was somewhat as follows:—The area to be distributed was divided into large blocks (*hars*), each characterised throughout by general similarity of situation, quality, etc. They perhaps corresponded roughly to the soil classes framed for purposes of partition under the modern procedure. Lots, variously known as *dheris* or *kuras*, were then formed, each consisting of non-contiguous plots selected out of the different *hars* so as to render the lots so far as possible all generally equal in regard to quality of soil and situation, etc. A lot would be assigned to each cultivating household, or more commonly subdivided by the same principles into plough holdings, one or more of which would be assigned to one or more households to be held by them in inchoate proprietary right. The size of a lot would not necessarily be uniform, but would depend on the number and cultivating strength of the households to which it was intended to be assigned on the plough distribution. The care with which the original distribution was made is apparent from the generally scattered character of the existing proprietary holdings, and from the fact that at the recent settlements

a distribution of revenue at a uniform rate on area without reference to soil distinctions was found possible in a large number of villages.

Before the English rule, individual property in land, in the sense in which this is at present understood, was unknown. Each village held the area surrounding its homestead, the dividing boundaries being hardly defined. Land was plentiful, cultivators were scarce, almost anybody was welcome to break up as much as he could cultivate, and the owner who induced a tenant to settle and bear a share of the burden of the revenue conferred a benefit on the community at large.

The distinction between the members of the proprietary body and mere tenants holding from them was of course carefully preserved, the latter having no voice in the management of the village, and making formal acknowledgments of their subordinate tenure; but so far as actual burdens were concerned there was practically no distinction between the classes.

The land was carefully divided according to quality so that each should have his fair share, and the same rule was observed when a new-comer was admitted to cultivate. The long dividing lines at right angles to the contours of the country which mark off the valuable rice land into minute plots and the inferior sandy soil into long narrow strips including a portion of each degree of quality, and the scattered nature of each man's holding, still show how carefully this was done. The revenue was then distributed equally over ploughs, or over cultivated areas. The ancestral shares of each household of the land-owning community were carefully observed, and regulated the interest of each in the common lands and the adjustment of the minor village accounts: but the area of land held by each cultivating possession varied with the ability to cultivate rather than with its rateable share in the village. The undistributed waste remained over for common grazing, and for subsequent appropriation.

The redistribution of land in the Russian *mir*, which is only the continuity of traditions of pastoral and even nomadic life, falls far short, in the organisation of agricultural efficiency,

of the equitable distribution of plots of land which the instinctive capacity for group-action of the Indian people has established. The periodical re-distribution of land is also to be found among certain tribes in the fastnesses of India, but this crude type of tribal communalism has been superseded by a more complex type of agricultural organisation on a communal basis which satisfies the interests of individual efficiency as well as those of collective well-being.

Western Misunderstanding of Indian Group-Communalism.—Western writers are always apt to confound group-communalism based on conscious co-ordination of individual and group action with tribal communalism based on gregarious instincts and biological necessities. In India the social organisation in our village communities, which has advanced much beyond the tribal-stage, but has also wisely conserved the value of such social and group instincts, has been misinterpretated by Western thinkers from Maine to Baden-Powell. Group-action in the Indian economic and social organisation has developed from an instinctive plane in the stress of biological adjustment to a conscious co-operation for realising ideal ends through social necessities. It does not represent an archaic and obsolete type of social life, as Western thinkers have misinterpreted it. It represents a transitional form of communal life which will organise the social instincts it has inherited from tribal communalism into ethical ideals in adaptation to the growing complexities of social and economic life.

Private Property in Land not Recognised in India.—The idea that the plot of land held by each household was his own to do what he pleased with was always utterly foreign to the Indian people. Sales of land were unknown; and, when an owner became, from failing appliances, unable to cultivate as much as formerly, the community arranged if possible for the cultivation of the abandoned fields, while he remained responsible for the revenue of only so much land as he actually held. Perhaps the most distinctive evidence of the communal nature of property is the survival of the village common land in spite of the encroachments of the British revenue system and administration.

Whatever may be the type of the village there are reserved within its territorial limits some portions of the uncultivated waste for common grazing, for assemblies of the people, and, more important still, for subsequent appropriation and cultivation. Lands so reserved are jealously guarded as the common property of the original body of settlers who founded the village, or of their descendants, and occasionally also those who assisted the settlers in clearing the waste and bringing it under cultivation are recognised as having a share in these reserved plots. Even in villages which have adopted separate ownership as to the cultivated areas, some such plots are usually reserved as the village common, and, in *pattidari* villages, it is not unusual to find certain portions of the waste reserved for the common use of the proprietors of each *patti* and other portions for common village purposes.[1]

Indeed, absolute rights of property in land were not compatible with Indian revenue and administrative traditions. Thus there was great confusion when such ideas were applied by the British settlement officers to the determination of land-rights. When the British first made records of right in land, their primary object was to obtain a record of liability for revenue which depended wholly upon cultivating possession. But the British went further than this. They, of course, preserved as a rule, though not always with entire satisfaction, the distinction between owner and tenant. In many cases the distinction was most arbitrary. The settlement officials have been hampered by ideas about property in land drawn from other states of society and seem to have assumed that the absolute right to each plot of land must vest in some individual or body of individuals, subject possibly to subordinate rights of other persons which they considered as limiting the absolute rights of the proprietors of the land. In the *pattidari* villages which were managed on the rent system there was little hardship. The headmen according to the custom of the villages shared all the profits and bore all the losses of the village as a whole, realising fixed rents from the cultivators; in such villages these headmen, in whose names the previous leases had been made out,

[1] *Vide* Sir W. H. Rattigan's *Digest of Customary Law.*

were declared to have the proprietary right in all the land of the township and the other cultivators were declared to hold under them as tenants. But in villages managed on the *bhaiachara* system all the cultivators shared the proprietary right in the township on an equal footing, and they all laid claim to the proprietary right on the grounds that they had broken up the prairie without asking any one's leave and that they had all paid on their cultivation at equal rates. Their claims, however, were sometimes rejected, and only those headmen whose names had been mentioned in previous grants, or the descendants of such men, were declared to be the proprietors of the whole village. This was an obvious injustice based on an error, and the tenants recall with some bitterness how little those persons who now lord over them differed originally among themselves. An interesting record of the popular voice in this matter, expressed in term of verse, has been preserved by Mr. J. Wilson in his report on the Settlement of the Sirsa District.

(1)

All the brothers came together.
They settled the desert prairie
And put the turban on one man's head.
He became headman:
The Ruler issued orders to him only—
The headman lost his good faith.
And gave nothing even to his brother
Born of his father and mother,
No love or affection remained.

or again:

(2)

All together peopled the village,
Brothers, cousins and uncles.
They had one man's name recorded.
When he got hold of the law
He turned them all out,
And made his own orders to be obeyed;
Thinks nothing of anybody else, (saying)
"I will take you off to the police station."

(1)

Ralke ae sabbhe bhai
Suni unhan bar basai
Ik de sir te pag banai.
Oh bangaya lambardar
Hakim usnu hukum sunaya
Lambardar iman kharaya
Sakka us da ma pyo jaya
Usda bhi kuchh nahin banaya.
Koi na rahagaya het pyar.

(2)

Ralke sabnan pind vasaya
Bhira bhai te chacha taya
Ikda unhan nam likhaya
Jaddon kanun ju usnu hatth aya
Sabnan nun us kaddh vikhaya
Usne ap da hukum chalaya
Hor kisi nun kuch na jane
Le chalsan tainnu thana.

These verses parallel John Ball's couplet:

"When Adam delved and Eve span,
Who was then the gentleman?"

and furnish the best evidence how the co-proprietors, who had evidently equal status, considered themselves oppressed by the headman when after the settlement he occupied a clearly superior position and misused the authority unwarrantably given to him.

Cultivating Possession Treated as Absolute Ownership.—Instead of recording each constituent household of the proprietary body as entitled to a fractional share in the village, and as holding in *cultivating possession* the land occupied by its members, or by tenants whom they had settled, the British recorded and treated it as absolute owner of this and other land occupied by tenants which they had settled, and entered as common property of the village only such land as was held by tenants who had been settled by the village in general, or by one of its sub-divisions.

The proprietary rights so recorded are now, of course, indefeasible. But there is every reason to believe such property in severalty, based solely upon actual possession, to have been entirely a creation of the British; that before their times the breaking-up of land gave the cultivator a right to hold that land undisturbed so long as he paid the revenue on it, but gave him no further rights; and that it gave him this much whether he was an owner or not.

In old days members of the proprietary body returning to the village after an absence of even half a century or more were admitted to their rights without question; and there is still a strong feeling against rights being extinguished by absence from the village. In families owning land jointly, the property on it is strictly regulated by shares;

though, as of old, the land is often divided for cultivation between the various members according to the extent of the appliances at the disposal of each without regard to those shares, each man paying revenue on the land he actually cultivates and taking the whole of its produce. But this division does not confer any proprietary right in the land so held. Theoretically, each household in a village is entitled to break up common land in proportion to its proprietary interest in it. But, as a fact, the area so broken up depends entirely upon the ability to cultivate, and the man who breaks it up has a right to hold the land so long as no complete proprietary division is made, though he acquires no individual property in it. And the general voice of the people who have now accepted the new order of things affirms this view of the case.

In short, wherever the English have not interfered by a record to confuse cultivating possession and absolute ownership, the people carefully distinguish the two tenures: and the distinction should be insisted upon because the courts of law often show a tendency to assume that cultivating possession is adverse, and can become proprietary right by lapse of time. This, however, is not the case; for, until a complete division of property is made, the possession cannot probably be disturbed. To erect the cultivating sharers into separate owners probably worked but little injustice, but it was founded upon a serious error.

Land Purchase Introduced by British.—In customary law an agriculturist has a right to do what he chooses with moveable property of all sorts, but the limit to his power of disposal extends to all immoveables. In truth, the idea of acquiring landed property otherwise than by a grant of waste or by inheritance is entirely a growth of the British rule, really of the last thirty or forty years. The acquisition of land by purchase is now not uncommon, amongst the Jats at all events, but they do not recognise any distinction between this and inherited property, and the rules of succession and restriction on alienation would apparently apply to both alike.

Succession Questions.—Again, every agriculturist who

cultivates the land and has to pay the share of the revenue, undertakes a liability. If he happens to be old and childless, he has to get some one to assist him in the cultivation or even to undertake the whole responsibility of proprietorship. His agnates had perhaps as much land as they could manage, and would decline to add more to it. Under these circumstances the proprietor naturally turned to his wife's relatives, or to the family into which his sister or daughter had married; and brought in, with the tacit consent of the agnates, some one who would take the place of a son. This condition of things is now completely changed. The scarcity of land is, with the increase of population, making itself felt more and more, while property in land has acquired a clearly recognised and marketable value which was quite unknown fifty years ago. The tribal feeling now is that a co-sharer in a village has but a life-interest in his share of the land that he inherits, and that he should not be permitted to do anything by way of transfer that will injure the rights of the reversioners. The courts have in recent times adopted a middle course. They generally limit the right of contest in succession to agnates of the fifth and in some cases of the seventh degree.

The tribal feeling is strongly opposed to female succession, for the reason that in an exogamous society the female relatives generally belong to a different village and their succession is regarded as the succession of outsiders and strangers, which endangers the solidarity of the village community. Their want of thought or skill might augment the burden of the other members of the coparcenary community.

If the agricultural population had their own way in the matter, they would undoubtedly establish something resembling a general law of entail. Here is an instance of the divergence between tribal feeling as to what a custom should be and the view that is easily taken by the civil courts. The courts, following ideas derived at first or second hand from English law, ignore or rather strangle the law-creating faculty of the people, which is their only means of adaptation to new economic conditions and forces.

