

# A LETTER

TO THE

## LORD STANLEY, M.P.

&c., &c., &c.,

ON THE POLICY OF THE

## SECRETARY OF STATE FOR INDIA.

BY

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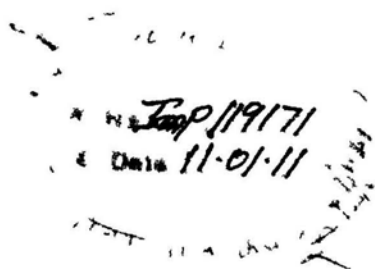
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## TO THE LORD STANLEY, M.P., &c.

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MY LORD,

It is customary in Parliament, and natural for the whole country, to regard the successor and political rival of a Cabinet Minister as the next greatest authority to the Minister himself, on the affairs of his particular department; and partly for this reason, and partly from their reliance on your habits of business and independence of mind, men look to you on all occasions, both here and in India, to confirm or question the policy of Sir Charles Wood, and to balance his almost absolute power.

On every doubtful India question, the first thought and the first words of those who take an interest in it, are: "What will Lord Stanley do?" And if it be answered, as it generally is, that "Lord Stanley simply agrees with Sir Charles Wood," it is thenceforward considered hopeless to oppose the policy of the actual Secretary of State for India, however objectionable it may seem to less exalted politicians.

The power thus placed in your hands, my Lord, no doubt does honour to your character, as it is a presumption that the public gives you credit for keeping watch over the Indian administration, and possessing the sagacity required to detect errors, and the courage to note them when observed.

But such an honourable popular trust involves a corresponding responsibility, which a statesman is not likely to shrink from, viz.; the duty of forming, and

generally expressing, an opinion on disputed points of Indian policy.

Therefore, as one who, from long experience in Indian affairs, has good means of knowing the most pressing requirements of the people of India and England in their relation to each other, I will venture to draw your Lordship's attention to one of the questions on which men are most anxious to elicit your opinion at this moment, to know whether you are prepared to answer the objections made to the policy of the Secretary of State for India, or whether you feel the same objections yourself?

The most urgent question of the day, considered either with regard to the material and moral progress of India, or the pressure of a cotton famine in England; is the question of "Public Works;" and I will state as briefly as I can the objections made to the administration of Sir Charles Wood, in this department of the Government.

The opposition to his system of Public Works is based on these arguments; that, 1stly, it has not provided the country with those works of internal improvement which it most wants; 2ndly, it gives no security for doing so in the future; 3rdly, it involves a frightful waste of money; and, 4thly, it drains the resources of the people unfairly and improvidently, to supply its wasteful expenditure.

I will shortly explain and illustrate these several charges:—1st, "it has not provided the country with "those works of internal improvement which it most "wants." I need not stop to prove this fact, because it is admitted by the Government's suddenly changing from a grudging to a lavish disbursement on such



“Works of internal improvement,” and Sir Charles Wood’s even instructing the local authorities to spend three millions more on such Works this financial year, out of the surplus cash balances,\* than they had contemplated spending: which (they replied) they were utterly unable to do, for want of the requisite establishments.

Therefore, as the fact is admitted, I will rapidly sketch its consequences: 1stly, on the condition of the people; 2ndly, on the interests of our manufactures; and, 3rdly, on the Indian revenue.

\* This strange order is a remarkable specimen of Sir Charles Wood’s unfitness to govern, and of the incompetency of his Council to discharge the most important function entrusted to them, that of controlling the outlay of public funds. Only a few weeks before, Sir Charles Wood had forced Mr Laing to resign office, for asserting that the financial equilibrium was restored, and had told the House of Commons that Mr. Laing’s figures were all wrong, to which its members assented as usual. Scarcely had they done so, and the news gone out to India, when Sir Charles Wood stultified their decision by ordering the local Government to spend three millions extra, out of the cash balances, on Public Works. Now the most essential quality of an administrator is the ability to keep the parts of a Government in good working order, and if it was necessary to change, after 1860-61, from a very limited to an unlimited expenditure on Public Works, it was necessary first to alter the whole frame-work and motive-power of the department to enable it to spend the money. Yet, not only had Sir Charles Wood failed to devise new machinery, or to modify and adapt the old to the complete change of circumstances involved in an immensely increased scale of expenditure, but he actually sent out this strange order to spend three millions more on Public Works, when he knew that the local authorities were already suffering from an insufficiency of Engineers and skilled labour, and that the Audit and Account branch of the Public Works department was defective! His character exhibits a marked contrast to that of his predecessor in office, in this reckless way of dealing with the public funds. Lord Stanley took an active part in arranging new machinery for distributing relief to the Lancashire people. He was not content to allow the contributions to be thrown away, but saw to their right application; while Sir Charles Wood, on the contrary, at once orders an outlay of six times the amount which Lord Stanley aided in expending, without providing the means, either of spending it rightly, or of seeing it duly accounted for.

