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Review

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Source: *The Economic Journal*, Vol. 23, No. 92 (Dec., 1913), pp. 572-576

Published by: [Wiley](#) on behalf of the [Royal Economic Society](#)

Stable URL: <http://www.jstor.org/stable/2221667>

Accessed: 24-03-2015 12:00 UTC

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the international banking position, and the many passages dealing with exchange. The tone of banter adopted on p. 143 may be regretted, for an honest concern to prevent even the suspicion of corruption is hardly a matter for ridicule, least of all in these times; but this apart, the author's general caution and reserve are beyond criticism. Academic bureaucrats may be interested in a dictum on p. 238: "It is a remarkable thing that the two classical pronouncements on the fundamental problems of Indian finance which have stood the test of time—Mr. Dickson's in 1867, on the question of a Central Bank, and Mr. A. M. Lindsay's, in 1878 and subsequently, on the regulation of a gold standard, should both have come from secretaries of the Bank of Bengal, not from high officials of State." Wisdom is also shown (p. 221) where Mr. Keynes urges that "an insistence on due publicity, rather than compulsion or regulation in matters of policy, is likely to be the best remedy" in dealing with banks of established position.

But felicitous passages abound, and one might go on quoting until the author's copyright was seriously infringed. Enough has been said to show that while academic students will be grateful for this acute and informing work, it will be read with as much interest, and perhaps even greater appreciation, by men of business and affairs. It deserves to rank in this respect with the work of Bagehot and Withers. The author, indeed, gives proof of a remarkable and very rare union of qualities which place him in the front rank of living economists. He combines with first-rate analytic power and grasp of principle a thoroughly realistic bent and wide familiarity with business and administration. His exposition is quite exceptionally lucid; his judgment, sagacity, and caution are evident throughout; his style is terse, exact, incisive, and eminently readable. Generally, and in this point of style more especially, the book constantly recalls the brilliant work of Jevons.

H. S. FOXWELL

*Indian Offer of Imperial Preference.* By SIR ROPER LETHBRIDGE, K.C.I.E. (London: P. S. King. 1913.)

SIR ROPER LETHBRIDGE has made the important discussion on imperial preference, which occurred last March in the Legislative Council of the Governor-General of India, the text of a fresh plea for the adoption of that policy to regulate the relations of England with her great dependency. The imposition of free trade in opposition to "the considered wishes of the Indian peoples" is,

in the writer's opinion, "monstrous arrogance and oppression." Protection against all the world, which is what most educated Indians favour, might, it is admitted, raise the cost of living in India, and is impracticable so long as England controls its destinies. Sir Roper Lethbridge finds in taxation of foreign imports and imperial preference salvation for both countries, and draws a glowing picture of the consequent rapid expansion of mill industries, which will relieve "the congested agricultural industry and develop the immense latent resources of the country." Notwithstanding Mr. Austen Chamberlain's laudatory preface, the pamphlet cannot be called a weighty contribution to that "full, temperate, and unbiased consideration of the whole question" for which the Indian Finance Member pleaded. Its whole statement of the case is exaggerated. Of this an example will be found on page 124, where the writer refers to the millions of acres of wheat land in the Punjab which will be brought under canal irrigation and the plough "the moment that the stimulus is applied . . . of an assured preference of 2s. a quarter." During the past twenty years the construction of new canals in the Punjab has been carried out with the greatest energy and success. Colonists have flocked to the new lands the moment they became available without any stimulus but the keen land hunger that exists. There is little congestion in the Punjab, and the "armies" of "landless cultivators" are a figment of the imagination.

Sir Roper Lethbridge assumes that the one thing needful to secure that rapid development of mill industries, which he holds to be urgently necessary "to relieve (India's) congested agricultural industries" and to furnish the Government with a means of obtaining money to replace the lost opium revenue, is import taxes on certain commodities which non-British countries send to India, and export taxes on certain commodities which India sends to them, together with preference in British markets. Agricultural congestion exists in some crowded districts in the east of the United Provinces and in parts of Bihar and Bengal. Taking the country as a whole it is not a serious or an increasing evil. In the most thickly populated track, the United Provinces, the growth of population in the past twenty years has been extremely slow, and this is also true of Bombay. The population of the Punjab declined between 1901 and 1911, notwithstanding a large extension of the cultivated area. Even in Bengal the rise in twenty years was only 6 or 7 per cent. There is scope for the expansion of mill industries, but very rapid expansion is fortunately not a matter of overwhelming importance. The country is

not ready for it. The want of trusted leaders of industry, of trained managers, and of efficient workmen is a greater obstacle than any commercial policy imposed by England.