Bequests of Land Unknown in India.—Another confusion has often arisen with regard to wills and legacies. The chief court would sometimes lay down that the distinction between alienation by will and by a disposition *inter vivos* would not be appreciated by an agriculturist. The right of a proprietor in inherited land is considered as to a considerable extent limited; and any attempt to interfere with the reversionary rights of the natural heirs is regarded with the greatest jealousy. A gift of land to take effect during the lifetime of the donor would be as a rule at once contested; and the presumption against a disposition by way of will or legacy that came to light after the death of the proprietor would be ten times stronger. It is scarcely necessary, however, to discuss the matter further; for, while the disposition of property by gift or by adoption is recognised and admitted with limitations by land-owning tribes, wills are entirely unknown; and to create a rule recognising them is entirely opposed to the spirit of tribal custom and would undermine the constitution of indigenous society. The distinction that an agriculturist draws between a gift and a legacy is that in the case of the former the action of the donor is liable to be questioned at the time, and the dispute would be within the family, and not between heirs and strangers. The modern tendency of the courts is to uphold alienations by will, i.e., a person can alienate by will what he can alienate *inter vivos*.

In instances like the present the courts substitute rather than modify, being dominated by ideas and ideals utterly foreign to the communal organisation of agriculture. By destroying the communal ideas of property and artificially creating or helping to create the conditions that hinder the progress of the great mass of agricultural population, they divert family and social endeavour from the beneficial channels of economic activity. Judged by the standard which satisfies the conditions of progress of society in the West they may be said to create good laws, but this historico-comparative study has indicated, we believe, that they represent tendencies which contradict the fundamental laws of progress of our own society. Western passion for

absolute liberty of action, Western ideas of absolute rights of the individual, are incompatible with an all-round development of social life and well-being; and, applied in law-making, agrarian distribution or revenue administration, sap the foundations of the Indian economic structure, the compact village community and its communal agriculture, which have been built up by a strong endowment of communal instincts and social sympathies in a deeply humanised social and economic life—dominant instincts in the East other than those which are associated with the individualistic type of progress in the West.

British Misunderstanding of Indian Land Tenure.—Little by little the unexpected action of the administration and English law have insensibly influenced the village community: the former close association which existed between the members of the village community has been undermined. The peasant belongs to a joint village. He was one of a group of co-partners and could not alienate without the consent of his partners. But the English courts decided otherwise. For them the joint village was a novel and little understood institution. Since each co-proprietor cultivated his own piece of land, was he not the full proprietor thereof? It is true that they were collectively responsible for the land revenue, but this responsibility *was in practice allowed to lapse.* The British revenue officers, finding it troublesome and unfair to good cultivators, while maintaining the village community in name, had advanced towards individual assessments. The co-proprietors were thus treated in practice as individual proprietors, with full rights, including that of alienating their shares in the village lands. Among co-proprietors having much the same rights and the same burdens, not only the distinction between cultivators and non-cultivators was emphasised, but the peasantry was divided into tenants-at-will, occupancy tenants and proprietors with very different rights and holding very different positions. The headman who had much the same status with the rest of the proprietors was given an undue authority which was too often misused. (J. Chailley, *Administrative Problems of British India.*) And

this method of treatment was not only confirmed but also strengthened by the courts.

Partition of lands owned jointly, whether by single families or by a whole village or *patti* (*shamilat*), is constantly encouraged. It is a direct result of individualistic notions, and, as a consequence, in the highly cultivated parts of the plains many of the villages are gradually having absolutely no common land left, excepting what is required for the village site and roads. The common income is thus being reduced. But in the hills, where there are special items of miscellaneous receipts, such as the sale proceeds of fruits, grass-preserves, etc., these receipts are generally divided rateably among the proprietary body according to the proportions in which the government revenue is paid. Thus the ties of the village community appear to be getting looser.

Government Supercession of Village Communal Rights.—In Southern India the undivided village common lands are called *samudayam* lands. The proceeds of such lands go to meeet some common village needs, and they are either endowed specifically for these needs, or not so allotted. In the latter case the village assembly determines from time to time for what definite purposes they should be used. As a result of the encroachments of the British revenue system and administration, such *maniyam* lands have ceased to be *maniyam* lands, on enfranchisement by government.

The *inam* rules, however, secure the lands to those that have enjoyed them for a considerable period, but on payment of full assessment to government.

Communal lands, i.e., fodder and grazing lands, burial and burning grounds, the main channels of irrigation, etc., have been taken by government as the common guardian of the village. But the government has come to recognise that communal purposes no longer require those lands and has in many cases actually assigned those lands in favour of individual proprietors on full assessment and also at times on payment of premium or price.

Threshing-floor and burial-ground, as well as *mandai* or the place of assemblage of village cattle, are never assigned.

but common grazing and fodder grounds which have not been defined and specified have been allotted. Village scrub jungles which attract clouds are also not interfered with.

The same supercession of communal rights by government action is also to be seen in the *zamindaris*, the only difference being that the government limits the rights of resumption to pre-settlement *inams* and grants by previous states, other alienations within a *zamindari* being left to be dealt with by the *zamindar*.

The Madras Village Cess Act and Madras Proprietary Estates Village Service Act have resumed the *inams* and the rights of sharing the grain and other produce of the village at the threshing-floor hitherto enjoyed by the village servants, and have established a system of salaries from a fund known as the village service fund, raised by collections of full assessment over village service, *inams* or *manyams* and a general cess in respect of shares of produce given to village servants.

The right of controlling the village officers, e.g., the headman, accountant or watchman, is taken away from the proprietors and transferred to the government; though they exist for their sake, their defiance of the proprietors and lack of participation in communal labour, e.g., *kuri meramat*, etc., and in other matters of general interest, have caused disunion and disintegration.

Again, the rights of artisans and other village employees to a share in the crop have been cancelled by a course of decisions by the courts which fail to recognise the obligations *inter se* between the landholders of the village and the village system under the old communal system.

By these enactments and by the course of civil court decisions, the village officers, employees and artisans have been set free from their obligations to the proprietors of land or to the village community in general: and have become petty servants to government in the case of village officers and employees, and free labourers in the case of artisans; the latter enjoy the benefits of the old village communal system in the occupation of their house-sites without having to render any service to the proprietors, except as a matter of

private contract from time to time on payment of full wages.

In some cases of artisans living in *ryotwari* villages, the executive officers by refusing to recognise the right of the village artisans to the shares of the produce at the threshing-floor, and at times declaring such *swatantrams*, or voluntary contributions, to be illegal exactions, have put an end to the mutual relationship between the proprietors of land or the village community and the village artisans. In the exercise of their jurisdiction as summary courts, in the case of *zamindari* estates, they have on the same principles put an end to the relationship that existed between the *zamindars* on the one hand and *ryots* on the other, and between the *ryots* and the artisans.

Similarly, the communal labour which was commanded by the village community is no longer at their disposal, but has been taken over by the government itself under the provisions of the Compulsory Labour Act, Madras.

Supercession Based on Misconception.—The supercession of communal rights and privileges by enactments and decisions is due to the notion that such obligations to render service in lieu of *maniyam* holdings, and shares of produce at the threshing-floor, deprive the artisans and employees of their freedom to contract for their labour consistently with their progressive needs, and resembles practically a system of serfdom or slavery.

But this is really a misconception. For, the village artisans or employees are at liberty to make their own terms for their labour provided they give up their *inam* or *maniyam* land and their right to share in the produce. Again, the freedom of contract does exist under the village system. In cases where the family of the village artisan or labourer has become extinct, the village assembly or the community has sent for similar artisans or labourers from the adjoining village to occupy their house-sites, enjoy the *maniyams* and render their proper service. There have also been cases in which the village community or assembly have allotted or *jarried* additional house-sites and *maniyam* lands, and altered the customary shares of the produce according

to the needs of the family of village artisans or labourers, or greater work due to the increase of the village population.

The theory about the unfitness for the villagers to manage their economic and social organisation is not true in many cases, as even now there are persons in the village who are anxious to manage their own affairs and feel the intervention of the government and its departments as not answering to their real needs, and engendering seeds of disunion. The right to trees in *patti* lands of proprietary villages is not definitely given to the *ryot*, and the vague term "usage" has been a cause of endless confusion as well as litigation; so do the village elders cite a grievance.

Again, the *karambu* system of the Trichinopoly district, which is not easily understood by the European engineers, gives a striking illustration as to how the transfer of the communal responsibility for the *karambu* from the village communities (which used to depend on co-operative methods for their irrigation from the distributory channels of the Cauvery) to the revenue department, and then to the P.W.D., resulted in absolute failure to provide irrigation water for the lands during the agricultural season. The *mirasdars* are now anxious to manage their own irrigation by resorting to the old communal system, putting up the *karambus* by communal labour, and they have been actually petitioning the government for the retransference of the communal rights and responsibility in the matter of the *karambus* back to them, or even, if that is not found possible, for entrusting those duties to the revenue officers on the spot to whom the village proprietors have at least a ready access, and whose timely services might be able to put up the *karambus* in season and assure them a constant flow.

Desire for Local Government.—The desire of villagers to manage their own affairs with regard to the regulation of the grazing of cattle, and the enjoyment of the minor products of forests adjoining their villages, is tardily recognised by government. The experiments that the govern-

ment has made with regard to the management of the forests and of local option in the location of grog shops in villages by village assemblies, have been reported to be successful. Such facts and circumstances show the adaptability of the village communities as well as the effects of ousting village rights and responsibility.

From the point of administrative efficiency, the following measures are imperative:

(1) The restoration of the old responsibility of the village officers, servants and artisans to the village: their appointment and payment by the village community itself;

(2) Laws that will repeal the different acts and enactments by which the government has taken upon itself that responsibility and right: the abolition of the general village cess and services fund; or at any rate the expenditure for the villages themselves of the entire funds collected from the *maniyams* and *inams*; and the restoration of the right of the artisans, servants and officers to the share of the produce without carrying the surpluses thereof to the public revenue;

(3) Laws that will rectify the disintegration caused by the judge-made law based on individualistic and alien jurisprudence chiefly in relation to customary services and customary dues, rights of pasturage and irrigation, rights of cultivators to wood and fuel, the sale or lease of common lands, or fisheries, village self-taxation, etc., so as to bring them in conformity to the ancient traditions of the village communal system.

Efforts at Reconstruction.—The government has recently made great efforts to maintain or reconstruct the village community. Notably the government has passed some important legislative measures. The Panjab Land Alienation Act of 1900 and the Pre-emption Acts of 1905 and 1913 are measures calculated to preserve the integrity of the village community by preventing any interference with customary rules. A law of 1850 long forbade the sale of land to persons outside the village. Such sales even now required, as a rule, a decree of the court of justice, and occasionally the approval of the executive

authority. But the bill of 1900 substituted a general and a drastic solution of the question. It forbade non-agriculturists, save with the special approval of the Deputy Commissioner, to acquire land from agriculturists, and lists of agricultural tribes and castes were drawn up. Under the present law of pre-emption the custom of pre-emption is finally codified and given statutory sanction, but it is not a drastic measure. Under the old law pre-emption could be shown by custom to exist with reference to all kinds of transfers, whether voluntary or compulsory, sales, mortgages, gifts, exchanges, leases or what not. Under the present law it is strictly limited to voluntary sales in the form of sales of agricultural land, and sales and fore-closures of mortgages of village and urban property.

Dawn of Better Understanding.—The government and the courts, after creating rights in individual property against all local precedent, are now limiting them. But once undermined the compactness of the coparcenary community is difficult to protect. Once the pivot has been loosened, the whole chain has begun to unwind itself. It is difficult to arrest the unfastening of the bonds of the village community suddenly and unexpectedly let loose. The courts recently have begun to show a general feeling that they have given up the earlier individualistic notions and are favouring ideas of jointness and common holdings—the systematic study of customary law had no small influence in this change of attitude. The fetish of individualism is now an outworn creed, but if the courts in India have now come to a partial recognition of it as such, though it is a belated recognition, it is not yet too late to mend, or repair the mischief due to the infusion of individualistic ideas in a system whose life and progress depend upon communal notions and ideals. There is practically no medium between the village community and the *ryotwari* village of the provinces of Madras and Bombay. Once the village community is undermined, the government has to deal not with villages but with individuals, collect a separate demand from each of several thousand cultivators and let loose a swarm of revenue subordinates on each district. Once allow free

transfer of land, and, in spite of the brilliant lure of an influx of capital and enterprise on land, farm tenancy will be gone for ever, and capitalistic estates will take the place of village communities. It will be a step backward, not forward, in the condition of agriculture.

Advantages of the Communal Land System.—The principles of joint responsibility, entail and pre-emption naturally go together, contributing to the safeguarding of government revenue and the prosperity of agriculture. In the coparcenary communities, when the land is divided, each shareholder is supplied with a portion of every kind of soil, a slice of the in-field, and a large block of the out-field, a portion of well or alluvial land, a portion of the dry land: thus, the village is made up of a network of fields or properties. To such a state of things the principle of joint responsibility applies, but only in theory: the instances in which it is practically enforced are few. The people have the advantage of mutual protection, good fellowship, and the strength that arises from union of economic interests. This union induces the law of pre-emption,[1] which excludes the stranger, and by means of which the cautious man is able gradually to absorb the estates of the incautious: the property is valuable, and the assessment not heavy; the good men keep the bad men up to the mark, or are ready to get rid of them by the process of absorption; the risk is very small compared with the advantage of being member of a brotherhood. If a deficit occurs, it cannot be for more than one-fourth of the whole demand, if timely action be taken, and that demand does not exceed one-half of the net produce of the estate: the transfer of the land accompanies the payment of the debt by an individual shareholder; or if the deficit be paid rateably by the whole community, the share is placed in the common land.

[1] Pre-emption is recognised in the *Arthasastra* and the *Smritis*, and there is a continuity of tradition in this respect in Hindu law, so far as village interests are concerned. There is a community of structure in the organism of Hindu society in its different phases, administrative, economic as well as social proper. The problem for the legislator is fundamentally one in these different fields, and a continued development of tradition suited to the Indian genius can alone furnish the key to the solution of the many difficulties and complexities that confront him.

Under no circumstances can there be a loss, and the chances are that the property is greatly sought for.[1]

Communal Agriculture Meets Indian Economic Conditions.—But, it has been again and again urged by the British administrators, what would we gain from this maintenance of an antique system, this offensive exclusion of strangers, this unnatural prevention of the influx of capital and ability on land kept, they say, under lock and key and this apparent counteraction of economic laws?

The reply is simple. Economic laws are to fit themselves to facts, not facts to fit themselves to theories. We can no more alter economic institutions of a country than language and thoughts. In India, agriculture on a communal basis conforms to the characteristic economic type of the region or zone. Again, in the survival of economic habits and institutions, the communal agriculture shows its efficiency: individualism is not the last word in agricultural progress; this at least seems to have been borne out by the facts of agricultural disintegration in other countries. Private voluntary sale and mortgage of land, wherever unrestricted, has always led to the complete divorce between owner and cultivator. This is inevitably followed by agricultural decline and political and social disturbances. Throughout Europe there is a steady movement towards favouring the position of the peasant-proprietor or independent farmer at the expense of the land-owner. In Ireland, the movement is quite recent and has been much facilitated by the series of laws which began in the seventies and culminated in the Land Purchase Act of 1903. In the United States, which was (except in the South) almost from the beginning the home of independent proprietors, there has been during the past few decades an increase in the proportion of farm tenants to farm owners.

On much the greater portion of India practically all

[1] The voluntary redistribution of land by the tribe or the village community from time to time was supplemented by state action, in freeing the holdings of tenants from accumulated burdens and liabilities by a compulsory settlement of claims. This remedial measure by administrative agency was calculated to prevent the abuses that naturally tended to grow up in spite of pre-emption and co-proprietorship amongst the peasantry.

cultivation is carried on by tenants and not by land-holders. The cultivating tenant of Bengal, the United Provinces, Bihar and the Central Provinces does not ordinarily possess the power of mortgage or a free transfer of the land. In Egypt the Fide-feddan law has also restricted the power of the cultivator to mortgage.

A consideration of these and similar tenancy measures, a study of the tendency of modern tenancy legislation and an examination of the old Indo-Aryan laws with regard to transfer of land and the new socialistic code of property that is being developed in the West with its restriction of individual rights of property and emphasis of social interests, will inevitably lead to the conclusion that there is after all something very vital in the antique fabric of the village community and customary law. Any steps then taken to preserve and develop the village community and its laws of property will not be retrograde measures.

The village communities, however disorganised they may have been by the application of Western notions of property, may yet be renewed if only British statesmen and administrators rectify the mistake of their predecessors of the seventies and eighties, who were all imbued with the economic teachings of Ricardo, and sought to apply dogmatically the prevailing philosophy of individualism and free competition to the domains of communal agriculture and finance in India. Experience and observation have shown the drawbacks and dangers of this application of *a priori* doctrines, but the economic unsettlement has proceeded so far that reparation is possible, not through half-hearted measures, but through a bold economic policy and legislation vigorously undertaken.

Remedial Legislation.—Throughout India there are numerous instances where imprudent laws based on individualistic ideas of property have injured the condition and interest of the peoples. But they are followed by efforts towards reparation and reconstruction. The most common illustration is the following. The compulsory sale of ancestral lands for debt was no doubt not entirely forbidden by the old Indian laws, but it was seldom applied

in practice. It was explicitly introduced, and generalised by the English law, under the belief that it would enable land-owners and cultivators to borrow on better terms. But the result has often been that both landlords and tenants were dispossessed by classes of money-lenders, traders, and lawyers,—new classes whose importance is due to economic and legal transformations during the last fifty years. Where this has been a source of economic and social danger, the government has enacted special measures. These have thus been summarised by M. Chailley:

(1) The special "Succession" Laws—those passed, for instance, in the United Provinces and Madras for the purpose of rendering large estates impartible, i.e., withdrawing them from the divisions to which they would be liable under the ordinary Hindu Law of Succession, and which bring about impoverishment and gradual disappearance of a landed aristocracy.

(2) Laws passed for the benefit of the landed aristocracy and gentry in order to procure a better administration of estates. Thus, every large province, except Burma, has its Court of Wards Act, which provides for the administration by government agency of estates the possessor of which is disqualified by age, sex or personal capacity. The result of such administration is usually to clear off debts which have accrued, and to restore the estate to its owner on a sound financial basis. These arrangements have been buttressed by special Encumbered Estates Acts, such as those of Sind and Bundelkhand, which enable special measures to be taken for the relief of estates burdened with debt.

(3) Such laws as the Deccan Agriculturists' Relief Act of 1879, passed for the benefit of encumbered peasant proprietors, with the object of providing special tribunals for the settlement of claims against them, and of dealing in an equitable manner with usurious accounts.

(4) The Tenancy Acts which have for their main object the granting of occupancy right to tenants of long standing and the restriction of undue enhancement of rents.

(5) Finally, the Panjab Land Alienation Act of 1900, which restricts the sale of land by agriculturists to non-agriculturists, and (with some local enactments that it has inspired) marks the last stage hitherto reached in the process of evolution.

Piece-meal reparative measures like the Land Alienation and the Pre-emption Acts in the Panjab will only retard but not prevent the series of economic revolutions caused by the breaches created in the coparcenary community system by Western notions of property. English engineering has secured its highest triumphs in the irrigation works of India. It is now for English statesmanship to regulate economic and social revolutions in India as engineering has dammed the rivers. The rivers, dammed and regulated, have become fructifying channels of irrigation and converted arid wastes into fertile plains. If the economic revolution that is fast becoming an element of danger and destruction be properly guided, what is now a desert of indebtedness and irritation will be converted into a valley of wealth, welfare and social peace. Legal enactments and court decisions which will have this end will be good laws though they may be in apparent contradiction of the so-called "great laws of political economy." But how few will realise that what was good economics two or three decades ago is now bad economics! Not to speak of the other proposition less acceptable, what is good economics for the West may be bad economics for India.

Decentralisation the Best Remedy.—What is wanted may be supplied by a series of measures for the protection of the integrity of the agricultural communities. But by far the best plan would be to allow the village communities to determine what is good economics for them and to empower them to determine for themselves what their laws and customs shall be from time to time. That will ensure progress more than chief court rulings or customs in the form of law imposed from above, and that will be going along the ancient ways of these petty republics by furthering the cause of liberty and self-government. The best atmo-

sphere for the development of custom is the village court. As Sir Michael O'Dwyer observed in his address to the Panjab Codification of Customary Law Conference, "Custom in the Panjab is beyond doubt a living organism, and we should see that it has free room to develop on healthy lines. It has grown out of communal and economic conditions and is still in the main suited to these conditions as we know them, but the atmosphere natural to custom is the atmosphere of the tribal court or council of elders, *punchayet*, or *jirgah*, which administers it without regard to formal rules of procedure, and which gives effect to modifications and advances as soon as they are sanctioned by local opinion. When custom is removed into the atmosphere of the regular courts it suffers from the change of air." And this may be illustrated by the lessons of experience of the Russian officials who have based the administration of civil justice in their Asiatic dominions on custom and the tribal system with the help of the *mufti* and the *qazi*. The judicial methods of handling custom are probably in no small measure responsible for the fact that the Panjab is the most litigious province in India and that a frequent reproach against the present system of civil justice is that it is expensive, slow and uncertain. The judges are townsmen, sons of traders or officials who are obsessed with Western individualistic ideas and are entirely out of sympathy with communal feeling. Indeed the present system is the opposite of what is conducive to the natural development of communal organisation. At present the preparation of the *riwaj-i-am* affords the only existing opportunity other than in the courts of ascertaining the desires of the people on the subject of their customs, but inasmuch as the instructions for the preparation of that document reflect the view of the courts that custom must be established by precedents, popular sentiment being postponed to instances, the process is not vivifying. If the village communities are allowed to develop their own customs, the Western notions of property will no longer work havoc on them and they will develop naturally according to modern needs, at the same time protecting themselves against the influences

of disintegration which are too often forced from above ;[1] while the state should reserve to itself the general power of supervision for the purpose of avoiding conflicts of principle and any other discordant and separatist tendencies.

The new economic regionalism which we have advocated demands that the rights of property be determined and regulated consciously by the groups of agricultural communities which present a solidarity of economic interests. Each of these agrarian groups would promote the harmony of agricultural interests which would be jeopardised by the introduction of an alien explosive or devastating element into the coparcenary community. The economic evils or benefits of pre-emption, entail or free mortgage can only be determined by the agricultural communities themselves. It is true that the law of demand and supply determines to some extent the delimitation of individual and communal rights in property through the operation of the forces of survival of economic habits and institutions, but social justice can only be attained if this delimitation is raised from an incipient and instinctive basis to a conscious plane in economic construction and legislation.

Principles of Reconstructed Property Law.—What light does this genetic and comparative study of the institution of property throw upon its content and significance generally? What universal principles can be formulated, and this for economic reconstruction and betterment? They may be enunciated thus :

(1) The content of property rights will vary according to regional needs, or the needs of adaptation to a particular geographical and historic environment.

(2) The different economic groups, agrarian, industrial or commercial, should be allowed an opportunity to deter-

[1] In Bihar and Bengal, from the earliest days of Muhammadan administration, there has been a superimposition by the state of individualistic and capitalistic ideas of property. There has been a remarkable parallel development of economic and juristic institutions. While on the one hand capitalistic farming and landlordism, superimposed by the state, have over-ridden the communal interests of the village system, on the other hand, Jimutbahana and others developed individualistic concepts of property which dealt a serious blow on the communal notions in the joint family and the coparcenary village community.

mine the interests of property in different fields according to their functional and regional needs, the state reserving to itself the imperative right of their correlation and co-ordination.

(3) Instead of being satisfied with the theory that property is a social trust to be administered for the benefit of the community, we have also to look to the means of acquiring property.

(4) The content of property rights is to be measured by the relative estimate of man's productive effort and of the forces of nature to the making of property. Individual freedom with regard to the use and ownership of property is to work within the limits of the health and efficiency of the individual, and the body economic. Individual rights of property exist in virtue of and in subservience to the well-being of the communal personality whose needs are ultimately more compelling than the former. Rights of sale, transfer or mortgage of land will be determined according to the economic and social needs of different environments, and they will be as various and multiform as the zones of economic activity.