There is at present an export duty on rice and there are moderate import duties on a large list of commodities. It is probably quite true that a finance minister, who was faced with large recurring deficits, could increase the number of the former and enhance the rate of the latter in the case of non-British imports, without provoking retaliation. It may further be admitted that his action would not raise the cost of living for the all-important agricultural class, which clothes itself with the products of Indian and English cotton mills and is for the most part content with crude native sugar. But it is difficult to assert that the need for such measures has arisen. In his Budget for the current year Sir Guy Fleetwood Wilson allowed for a reduction of two millions under opium, putting the anticipated revenue at less than one and a half millions. But he was able to show a surplus of £1,300,000. The loss of the opium revenue is, none the less, a serious matter, for receipts from land revenue, which contributes 21 millions to the revenue, are liable to violent fluctuations, every Indian Budget being "a gamble in rain." Sir Roper Lethbridge's assertion that there is little room for further enhancement of the land revenue is open to argument, and his statement that "it already absorbs about half the proceeds of the cultivation of the soil" is wholly misleading. Surely he does not believe, as Mr. Keir Hardie once did, that the Government takes the money equivalent of half the produce. Mr. Keir Hardie confounded half the produce with half the rent which the landowner receives, or would receive, if he let his land instead of tilling it himself. Of course, the actual assessment is often far below the standard. The excise revenue is increasing, notwithstanding Sir Roper Lethbridge's curious misstatement that the Indian peasant "does not drink alcoholic liquors." He fails to notice the more satisfactory source of revenue which the Government possesses in the increasing receipts from railways and canals. It can borrow for productive works at less than 4 per cent., and in the last four years the interest earned by railways on the large capital invested in them by the State has been  $4\frac{1}{2}$ ,  $4\frac{2}{3}$ , 5, and  $5\frac{9}{16}$  per cent. In 1912-13, a very prosperous year, the railway surplus was five and a half millions. Productive irrigation works earned 9 per cent., and the surplus, after deducting loss on protective works, exceeded one million.

There is no attempt to explain in detail how each of the proposed taxes will help the development of Indian mill industries.

Till labour and other conditions change, taxation aimed at foreign countries may well operate mainly to divert work from Continental to English mills. If this occurs there may be a very awkward clamour for the closing of the breach in the protective wall. Special stress is laid on the cases of jute, cotton goods, and sugar. In raw jute India has a monopoly. Between 1876-77 and 1906-7 the value of the exports rose from  $1\frac{3}{4}$  to 17 millions. Most of the jute goes to foreign countries. It cannot be argued that the Calcutta mills, with all the jute in the world growing at their doors and their command of cheap labour, require protection. They supply India, and their exports rose in the period above-mentioned from half a million to over ten. The amount of cotton goods received from countries other than England is very small. On page 63 Sir Roper Lethbridge says that certain figures given by Mr. Dadabhoy show conclusively that the dangerous competition to the Indian industry comes from Japan and China. Mr. Dadabhoy pointed out that Japan had ceased to buy Indian cloth or yarn, and that exports of cloth to China had shrunk enormously. He did not allege that Japan was sending cotton goods to India, though as a matter of fact she does send a little. Our silver policy seems to favour Japanese and Chinese products unduly, and it would not be hard to justify an enhanced import duty.

It is true that there has been a remarkable growth in the imports of refined sugar, and a shrinkage in the area put under cane. Cotton has become a more important canal crop, and the canal officer probably welcomes the change, because cotton takes much less water. The yield of sugar in India is very low, probably one-third of that in Java, which now commands the Indian market. The methods of extraction are primitive, and no country can now produce sugar successfully which does not adopt the "central factory." There are special difficulties about its adoption on a large scale in India, and till they are overcome it is not much use to apply the stimulus of an import duty.

As regards preference, Sir Roper Lethbridge quotes a resolution of a body of Indian planters in which raw cotton is included in a list of commodities fitted to receive it. But probably he does not expect England to tax American cotton. As to wheat, the 2s. duty has been jettisoned, and possibly may not be fished up again. India can readily dispose of all its surplus wheat. Indian tea captured the English market long ago. Protection might stimulate the growing of coffee, cocoa, cinchona, and rubber in the limited parts of India suited to their production.

Tariff reform and imperial preference might enable the Indian Government to raise more money without appreciably adding to the burdens of the people, but no such marvellous development of Indian industries as the writer anticipates would follow. If England adopts tariff reform, the inclusion of India is not likely to do it any harm, and may perhaps be of some advantage to it. It would at least go some way to meet the views of the small educated class. Their opinions on the question, if not identical with "the considered wishes of the Indian peoples," who have never heard of the matter, can no longer be met by a blank refusal to consider it.

J. M. DOUIE

*Advance, India!* By M. DE P. WEBB, C.I.E. (London: P. S. King and Son. 1913. Pp. 184. Price 5s.)

To the chairman of the Karachi Chamber of Commerce we owe in a great measure, if indirectly, the inquiry into the currency policy and financial methods of the Indian Government which is now proceeding before a Royal Commission. Swayed, I doubt not, by honest conviction, Mr. Webb has discharged, somewhat violently perhaps, a public duty and, thus far, his zeal and energy are praiseworthy. Yet there is much in the presentation of his case to which objection may be taken on political, as well as on economic, grounds. In a previous book, *Britain's Dilemma*, Mr. Webb set forth his charges against the Government of India and the India Office—charges which are now engaging the attention of the Commission. The present publication recapitulates and particularises, but adds little that is new beyond an interesting chapter on Indian banking and a much-to-be-deprecated, because bitterly partisan, attack on the British Chancellor of the Exchequer.

The author's theme is, as before, the Report of the Indian Currency Committee of 1898, commonly called the Fowler Committee. That Committee, approving the Mint Closure Act of 1893, recommended that the sovereign should be legal tender in India, the mints opened to the coinage of gold, and the profits on silver coinage kept in gold as a reserve fund for maintaining the exchange value of the rupee. The failure to open the mints to the coinage of gold and to encourage sufficiently its circulation; the continuance of rupee coinage on a large scale; the accumulation of excessive cash balances and their alleged mis-use in London—these form the burden of Mr. Webb's plaint.