(5) With regard to man's productive effort as emphasising his interest in land, it should be recognised that all labour which is not equivalent to social service cannot give any rights. A mine, a forest, a river-side, a well, an irrigation-channel, an embankment cannot be owned and operated on an exclusively individualistic basis in the interests of an agricultural community.

(6) It will be recognised that corporations which live in perpetuity accumulate property cumulatively in a way that may endanger social peace, and they require special control by the state through registration and other means of supervision. It is the same argument that is applicable for the periodical revision of the terms of an endowment which may fall behind economic and social needs not anticipated.

(7) The interests of future generations in property cannot so unrecognised without detriment to the health and efficiency of both individual and society. Family patrimony according to the Hindu law cannot be used and spent in

any way to the detriment of sons in minority, and they in their turn when they become majors are bound to recognise the legitimate debts of their father. The conflicting claims of national debt and taxation which have arisen by virtue of the financial needs of the late war can only be solved by a due recognition of the rights and responsibilities of the present generation in its active participation in the war which affects it as well as unborn generations.

(8) Rights of inheritance and taxation, wills and testaments are to be regulated by the needs of satisfying natural feelings and sympathies on the one hand, and on the other the interests of the community which protects a man's property, makes him what he is, and allows him opportunities for the full expression of his personality. It will be recognised that a moderate competence for all is essential for the health and active efficiency of the social organism. Excessive wealth accumulated in the hands of a few contaminates the social-plasm. For the sake of the cells as well as for the sake of the organism, there is need of a proper and equitable distribution of wealth.

(9) For certain imperative duties of the community, the maintenance of defective, infirm and dependent persons, of inns and hospitals and schools and churches, the best plan would be not to depend solely on individual charity or on communal rates or taxes, but on the common lands left to be used by society for such purposes. The common lands of the village prevent the growth of absolute destitution and attach the poorest peasant to the soil. Land nationalisation along one line will not be able to satisfy the conditions of a healthy and actively efficient labour because it disturbs the normal reaction of the individual to the natural environment in which he invests his bodily energies. This is the bed-rock of natural and physiological justice on which individual ownership rests.

Communalistic Common Fund.—While recognising the imperative conditions of the use and ownership of private property, communalism seeks to provide for the realisation of common social ends, not merely by and through the individually appropriated shares of national wealth or

produce, but also by creating a common fund of natural and social resources in which to invest concerted energies for the purposes of communal well-being.

Such purposes are defined as in the case of the *debottar*, used only for the support of temples, *maths*, shrines, etc., or they are left undefined as in the case of the village common lands in the Indian economic organisation. These purposes will become various and be multiplied as they will at the same time be more social and national in obedience to the development of the complex social needs of to-day. Such an economic scheme is more adaptative and life-maintaining than co-operative colonisation based on individual voluntaryism which we had from Owen to Ruskin, and which generally depended upon individually appropriated wealth and its redistribution for the well-being of the community. The recognition of the rights of the communal personality as a separate entity is absent in this scheme. Nor can state-socialism, from St. Simon to Bebel, with its inspection and inspectors and its disregard of the naturalistic justice involved in individual proprietorship, satisfy the ideal. Communalism is thus seen to be a comprehensive ideal which will prevent monopolistic appropriation and exploitation, and at the same time secure the natural and physiological recoupment of individual and social energies necessary for the health and active efficiency of the individual cells and the body economic which is endangered by schemes of land nationalisation and state-socialism.

The Social Personality.—In the rearrangement of property-rights that is in immediate prospect in the West, the concept of a social personality which is more and more forming a larger part in the conception of the individual personality will manifest itself in institutional forms relating to property, such as the rich communal instincts of the Indian people have created, for example, *mustibhiksha*, or *zakath* among the Muhammadan traders, daily offerings for the maintenance of educational and philanthropic institutions; *mahimai*, or the tribute for social festivals or for aiding those artisans and traders who have no capital, as well as the village common lands for the mainten-

ance of the school or the guest-house; *brahmottar*, gift to the moral and religious teachers of society; or the *debottar*, gift to God; or, again, the *wakf*, similar charitable gift among the Muhammadans. These latter depend not on individual charity, reverence or affection, as do the former, but represent a common fund which has a separate and independent entity of its own as individually appropriated wealth. The social personality which is not merely the aggregate of individual personalities, ought to have, in correspondence with its real nature and status, a certain representation in the *corpus* of the entire national dividend independent of and in addition to the voluntary contributions of wealth owned and operated on an individual proprietary basis.

The symbol of the social personality is the deity, for example, in the Indian social scheme. So far as property rights are concerned, the deity is to be regarded as the person juridical who holds dedicated property. India makes no distinction between religious and charitable institutions. *Dharma*, according to Hindu scripture, includes charity, and a gift to a deity is in substance a gift to the community for the use generally of Brahmans, or a particular Brahman or his family, and the idea attached to such a gift is a charitable use coupled with spiritual benefit to the donor. In the case of the *math*, the juridical person is the deity or saint installed in it, and ownership of the *math* properties vests in the deity or saint. Thus, under the Hindu law in the case of both charitable and religious institutions, it may be said that there is a juridical personality, the ideal embodiment of the social or cosmic idea, as the centre of the foundation, and that this artificial subject of rights is as capable of taking offerings of cash and jewels as of land. This is the deity symbolised in the idol, whether in the temple or in the *math*. The idea that the deity is a person capable of holding property must, however, be kept within proper limits. The *purohit*, or priest, *sebait*, or manager, who are ministers of the deity, have over the property dedicated to the deity the same rights that they would have if they were trustees or managers, being at the same time liable to corre-

sponding duties to the community in the exclusive direction of social service which are legally enforceable. In these cases the endowments, in the absence of any specific direction by the donors, could be properly utilised, when all the religious services are fully and amply satisfied, for purposes in furtherance of the other objects for which also such institutions are founded, viz., the daily distribution of food, the education of the public and the promotion of the common good.

Expression of Personality Fostered by Communalism.—Not only in the creation of property but also in its use and enjoyment, the expression of personality is the essential factor. Property owes its origin and its continuity to the needs of the development of personality, and the satisfaction of those needs. It is on this ground that state ownership and use of property stand self-condemned. The increase in the machinery of state agencies for the protection of the sick, the aged and incapables, or of philanthropic and charitable institutions which work out average results by mass-methods, is essentially a development in the wrong line inasmuch as, instead of evoking personal responses to specific human needs and situations, they often curb their natural and spontaneous expression, and substitute machinery for man in the pursuit of a false ideal of efficiency which is wasteful and inefficient as measured by vital and human values. Communalism seeks to develop individual personality by adopting the methods of individual voluntaryism regulated not by externally imposed laws but by internal perception of social and moral traditions. Communalism gives opportunities for the expression of natural feelings and human sympathies by importing the intimacies of personal relationships into the social organisation. Communalism educes the social personality that is latent in every member of society by providing for it an outer embodiment which exercises proprietary functions of its own in the exclusive direction of social service, functions which are as real and concrete as those of individual proprietorship and set the ideal for the latter.

CHAPTER XX.

ETHICAL COMPETITION.

In the last chapter we examined the differences in the concept and institution of property in India and the West and arrived at some universal generalisations regarding property arising from the intermediate principles derived from the contrasted types of economic life and progress. We shall now examine competition as the economic process which, together with property, is regarded as an important condition of economic activity in the West. We shall then endeavour to reach some universal principles with special reference to the rearrangement of economic institutions in India and the West.

Economics Subordinate to Ethics.—Economic relationships in the village communities are all controlled by an ethical standard. It is not true that individualism and competition do not exist, but they are subordinated to the interests of the community as a whole. Even in the West there is a growing feeling that economic standards are not all-sufficient and sometimes are actually deficient. Hard bargaining of free individuals and contractual relations have now come to be regulated in the interests of industry itself as well as of those of vital efficiency and well-being.(51)

Lines of Progress, East and West.—Sir Henry Maine is altogether on a wrong track when he interprets progress as the change from status to contract. His principle might be applied to some extent to the economic progress of modern Europe in a very mechanical age up to recent times. But it is not true that every country will follow or has followed similar lines of development.

In the East such communal institutions as the family, the caste, the guild and the brotherhood, the *gotra* or the *jati*, have developed from a crude naturalistic status to an ethical status based on healthy primary needs and personal relationships. Each person is born to his appropriate status, carrying its appropriate share in the common land. Industry is essentially not a matter of hard bargaining and contract, but of mutual co-operation and community service. The motive of industrial work is corporate feeling and professional honour. Industrial functioning is raised to a social obligation. Each man realises that he has an important *rôle* to fulfil in a long scheme of things. He serves a vocation and dedicates his special talents to some continuous and recognised social function. His sense of professional pride and corporate duty helps to preserve the dignity of labour as well as a high standard of work. In the West, out of the ruins of feudalism, in which the personal tie between master and man humanised social relationships, the system of wage-labour developed, and, though legal freedom was gained, economic freedom has not been achieved. A system has been developed which treats men more or less as tools of a complicated machine, which atrophies their creativeness and self-determination, and their sense of individual and corporate responsibility, and which is as defective in industry as the Roman empire was in politics. In such a scheme industrial work is regarded as the fulfilment of a contract freely or forcibly made and business competition takes the place of natural and ethical obligation as the economic motive. It is undoubted that there are resources in human nature which competition and contract ignore and suppress.

Both in the East and in the West we find that both the natural and the contractual relationships, natural relationships as between parent and child, and contractual relationships as between master and servant, have had a place in social development. In the East, the norm of development has been the natural personal relationship towards which, as towards a standard, all contractual relationships have been made to conform more and more. In the West the process has

been the opposite and the contractual relationships have been regarded as the norm to which even natural status has been reduced. In the East the relation between king and subject, landlord and tenant, money-lender and agriculturist, middleman and artisan, artisan and apprentice, is interpreted in terms of the natural and ethical relation as between parent and child. In the West even the husband and the wife are becoming too much partners in a joint concern who can easily resolve themselves into separate and independent entities. In the protection of the child by the state in his infancy, in the early separation of the child from the family and the legal status given to him at a comparatively early age, we find the same replacement by a contractual type of a natural type of the family based on primary duties and obligations which is now being emphasised in every field of social activity.

Status and Contract.—Status is the result of a naturalistic adaptation to certain vital instincts and elements. It is not something mechanical or external to man, but men are born into it. Contract has also a naturalistic basis—the right to the produce of one's own labour and to a free exchange of that produce for an equal value received. The West now aspires to develop from the romantic and the contractual family to the ethical family, from competitive industry to industry regulated by ethical standards and obligations which will recognise the value of the primary facts of man's constitution and nature. Thus the contractual relationships will in future tend towards ethical and naturalistic justice as embodied in relationships of status, when they rise from an external and mechanical conformity to free and conscious obedience for personal self-realisation. There is also a parallel tendency towards the regulation of competition in the interests of social efficiency, and ethical justice based on the imperative demands of man's natural feelings and impulses.

New Ideals in the West.—Early in the last century in Europe the belief in the all-sufficiency of competition and in the beneficence of private interest and free enterprise dominated social thought and emphasised a pursuit of

materialistic ends for each individual as the object of social welfare. Then followed an unbelieving age of materialism governed by a pseudo-scientific biologistic philosophy, which extolled individualism and competition and regarded the exploitation of the weak by the strong as the sure index and criterion of progress. The rise in the standard of comfort, if not an increased love of riches, in the era of machine-production, which offered enormous possibilities to the man of enterprise, intensified the pressure of competition; though this intensification is to be traced chiefly to the achievements of applied science, especially in developing quick production and quick transport, and to the belief in the beneficence of private interest and free enterprise and their influence on public policy and individual temper. But new ideals have come in the West. The enormous disparity of wealth, the product of an unregulated competition, anti-social in its character and ends, has shown its evils. Individualism has degenerated into licence. Private proprietary rights have developed in a way antagonistic to social welfare. There is some change of feeling in those classes who have profited in the era of unethical competition. But new ideals, new ethical judgments, are forced upon them from above, as well as from below.

The state and the law courts fix fair or "living" wages. And these fair wages are not the low wages that would be accepted by men in hunger and without employment competing with one another for one job, nor the high wages that an exclusive trade union might extort from the entrepreneurs, but they are approximate to the product of labour and means of the labour sustenance at the standard of efficiency. With the growth of monopoly and public enterprise in America the legislatures and courts are forced to fix prices, or to pronounce opinions on prices, and they are bound to do so in accordance with ideas of fairness. Higher ethical standards of business are also inculcated, and sometimes enforced by the state. Taking an unfair advantage of a competitor is not merely a breach of good faith, but is also punishable by fine and imprisonment in some countries in the West.

Thus competition is restrained, wages are fixed sometimes and hours and prices regulated, and unfair business methods disapproved and sometimes punished in modern Europe and America. In every case the relationships created and maintained by contract are coming to be regulated. And yet no one will say that the evolution of industrial society in the West has stopped simply because the contractual relationships are not upheld.

The fact is that the West has now begun to feel that economic activities work in subordination to the imperative demands of social welfare, and that the economic life is not outside the range of ethical obligation. The feeling is only nebulous, not as yet clearly defined, but still it has its effects.

Restraint of Competition, East and West.—In the Indian village community, where the village functionaries, the artisans and labourers are paid their customary rates, competition is restrained. These rates conform to some idea of an ethical adjustment which the Western countries are now attempting to reach—as seen especially during and after the war—by fair or living wages.(52) It is a short step from customary rates of wages in the Indian village communities to the living wages established by legislation or approved by industrial boards of arbitration in the West. Again, the so-called just prices of goods established by governmental edict are cases similar to prices established by the *punchayets* and guilds in the Indian economic organisation. In the efforts of trade-unions and states to establish wages which conform to needs, or must range above a legal minimum, in the fair prices established by a legal tariff, in the public regulation of house-rent, and the laws against usury, we find the same attempt to regulate economic relationships according to some ethical standard, which is the characteristic feature of the Indian communal organisation of industry. It is also characteristic that trade-unions of recent years have come to concern themselves more and more with questions of status rather than of wages and to regard the occupation which they represent more and more as a profession rather than a trade.

Wage Standards, Western and Eastern.—A false economics of distribution based on a mistaken biologistic philosophy, which has well-nigh established competition as the mode of social and industrial progress, has unduly emphasised competition in the valuations of economic services. The controversy as regards the productivity and the cost theories of wages has not really ended. The cost theory in its crudest expression as the minimum of subsistence theory has arisen out of the competitive view of life. The facts of industrial life in the West show on the other hand that amongst different occupations there are particular normal wages, and not so-called general normal wages. The particular normal wages are different among different occupations such as the coal and mining industries, iron and textiles, agriculture, and shop- and house-keeping. These differences of wages arise on account of the differences in the biological and social conditions of work in different spheres. This is true both of the West and our country.

All these are relegated by economists, from Adam Smith to Professor Marshall, into the colourless heading of "net advantages and disadvantages." A closer scrutiny and analysis of these are essential, for economists always say that actual wages differ from normal wages deduced from theory in different respects. The theory stultifies itself when it fails to interpret actual facts and speaks of the conditions that determine actual wages as disturbing factors.

The fact is that modern economists have been so much obsessed by the theories of struggle and competition in the air that they all attempt to reduce all economic relationships to one criterion, contract, and one standard, competition. Everywhere in the West and India alike the customary or the ethical standard is superimposed upon the contractual relation which competition tends to establish and perpetuate. In the wages question the plane of living is a customary and ethical standard. It is different in different occupations both in India and elsewhere, and measures the necessary food and comforts, the biological recoupment for the particular work and the wear and tear

of muscles and nerves in the particular environment. In each occupation, it serves as a dyke to prevent the inundation of the field. But the contractual type of relationship has in the West always tended to replace the natural and ethical type emphasising the primary needs of a man's nature. The competitive standard has tended to encroach upon the ethical standard. In our village community the work and physical conditions of the two industrial groups represented by the blacksmiths and carpenters are superior to those of the other classes of artisans, and their normal wages are higher. For every class of artisans, the ethical standard represented by the plane of living is not allowed to be encroached upon by the forces of mere demand and supply. The purely economic concept of the standard of life has to be further developed and broadened into a bio-sociological and an ethical concept. The cost of labour, i.e., the standard of life, is a *'customary* price. In some occupations, where the bio-sociological conditions of work are necessarily better or worse, the "customary" or normal wages for the particular occupations are higher or lower. The customary prices of labour are different, hence wages are different. Thus, both in India and the West actual wages range about the certain customary or ethical rate, which in particular occupations is different according to such physical conditions as agreeable work or taxing labour, liability to hardships in heat and cold, or the inclemencies of seasons, constant occupation or intermittent work, and such social conditions as honour or ignominy attached to work, the degree of trust reposed in the workman, etc.

Latter-day economism, in accepting the ethical standard, treats economic forces as principal ones, and the ethical forces as causing variations and disturbances. Communalism, on the other hand, emphasises that ethical forces are principal ones and economic forces are obstacles, and moulds or regulates economic forces for reaching the goal by convention, tradition, or by decisions of village assemblies, crafts and guilds. In the irrigation of the economic field, communalism, as it were, assiduously strengthens the dyke

and prevents inundation, thus seeking to avoid the damage from floods—the individual and social waste and the destruction of the primary instincts of human nature and the roots of vital efficiency.

It is not that wages in the Indian village community have no reference to the productivity of labour, or the conditions of supply and demand. But, since the natural or ethical relationship is superimposed upon the contractual relationship and the competitive standard, the positive force is the customary or ethical standard, the plane of living, though the rate of wages can be measured in terms of productivity as well.

Competition had its full sway for several decades in theory as well as in practice in the West. Even state action had tended in many ways to maintain or perpetuate the competitive standard, at the cost of the natural and the ethical one: so much had economic theory influenced actual economic conditions. Now that the "ethical" and "political" criteria are to-day playing an important part in the determination and regulation of "fair wages" and "living wages" in the West, we find a return to the commonly-accepted Indian criterion of status and custom and the ethical standard. Status and custom, after all, represent some vital elements of social life and constitution. They are based on the fundamental and primary needs and instincts of man, and no society in the West or East can conduct its life on the sole basis of contract without undergoing risks of dissolution. The whole theory of wages of the West needs re-examination in the light of this thought. So far, Western economists have developed a theory that fails to explain actual wages, or has so influenced actual economic conditions and legislative action that vital and social values have been sacrificed. This is the reason of the recent reaction against the competitive theory of wages which, ignoring the bed-rock of social and ethical facts, has built on the quicksands a fancied interpretation which has helped in the disintegration of the social group and the misdirection of natural instincts. Thus it is that primal facts assert themselves in the long run against the disrup-

tive tendencies of a violent individualism and the hypothetical abstractions of the economists of the chair, which have encouraged such tendencies.

There are no words more commonly misused by the economists of the chair than " custom or status " as applied to Indian life. Status or custom in our economic relationships is always misrepresented by Western writers. Status is always regarded as mechanical and coercive, and customary relationship as something arbitrarily fixed and immutable. Thus, economists suppose that wages fixed by custom in our village communities never vary and are the same for every kind of work. They also suppose that in Indian villages labour is absolutely immobile and consequently the rate of wages is the same and as low as the irreducible minimum of subsistence in all the country around. As a matter of fact the dues and duties of artisans and labourers differ from village to village. Thus the law of demand and supply does operate in the village community; and if it gives way the economic conditions would exactly resemble the changes introduced into economic relationships by the substitution of public for private enterprise in the West, which leads to new prices for the factors of production and new rates of wages. These differ from those yielded either by competition or private monopoly. There is an effort to make them conform to ethical or political criteria and to supersede the general results of supply and demand in the market.

Indian Communal System of Industry.—The village organisation of industry is nothing but public or communal system of industry. And in public enterprise, whether in the East or in the West, which is to be distinguished from private enterprise, the common characteristic is that, as the ethical and political system grows, it trenches on the economic zone and reduces the earning power of labour in the residuum of it.[1]

In the Indian distributive system, custom prescribes roughly a minimum standard of wages corresponding to the

[1] *Vide* Prof. Pantaleoni: *The Phenomena of Economic Dynamics*, American Economic Association, 22nd Annual Meeting.

average family needs of an industrial group. But if an industrial class or group has to work harder, or its physical conditions are different, the general or standard rate is altered to meet its specific requirements. Again, the standard rate of wages conforms to the normal unit of economic services required of industrialists. The economic services normally required of artisans and labourers by the average village are distinctly remembered, and even written in the village records. If a villager requires more work of the artisan, he is paid in excess of what is due for a normal unit of work. And if the artisan is asked to furnish a commodity requiring special skill and dexterity, he is paid special rates which would represent his differential wages corresponding to the superiority of the labour to that required by common usage. Thus, in one village I have found that for making the well-gear the potter would charge Re. 1. and a meal over and above what he gets at each harvest, viz., 2 maunds of wheat, and 1 sheaf [1] of 10 seers for his ordinary labour of manufacturing earthen vessels for the cultivator's household. But it should never be supposed that the potters in all villages get the same wages. The rate varies from village to village according to economic conditions, chiefly the number of people forming the village community, which, again, determines the amount of work demanded of them. In another village the potter gets one *bhari* and one *puli* per plough (the *bhari* being as large a sheaf as a man can carry on his head and containing about 12 or 14 seers of grain, and a *puli* being a sheaf about half as large as the *bhari*). He is

[1] A sheaf is generally 10 seers, but this is increased at bumper harvest. The sheaf is bound by the stalks of grain of three lengths—*tirmani*—with the ears excluded. As a long growth generally indicates a good crop, the sheaf increases in size in a good year, when the stalks to bind it are rather long. So wages reckoned in sheaves are fluctuating.

In Bengal, in jute-growing districts, wages are often paid in money, 5½ as. to 8 as. per day, but the day-labourer also gets a sheaf of jute crop of which he can manage to extract the fibres, and this depends upon the strength of the labourer and is similarly fluctuating as the Panjab sheaf. In other districts the wages of the blacksmith are 15 seers of gram or pulses (*rabi*) and 30 seers of grain (*aswin*) per plough per year for supplying sickle, hoe and plough-share, the metals being supplied by the peasants; otherwise the wages are 40 seers of grain and 2½ seers of molasses. The carpenter makes the plough, the harrow and the *dhenki* and gets 20 seers of grain per year per plough.

paid extra in cash or grain for the pots, for a Persian wheel (*tinds*) and for large vessels, for the potter is expected to supply only moderate-sized household vessels. Thus, the normal or standard rate of wages is altered on account of the extra services of the artisans.

In the case of carpenters, they are paid their customary dues in grain for their duties in keeping the cultivator's implements in good order. But when they are employed for making the cart, the Persian wheel or the sugar press, or in house-building and other similar occupations, they are remunerated separately. The skilled mason or carpenter generally receives 4, or occasionally 6, annas a day, and his food and tobacco twice on a liberal scale, which costs about 3 annas. Sometimes he will be paid 7 or 8 annas a day, and in that case he receives nothing in kind. Occasionally the rates will be found to be 4 annas with food, or 5 annas 4 pies with none. These, again, are standard rates and liable to many minor variations.

The plough (*hal*) on which wages are calculated is such a variable measure that the allowances cannot be exactly reckoned. Roughly speaking, where all the artisans receive their full allowance, they absorb $\frac{1}{20}$th to $\frac{1}{16}$th of the gross produce.

Again, wages also fluctuate periodically. A study of the variations of wages in the village communities would give conclusions far different from the theories of rigidity of wage-level with which we are usually favoured by Western economists. The following figures from a village in Lahore district have been obtained from village records :

WAGE FLUCTUATIONS IN A VILLAGE

	1868.	1892.
Wages of the blacksmith and the carpenter.	1. *Rabi*, 20 seers of wheat per plough. 2. *Kharif*, no specific wages are fixed; the artisans are paid according to produce.	1. *Rabi*, 17 seers of wheat per plough; 1 sheaf of wheat (approximately 12 seers) as sowing dues. 2. *Kharif* as before, and in addition 1¼ seers as sowing dues, and cotton as much as a man could pick in a day.

1913–14.

1. *Rabi*, 17 seers of wheat per plough, 1 sheaf and 1 seer of sowing dues.
2. *Kharif* as before, but sowing dues 1 seer.

Chuhra, field labourer and scavenger.

1892.

The *sepi* or occasional labourer is given 5 per cent. of the total produce, also one meal if he works for a half day; the *athri*, who works for the whole day, is given 10 per cent. of the total produce, also 2 meals. To both are allotted the hides of the cattle which die in the village.

1913–14.

The *sepi* is given 7 per cent. of the produce and the *athri* 10 per cent.

They no longer are allotted the hides, excepting of cattle below 2½ years of age; they are paid skinning charges, Re. 1 for skinning a buffalo, and 8 annas for a cow.

Between 1868 and 1914 prices have risen nearly 50 per cent. Between 1892 and 1914 the rise has been nearly 38 per cent. Though wages are paid in kind and their variations need not follow the fluctuations of prices, yet wages have risen as a consequence of the increase of population in the village and the rise of prices which is not restricted to food grains alone.

The agreement between the villagers and their *kamins*, or artisans and labourers, with regard to the tasks to be performed by the latter and to the dues that they usually receive, are liable to revision at any time. On the one hand an undertaking by a *kamin* to perform a certain task for the next twenty-five years could scarcely be recognised as capable of being enforced against him and his heirs; and the village can scarcely be called upon to pay the dues under a one-sided agreement.

The weavers generally get their wages in cash. In one village I found that the weaving wages fourteen years ago were Re. 1 per 60 yards of cloth woven. Nine years ago the charges were Re. 1 per 40 yards of cloth woven. Now the weaver would weave 30 yards only for Re. 1. The weaver has said to me that wages have had to be raised because the rise in the prices of wheat from 30 seers to 10 seers per rupee diminished his margin of subsistence.

Ethical *v.* Economic Competition.—In spite of the attempts in the West to humanise and socialise production, and regulate hard bargainings and sharp practices, the West has found it most difficult to check class conflict and the evils of concentrated wealth and of unemployment. The labourers, capitalists and landowners of Western industrial society are still sharply-defined classes with their interests antagonistic to one another. In India our village community has sought to establish a solidarity of interests, and to bind together the different classes by ethical and social ties. The Indian industrial society is, therefore, more humane than the industrial society of the West. A mere cash nexus, unsupported by any bonds of personal relationship in social intercourse, cannot bind or weld together a community. Aggressive self-assertion and exploitation cannot be prevented when the bond between man and man, and between classes, is purely economic; this in a society which would still worship the fetish of efficiency and accept competition and the literal struggle for existence as the method of progress.

India has removed the unlovely features of competition by working on a subtler, more rational and more humane plane of life. The Indian economic world is not to be pictured as a battleground of classes and individuals struggling for existence. The battle of life as carried on by competition in the West, even within the bounds set by law, sometimes tends to show a mercilessness akin to the battle of life as carried on by violence.

The Indian economic world is an organic and co-operative body with cultivators, ministers and dependants of all sorts each occupying his customary place and performing his customary duties as a member of the organism. Status as well as customary dues and customary services have all been determined according to a social ideal which replaces the literal struggle for existence by an endeavour after well-being, for the individual and the community. Custom here is not something fixed and immutable irrespective of the conditions of supply and demand. Competition here conforms to an ethical standard which aims at vital welfare

and restricts individual liberty to some extent, though it does not kill individual initiative. Status here is not something external, binding man in a narrow groove by mechanical restraints; it is based on healthy primary needs and instincts, and stands for the development of much that is gentle and humane and the eradication of much that is piratical and nomadic in free and self-conscious manhood. Valuation here is not merely mechanical, economic and monetary, but ethical in terms of individual and social well-being.

Western Economic Tournament.—Western economics tells us that economic life and activity operate under three conditions, the state, private property and competition. The economic field is considered to be a closed list, surrounded by the impregnable forts represented by the rigid and crystallised institutions of private property and the state. Till the latter half of the nineteenth century the economist occupied the supreme seat of the judge of the tournament. He had bound the hands of the state in fetters by his inexorable doctrine of *laissez-faire*, so that the confusion, the combat, and the death in the mêlée within the enclosure, went unheeded. The victors were rewarded with the golden band, and the spectators cheered the victors amidst the grave noddings of the judges and the united applause of the multitude. But the age of chivalry is gone. The impregnable forts have been demolished. The police state does not stand by, unconcerned, but frames rules for those who enter the lists. It aspires to become the socialistic and even the paternal state. Yet the tournament continues, though the forts crumble down and the brazen and iron laws, the barriers of the lists, are overthrown. And the economist will not desert his post. He hurls anathemas—"the sins of legislators," "the evils of state interference," the vices of paternalism and humanitarianism, the sins of private charity, "panmixia" or degeneration, and other such curses of his school against those who are intruders; while the Queen of the tournament also allures by her smiles: and her smiles are the blandishments of a sense-born art; she smiles and she also beckons, for she is the

Siren of a faithless commerce. She exhibits her jewels,—and these are kingdoms and empires for the victors.

Contrasted Ideals of East and West.—But the East, the mother of races and of religions, would build a sanctuary. The East knows nothing of chivalry and tournaments. In the shadow of the glacier-clad Himalayas, with the waves of the ocean beating on the southern shores, she has dreamt dreams other than those of the allurements of the senses. She has dreamt not of wealth and possessions, nor of power and pomp. The East through ages has loved creation and renunciation more than wealth and efficiency. The civilisation of the East has developed the instincts and desires to create and distribute, rather than to appropriate and exploit. The instincts to create and distribute are essentially harmonious; thus the East has sought to avoid conflict. The socialistic state and private property are the great embodiments of the principles of appropriation and possession in the West. A decentralised polity and communalism are the great embodiments of the opposite principles in China and India. Both China and India have set limits to private property, seeking to demarcate individual rights of property in such with a view to the development of the individual personality in and through the corporate personality in which the former has its life and being. The East seeks to achieve social ends not through the paternalism of the state, or the instrumentality of externally imposed laws, but through the voluntary co-operation of functional classes and associations through the force of moral and social traditions. Even the production of goods, which is a form of creative activity, has become in the West so mechanical and monotonous that it now exploits human life. In the East industry is not divorced from art and craftsmanship, from nature and religion, from family life and the social environment that might serve best for functional growth and development. Industrial and social relationships are intermixed. Individual industry is a part of social service. And into the labourer's work are imported the intimacies of personal relationships which give it zest and grace.

Eastern Reconstructive Ideals.—There is now in process a revaluation of our impulses and desires due to man's greater power over the material world. But the East will not seek to develop an industrialism destructive of life and culture. She will not promote a competition destructive of human instincts and sympathies that she has wisely conserved as economic forces. She will not encourage the appropriative and the exploitative impulses at the sacrifice of creativeness, freedom and "joy of life."

If it is through natural impulse and instinct that the individual lives and the race remains in vigour and strength, the economic progress of the East will be found to lie not in the direction of unregulated competition and contract, which with her will be more inhibitive and destructive than directive and reconstructive, not in the substitution of a de-humanised and de-socialised wages system for the communal organisation of industry, but in ethical competition and naturalistic justice. Her progress will be found in the direction of an industrial democracy, communal in its lower stratifications but developed out of these into a union and federation of agrarian, industrial and other functional groups. Economic relationships will thus be regulated in subservience to communal and functional needs, and the primary value of individual initiative in work as well as of the intimacies of human and natural relationships in the life of institutions, will be preserved as vital and essential elements in the Eastern tradition.

Industrialism at present is, in one word, very largely an embodiment of appropriative and exploitative impulses. Internally, it leads to an enormous accumulation of wealth in a few hands and the exploitation of the poor by the rich. Externally, industrialism uses mechanical force and advantage for the exploitation of inferior races. In the social organisation communalism stands for the development of all that creates and re-creates. Communalism leads to an equitable distribution of wealth and the harmony of classes. Communalism stands for peace and harmony in economic and social life through a due regulation of competition and

contract by natural and ethical obligation as the economic motive, having its basis in the fundamental and primary instincts and needs of man as a progressively evolving social being.

NOTES

P. 5. *Note* (1)

As one expression of the fundamental physical law that there is a best or suitable collocation of a given store of matter, the concept of diminishing returns applies to all forms of transformation or redistribution of energy and becomes the great economic law of proportionality; out of this essential concept in economics grow the economic theories of rent and capitalisation, on it are based the conclusions as regards the value of all production-goods.

P. 9. *Note* (2)

The older writers such as Ricardo and Mill too often inclined to the simple and mechanical view that consumption is subsidiary to production; that the workman's food, the same as coal for an engine, is to be regarded as the employer's cost rather than as workers' satisfaction. They reduced the vital and complex economic process into three distinct and isolated phases among which one sets the norm and the standard. Much of this kind of analysis still persists.

P. 16. *Note* (3)

This in a two-fold sense: these instincts and impulses are inherited from a common ethnic stock, which is the very essence of race; they are also stimulated and shaped by the social *milieu* of the individual organisation.

P. 19. *Note* (4)

This may be either atavistic or disintegrative: gluttonous or pugnacious propensities or gross physical sex appetites illustrate the former; fastidious sentimentalism with regard to vital needs of life as seen in the elaboration of tastes, fashions or æsthetic demands instance the latter. *Vide* Seal's *Physical Basis of Race.*

P. 40. *Note* (5)

The co-operation among animals as they provide for the future is full of significance. The birds and the beasts toil, or migrate to new feeding grounds in herds and groups. The ant, the bee

and the beaver work in colonies to fill their store-houses against times of need. The economic life of man began also with hordes and clans and not with isolated individuals or pairing families.

P. 48. *Note* (6)

Production is a social process. The different factors of production are complementary goods, each necessary to the employment and best use of the various other factors. Materials and men co-operating are transformed into something which differs from either, and which depends on the scale of co-operation of both.

P. 56. *Note* (7)

Discrimination and harmonisation of desires and wise and moral use of goods evoke a new happiness, a new adjustment of life and a new character both in the individual and in the society. Public opinion, custom, taste and social institutions contribute towards an adaptive choice and use of goods by making expenditure a matter of habit in large measure, rather than a matter of individual judgment.

P. 60. *Note* (8)

Wants no longer remain simple conative attitudes, as conceived by the classical economists, but are looked upon as functions of different sets of instincts variable in their intensity as well as in their reciprocal relation. Thus we have a surer basis for a calculus of wants and for establishing mutual relations between qualitatively different wants.

P. 62. *Note* (9)

At one time the co-ordination is intellectual or rational, at others automatic, but in any case the organism acts as a unit reality, and not as a compound of atomic instincts and psychoses that is capable of serving as the integrative factor.

P. 63. *Note* (10)

A simple instinct is an abstraction. Human endeavour is never directed at abstractions, but always at concrete fulfilment of wants, in which instincts are absorbed and transmuted. Complex satisfaction values, social and economic, are then to be understood and interpreted as following efforts in their complex formations such as parental and domestic, moral and religious, social and political; and the fact that wants may be viewed as functions of instincts does not entitle us to assume *a priori* that the values too are resolvable to the satisfaction values of simple instincts.

P. 73. *Note* (11)

The Indian village community holds lands for grazing and other common purposes, for the maintenance of village artisans and employees as well as for subsequent appropriation, and restricts transfer, excluding the stranger. The clearing of common tanks and irrigation channels, the maintenance of the common temple and guest-house and the recreations, amusements and festivals, or the support of the village police, artisans and employees, for which every one pays a rateable contribution, show the silent working of communal habits which are not confined to villages, but applied to economic, social and administrative purposes in the cities as well. The communal modes of agriculture, the communal employment and remuneration of village artisans and servants, the terms of agricultural and trade contracts, personal rather than competitive, the ethical standards of artisans', traders' and bankers' guilds, or the modes of social consumption and charity, are all in keeping with the communal tradition; there are accordingly superimposed upon economic relations the intimacies of human and natural relationships which have lent the Indian economic world a grace and refinement and a sense of corporate responsibility and professional honour helping to preserve the dignity of labour as well as a high standard of community service.

P. 79. *Note* (12)

The quality and quantity of food and the character of the housing and working places are adapted to climatic and organic differences and the corresponding differences in normal standards of consumption of different peoples and regions. In Europe some factory managers find it paying to give their workmen an extra sum for expenditure on meat. Loss of heat and energy due to inadequate clothing stiffens the muscles, causes illness and makes the Western workmen inefficient.

In India, the cost of clothing or housing enough for efficiency and comfort is relatively small on account of natural climatic advantages of warmth and sunshine, which, however, aggravate the many trains of evils caused by overcrowding and congestion in mill-towns and cities. A highly nitrogenous food, of which meat is a concentrated form and beef and mutton the type, has its admitted value to the Western factory-hand, but is not imperative for the purpose of nutrition in the case of the Indian labourer.

P. 83. *Note* (13)

The hard-working Hindu peasant does not, in many parts of

the country, touch meat, while to the Muhammadan animal food other than milk is generally quite beyond his means.

P. 84. *Note* (14)

Abundant vitamin is supplied by fresh vegetables and fruits, which are usually taken, while rice and flour are responsible for the large intake of carbohydrate. The latter by the constant supply of a large amount of caloric generates the energy for long periods of steady agricultural work. The nutrient principles of meat in the dietary of the higher classes are mainly derived from the various milk-products.

P. 85. *Note* (15)

Similarly, the latter-day substitution of brick-built houses, with glazed doors and windows, for *cutcha* houses where ventilation was freer and cowdung mixed with earth used to be frequently applied to walls and floors which were thus kept free from dirt and dust, is connected with the alarming increase of tuberculosis in the country.

P. 101. *Note* (16)

Profits are not subtracted from the gains of labour but are earned. Profits are due to the introduction of new and better methods, to the enterprisers' skill in directing industry and in assuming the risks. They bear no fixed or calculable relation to any capital investment, and often swell with a dramatic swiftness.

P. 103. *Note* (17)

In the tropical and semi-tropical zones, new and undeveloped countries like South and East Africa, New Zealand and Australia exhibit some of the conditions that constitute the economic situation in America and point to their superiority in some respects to Europe. There are, however, other characteristic phenomena—the economics of a purely tropical agriculture, the relative deficiency of capital, the low wages of coloured labour, native or imported, which is essential for the redemption of a virgin wilderness, the difference between the scales of utility and capacity among different economic classes, the importance of political criteria and necessities, racial discrimination, etc., which are significant as producing variations from the generalised economic curves and assigning the place of the economic organisation in the economic classification. Finally, it is necessary to point out that there may be far-reaching changes in world economics which we cannot foresee. Such changes have occurred in the last two centuries. The economic relationship between the temperate and the torrid zones may be reversed by new

discoveries in the application of electricity; the inhabitants of the tropics may be in time the great industrial producers.

P. 105. *Note* (18)

New ground, not a white man in it, and *caribou* clear up to the musk-ox land, alluvial soil in every valley, mines by the side of rivers, and grazing lands behind, and water-power and lumber: there quickly appear mills behind in the towns, steamers at the wharves and dams at the falls and the inevitable string of railways, schools, and plantain weeds.

P. 112. *Note* (19)

The recruiter whose only goal is the handy "commission per head" often dupes the ignorant *cooli*. As soon as the *cooli* enters a plantation, he is paid in advance a good sum, and it is understood that as long as the money is unpaid, he is not permitted to leave the plantation. Many of the colonies offer the return passage, but not before the period of indenture, usually five to ten years; and it is often that they aim at binding down the *cooli* by re-indenture.

P. 114. *Note* (20)

In Natal, where there are to-day 150,000 Indians—more than three times the number of all the Indians in the rest of Africa,—long periods of semi-servile labour under indenture and re-indenture have reduced the efficiency of Indian labour to such an extent that it cannot hold its own in the competition with the African native labour, and is clearly sinking into a submerged condition.

The Government of India Despatch of October 25, 1915, is one of the most severe condemnations of indenture ever written. The reports of Mr. C. F. Andrews, published in the *Modern Review*, lay bare the existing abuses.

P. 115. *Note* (21)

The colonial governments are sometimes guided by a narrow, jealous policy; more often they are powerless against mammoth concerns like the colonial Sugar Refining Company in Fiji and Australia, or the Rubber Companies in the Malay States, which yield colossal profits and bring to bear on both colonial and imperial governments a very great pressure. A more wide-minded imperialism and a saner capitalism will improve matters. Again, it is a question whether it is practicable at this stage to gradually extend the system of mandatary administration established by the League of Nations so as to include the existing colonies, protectorates and dependencies inhabited by immature and backward peoples, which will be handed over to the League

and received back by the states as mandatary powers; the protection of the regions against external attack will in that case fall upon the League. The mandate shall be "explicit" respecting the degree of authority to be exercised by the mandatary; and the League will exercise surveillance through its permanent commission of surveillance or appoint new international commissions from time to time to find out whether the inferior race or backward region is being exploited; and there may be a referendum supervised by the League in critical cases to determine the lines of future policy of the mandatary state, especially when the subject people attain a level of culture near to that of the dominant race. But mandate or no mandate, surveillance or no surveillance, a code of rules is essential, and I have sought to give what might be regarded as a summary of the demands to be satisfied in the pending readjustment of conditions.

P. 118. *Note* (22)

Shantung is inhabited by 40,000,000 Chinese. Japan is now pouring immigrants into the country, securing control of vital railways and mineral rights, introducing new business regulations and licences and carrying on a campaign of dispossession which has few parallels amongst peoples not afflicted with the craze for bearing vicarious burdens.

The League should abolish all monopolistic mining and railway rights as well as other "concessions" or leases of China's territories to foreign nations, and help her to restore local administrative autonomy in all parts of China where during recent years it has been insidiously subordinated to foreign authority.

P. 124. *Note* (23)

The law of the wilderness holds especially good in deserted camps, and mining towns, corpses of an ephemeral settlement founded on nothing more enduring than the hope of gain, and built appropriately of laths and tar-paper; among the trivial sodden ruin there are also familiar the drunken steps, the waste of haste, the riff-raffle of greed.

P. 130. *Note* (24)

Sovietism, again, in its revival of communes and its reorientation of *mirs* and *artels*, of neighbourhood groups and functional bodies, represents a return to the simple and homogeneous structures of the old Slavonic communalism,—a new political method which is applied much beyond Russia as a solution of many of the defects of over-complex modern political organisations.

P. 142. *Note* (25)

In East Africa, where there are 12,500 Indian emigrants, the

Indians have been excluded from acquiring land in the upland area; the doors have been closed against educated Indians, and annoying discriminative ordinances are being passed. The white man is more impudent here than in South Africa; and yet there is no domiciled white society which needs to protect its tradition, and Indian traders were active here several centuries before the white man came. South Africa is thus closing the front door, and East Africa the back door to the Indian. Questions of past rights, of pioneer services rendered, of prior claims are brushed aside.

P. 144. *Note* (26)

In some of the countries in Asia, there is but little room for expansion of the population. 900,000,000 Asiatics are compelled to be confined to a territory one-sixth the size of that occupied by only 600,000,000 whites. Thus the bowl of Asia full to the brim is spilling in all directions. India is spilling over into Mesopotamia, South and East Africa, Natal, Madagascar, Fiji, and all the Malay Peninsula, while the Chinese and the Japanese are all the time pressing against the banged doors of the United States, Canada and Australia. And yet the European has established his mastery, partial or complete, over practically the whole of Asia and Africa, and is forcing "concessions" and monopoly rights in tropical settlements where he cannot thrive and from which he sometimes even ousts the native population.

P. 146. *Note* (27)

The forward policy of adventure in Siberia which her militarist party is favouring, and the aggressive policy in China which she is pursuing in open defiance of the world, are due to her checkmate.

P. 148. *Note* (28)

It is a matter of regret, however, that Japan's racial equality proposal has been excluded from the League of Nations covenant on account of the earth-hunger of the white and the disunion among the coloured peoples. The League of Nations, while guaranteeing superior nations their present monopoly, has failed to remedy the present injustices of unfair discrimination against oriental races. Thus, while arms are sought to be eliminated, the freedom for natural development and expansion by peaceful means is still denied to the coloured peoples. America is busy at the present moment making more stringent her anti-Asiatic laws; while Australia not only keeps her northern territory wild and barren but sets up the claim that even the mandated territories of the whole Southern Pacific shall be kept as a white man's reserve.

P. 149. *Note* (29)

The building of railroads the lengths of Australia, Canada or Alaska and to the centres of Africa, New Guinea or New Zealand will make available new mineral wealth, rare woods and some of the greatest food-producing areas on the globe.

P. 156. *Note* (30)

The white man's example is the ally of the distiller. Sir Harry Johnston has exposed the evils of the drinking habit in Central, West, East, and South Africa, where alcohol has been the main cause of quarrels between the white man and the native and the chief stimulant of horrors like cannibalism and were-leopardry; it is the principal cause of laziness among the blacks or deadly ill-health amongst the whites in Egypt, in Algeria or in India, while the Ceylon riots and many a *cooli* disturbance in Malaysia are provoked, conceived and miscarried in alcohol.

P. 157. *Note* (31)

The League of Nations has established the system of mandatary administration. The League is described as the "trustee" of backward peoples in behalf of civilisation, and among the securities or safeguards provided are that the mandatary shall make annual reports to the League, and that it shall at all times be under the surveillance of the League through a commission of surveillance appointed by the League. Some of the flagrant abuses have been mentioned in the case especially of the peoples of Central Africa. Apart from the fact that military occupation and interested testimony gathered during the war have been made the bases for the selection of the mandatary states, it is clear that the safeguards provided are not sufficient to prevent exploitation, especially when we consider the history of all the Western powers in dealing with backward peoples. Again, it is a question whether the mandatary system is likely to be perverted and made an instrument of world monopoly and domination by one state or a group of states, the peoples of Asia and Africa being regarded as the proletariat of the world. The League of Nations, as the natural successor of the many "concerts" of civilised states, which from time to time—with little success, it must be admitted,—have tried to bring about a co-operative relationship between civilised and backward peoples, ought to solve these questions on the basis of science and equity.

P. 158. *Note* (32)

In the Assam tea-plantations or in the South India rubber and cóffee plantations there have been serious abuses and scandals under a system in which men and women are induced to sign bonds of serving for stipulated periods at stated wages; however

intolerable the conditions of work and however unsuitable the place, there is no escape. These as well as the greater inhumanities of prostration and prostitution in Bengal or Khost coal mines, and in Kolar gold or Burma tungsten mines, are unfortunately but little known.

P. 159. *Note* (33)

In Asia the American policy in the Philippines and in China bears, however, unusual meaning with regard to Korea, Formosa and Shantung, and the older policies pursued in Java and India. It is clear that the old colonialism must give place to new policies and methods in keeping with the ideals which some critics of the League of Nations are enunciating in America.

P. 161. *Note* (34)

No young protectors or overseers should be placed in charge of field gangs of women. It is also essential that each mill-centre should have a hospital, which ought to be placed under the supervision of a resident matron.

P. 162. *Note* (35)

In British East Africa, the British government allowed the white settlers ten years ago to move away the native population from the high lands and those lands were sold to the white settlers. Under a recent scheme each one of the native chiefs and elders must provide a certain number of workers from among his followers. This principle means in practice the forced labour of the natives of the colony. In South Africa and Australia the process of dispossession has been, however, most drastic and rigorous, though planters and farmers everywhere propose to use the power of the state to cut down the land in occupation of the natives so as to force them to take up their residence on European farms on the European's terms. In British Nyassaland, the native who cannot prove that he has worked has to pay double taxes. Thus, whether by cutting down the Reserves or by increasing the cost of the native's living by additional taxation, the white man forces the native to work for his living on his own farm.

P. 164. *Note* (36)

In parts of India where the European planters have been allowed to acquire landlord (*zamindari*) rights, serious complications have arisen and the hardship of the prevalent system of advances to the tenants by the planters is much more intensified. In the district of Champaran, in Bihar, for instance, some of the grievances of the indigo cultivators have been as follows: the price paid for the indigo remains fixed for long periods and does not vary with the general rise in prices, the plots to be cultivated

with indigo are selected by the planters; harassment by factory subordinates, levy of unauthorised fees in addition to the rent, or of an enhanced rent in consideration of being allowed to give up indigo cultivation; any remedies which can be applied here without uprooting the system can afford only temporary relief.

P. 176. *Note* (37)

All this is sought to be condoned by the falsification of native character as the British administrators have so often done from the west coast of Africa all through Asia and Polynesia to the despair of scientists and democrats.

P. 176. *Note* (38)

There is no more regretful story in modern economic history in the East than that of Great Britain waging two wars to force opium upon China in such quantities as practically to poison the whole nation. China has now stopped the open importation of the drug; although it is still smuggled in to a limited extent. But all Asia is suffering from it, particularly India. Great Britain has the world monopoly of opium. She not only insists upon supplying opium to all her subject-races, forcing its sale upon them, but also she supplies it to all the other European Governments that have colonies and dependencies in Asia and Africa, and they force its sale among their peoples.

P. 177. *Note* (39)

Yet in black Africa to-day only one-seventeenth of the land and a ninth of the people in Liberia and Abyssinia are approximately independent, although menaced and policed by European capitalism (Du Bois). Everywhere the driving of the blacks into swamps and marsh, the grabbing of the best native land by "legal" act, is regarded as the natural corollary of white expansion.

P. 178. *Note* (40)

In East Africa, the European is determined to make Nairobi what he calls "the White Man's Capital," and though the uplands are not suitable for his permanent settlement he wants to make it a "White Man's Preserve" and confine the Indians, who were the earliest settlers, within a segregated area.

P. 179. *Note* (41)

The Russians are especially expansive; they have an enormous land hunger due to the agrarian history of Russia.

P. 179. *Note* (42)

The Eurasian is being steadily pushed out of the field of indus-

trial and government employment by the Indian ; he shows less perseverance, and less social responsibility.

P. 179. *Note* (43)

The white man cannot settle and thrive in the tropics, while some of the yellow and brown stocks thrive in the temperate zones. But while the white man can go and settle everywhere, 900,000,000 Asiatics, who now occupy a territory one-sixth the size occupied by only two-thirds as many whites, are denied the right of entrance to some white countries where there is a most sparse population, or to tropical regions which are forcibly kept wild and barren as the white man's reserve or domain. The earth's surface is, indeed, very unevenly distributed among the population of different economic regions : this has been the cause of much rancour between the coloured and the white, which if unchecked and fed by that mystical nationalism which unites all the peoples of the orient in common distrust and dislike of the rule of European capitalism, will lead to world-suicide. In the interests of future peaceful economic intercourse, this unequal distribution must be corrected, not merely by finding outlets for the overcrowded population of some of the Asiatic countries, but also by setting limits to white aggression and exploitation.

P. 189. *Note* (44)

The strong communal sense has to be aroused and educated so that India's settled economic life and organisation, with its characteristic co-ordination of economic and social interests and obligations founded on a living sympathy and closeness, may expand on the basis of co-operative productivity and ethical custom in distribution, and secure on a higher scale social utility and values, lifting the incipient communal constructions and types to the level of conscious social effort. She will harmonise the ideals and methods of distribution under competition, and of distribution by communal enjoyment, custom and status, wisely adjusting them to her social needs and cultural values.

P. 192. *Note* (45)

Capitalistic industry and centralised state have reached their own abnormally huge limits, and broken themselves by their own mass ; group-organisation as the method of industry and polity will secure vital efficiency, and reduce social waste and economic exploitation. In India, where the group-process is especially active, the future lies with a group democracy and industry not very different, except in organisation, from its predecessor, some greater spirit and form of communalistic society, which has in the past extended not much beyond a locality or a union of functional groups and associations.

P. 194. *Note* (46)

A John Stuart Mill or a Ruskin in England, a Schopenhauer in Germany, the disciples of Comte in France, a Karl Marx and the socialists everywhere have brought into the greatest prominence the doctrine of social affections and of pity and utility to others as a principle of action. But a wrong interpretation of the struggle for life in biology, Nietzsche's theory of the Superman and doctrine of the will to power, modern Eugenics and in particular neo-Malthusianism, with its artificial checks on population, have contributed towards strengthening the idea of struggle and competition in social evolution, and arresting the play of the social impulses and the instincts of compassion and mutual aid, which have encouraged the divers schemes of state socialism and given rise to the modern idea of the state as a co-operative institution; and, in international life, the belief has gained ground that the gradual extinction of immature and less organised races is beneficial for humanity. To fight by artificial means or external agencies plague, malaria, famine, poverty or superstition, which gradually decimate backward peoples, is to delay the progress of humanity! All this has encouraged the blind career of conquest and exploitation of the world by the so-called superior races, and even their inhuman and superhuman barbarism towards inferior peoples; even as in social life the right to live, the right to happiness or the right to mould one's destiny by the use and development of one's own natural gifts and capacity have been denied or encroached upon in the name of social selection or economic progress. Wherever and whenever vital impulses and dispositions have been suppressed or denied their legitimate scope in social life, there has been degeneration; a barren intellectualism has not been able to arrest it.

P. 212. *Note* (47)

In the period from Adam Smith's writings to Ricardo's (1776–1820), there were important discoveries and inventions, but these related mainly to manufactures. The period in question preceded the building of railroads (1830) and the application of the steamboat to ocean trade (1837). Thus the conservative economists could not anticipate the changes in transportation or industry or the slackening rate of population, which have resulted in a general rise of the conditions making for popular welfare. Much of the economic analysis of the day as regards the supply of Land as well as the class antagonism that is encouraged by the orthodox economic theory of rent, profit and wages appears absurd in the light of modern economic history, though it still persists and shapes economic reasoning. The English farmers had recourse to inferior lands on account of the food supply being cut off during the Napoleonic wars (1796–1815) and diminishing returns, in the

historical sense, actually prevailed. There was a growing conviction that misery would increase because of lack of food and the multiplication of the population which was encouraged by Pitt's social policy,—a necessity of periods of successive wars and campaigns. Wealth of the cities was no doubt increasing, but the capitalist employers predominated, while poverty was increasing among the peasantry. These represent exceptional facts and conditions on which the English classical economists based their economic reasoning, which became permeated by the concept of class strife.

P. 218. *Note* (48)

A settled economic organisation in a harmonious setting of a secure ethical and religious framework, a natural becoming fatally a conventional hierarchy have been India's ordinary methods; these are sweetened by a strong communal feeling, a living humanity and sympathy, and certain accesses to a human equality and closeness under a scheme of communal and spiritual values which has determined the obligations of groups as well as of individuals in a full and comprehensive order.

P. 220. *Note* (49)

The village community in particular, with its careful and elaborate demarcation of individual and group rights, has shown a wonderful capacity of assimilation and adaptation.

P. 239. *Note* (50)

In China the family, the guild and the village gentry are efficient organs of local and social government. They are strictly local, but they have been adequate enough for their requirements. Guild, family or the village gentry have in the East proved so flexible in other matters that it does not seem too much to hope they will also adapt themselves to nationality and empire, and the expanded needs of industry and commerce.

P. 282. *Note* (51)

In most social legislation the ethical purpose is fundamental. A majority of social protective laws protect the weak from being forced into contracts injurious to their welfare, and place competition on a more worthy and more humane plane.

P. 286. *Note* (52)

It will not be long before a Universal Minimum Wage Bill and a Universal Maximum Hours Bill are adopted by the Parliament in England. It is generally assumed now that wages can and should be determined by reference primarily to the human needs of wage-earners and only secondarily by the value of the product of their work. It is hardly realised that this implies a complete reversal of the old conception of wages, for the change has come gradually.

P. 179. *Note* (53).

The United States has been closed to Asian labour by the following measures: (1) The Chinese Exclusion Law of 1904, which re-enacted without limitation, modification or condition all the previous suspension or restriction laws relating to the immigration of labourers, skilled or unskilled, from China; (2) the "gentleman's agreement" of 1907, by which Japan has bound herself to grant passports to no labourers, except such as are "former residents, parents, wives, or children of residents" and "settled agriculturists;" and (3) the sweepingly restrictive Immigration Act of February 5, 1917, which has unconditionally forbidden the immigration of labourers from Asia (minus China and Japan) by latitude and longitude.

The drastic and discriminative nature of this apparently satisfactory settlement is evident when we consider the infinitesimally small portion of the Asian immigration. The percentages of Asian immigration (including 100,000 Levantines of Turkey in Asia, Syrians, Armenians, Arabs and Turks) on the basis of the total are given below:

	Total All Races	China, per cent.	All Asia, per cent.
1861–70	2,377,279	2·7	2·8
1871–80	2,812,191	4·4	5·4
1881–90	5,246,613	1·2	1·3
1891–1900	3,687,564	0·4	1·9
1901–1910	8,795,386	—	2·7

The number of Hindu labourers was never very large:

1906	271
1907	1072
1908	1710
1909	337
1910	1782
1911–16	1372

The number of Chinese and the Japanese in the United States was larger, but it never rose as high as 5 per cent. of the total immigration.

	Chinese	Japanese
1910	73,531	72,157
1913	60,000 (1916)	95,000

On the other hand, the volume of "the new immigration" (i.e., that from Southern and Eastern Europe) amounted to over 8,500,000 from 1881–1910. From 1901–1910, the new immigration was measured at 65.9 per cent. of the total arrivals, it was about 75 per cent. in 1914. How the economic and social feature of the Slavs or Latins is more peculiarly suited to the conditions of American agriculture and industry is awaiting answer from the legislators of America.

The closing of Canada to the labourers of Asia has been effected (1) by the Chinese Exclusion Law of 1903–1908, which demands of every immigrant of Chinese race a landing tax of $500; (2) by the informal Japanese-Canadian agreement (1907) which limits Japanese immigrants in Canada to 400 persons a year; and (3) by the landing tax of $200 on every Hindu immigrant, as well as by the regulation (1910) of "continuous journey" from India (a prohibitive ruling because there is no *direct* steamship route between India and Canada).

From July, 1900, to March, 1909, Canada admitted altogether 1,244,597 immigrants of all nationalities. The oriental element in the immigration between 1901 and 1909 is represented by the following figures: Chinese, 3,890; Hindu, 5,185; Japanese, 12,420. The number of Asians during this period was thus only 21,495, i.e., about fifty-eighth or less than 2 per cent. of the total arrivals. (*Vide* Benoy Kumar Sarkar's article on Americanisation from the view-point of Young Asia in the *Asian Review*, April, 1920.)

Of late some labour protagonists in America are suggesting that the Asians living in America should be deprived of the rights which they are enjoying under the constitution of the country. The proposed anti-Japanese legislation in California has emphasised the necessity of a smooth and satisfactory settlement. The Japanese farmers, who have no superiors in the art of intensive cultivation, have in California converted the marshy lands of the Sacramento river valley into fertile fields where California's famous potatoes and asparagus grow, and they have turned the deserts of Fresno and Livington into rich vineyards. But the economic argument is thrown to the winds in the revival of the colour prejudice, and the American President also has expressed views which are by no means free from bias. The question of oriental immigration has now assumed a political appearance, and arguments are being advanced even of a combined action of the American and Canadian Governments against oriental labour. Meanwhile the policy of "whitemanism" in Australia is also more vigorously advocated than ever.

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