1st. It has been proved repeatedly, especially in the North-West Provinces and Madras, that the Indian liability to *famine* depended entirely on the want of hydraulic works and communications; and that the visitations of this calamity in the last few years might have been altogether prevented, if the Government had supplied the people with these works; and were prevented, so far as these works extended, while the people were enduring "starvation and misery" within a few miles of them. In the scarcity of 1855, a Madras collector in the delta of the Godavery, declared that the new irrigation works had saved the lives of many thousand people and perhaps £500,000 in money; because the famine was as heavy in the adjoining districts\* as in 1834, when a quarter of a million of people were starved to death, and the loss of flocks and herds, &c., was estimated at £2,250,000 sterling. For when a drought comes, and "famine is sore in the land," unless irrigation has provided some green patch amid the sun-burnt waste, where the animals can obtain a few blades of grass, the agricultural stock perishes, so that afterwards, when a change of season arrives, the people have no cattle to go on with their cultivation. But the supply of these Works does not merely ensure a saving of the people's capital in a season of drought, to the extent of several hundred thousand pounds per district (and a proportionate saving of the revenue); it also ensures an improvement in the food, and clothing, and education of the people; in their inclination and physical strength to work; in their judicial and police administration; and in their activity, enterprise, happiness, and comfort,

\* See Appendix A.

which is said by many observers to be "like a change from death to life," and of which I cannot convey an adequate idea by statistics, though I will give an example of them.

In the Rajahmundry district, it was stated by the Madras Government, that the result of the Public Works had been, that "the goods traffic had increased thirty-fold: the passenger traffic seven-fold; and the exports twelve-fold;" (this was two years ago, and there has been a great increase since then). This resulted from the irrigation of 700,000 acres, and the gift of free navigation; which, at a cost to the Government of 11d. an acre, gave an increase of produce averaging £2 an acre, for which the people were charged a water-rate of 6s. for one crop, or 10s. for two, so that the highest annual charge for water left them with a profit of £1 10s. per acre in their pockets, over and above the profit of very cheap carriage.\* Perhaps the effect of this water-carriage is generally overlooked. It is not alone the great canals that are used, but the insignificant side channels; and since a narrow ditch with a few inches of water will float such a boat as a boy can easily manage, though it carries at least a ton, it follows, where such means are available, that, with no wear and tear of the "permanent way," and little wear of a boat, which eats nothing, a boy can move as much weight as a lumbering cart, which requires a man

\* "Whilst freighting on stores and merchandise from London to Madras, a distance of over 12,000 miles, is now at somewhere about 30s. per ton, the carriage of the same goods from Madras to Bellary, a distance of under 400 miles, is over £6 per ton; whereas if water-carriage were provided, and the distance even increased to 500 miles, the cost would be, say, 10s. per ton. Now, goods are often three and four months on the road; then they would be three days at the longest."—Extract from *Limited Liability Journal*, June 28, 1862.

to drive it, and two bullocks, who eat a good deal, to draw it; and so, in this delta, as in China, the saving in cost of carriage indirectly doubles the value of all the people have to sell, and lowers the cost of everything they have to buy. No wonder that, in these circumstances, noticing the eagerness of the people to get education, and their willingness to defray its cost, the collector of this district stated, so far back as 1855, that, "the spread of sound vernacular education throughout the villages, may eventually be not the least of the indirect effects of the works of irrigation!" No wonder that, in this district, engineers ascertain by experiment that three times the amount of human labour is now obtained from the same population!

Sir Charles Wood has always professed to disbelieve these facts; \* he has assumed that the official Reports which corroborated them were false and exaggerated; he has disregarded public and private evidence of them, even the testimony of eye-witnesses; and being determined to confine his patronage to railways, he has kept the greater part of India without hydraulic works and communications. And the effects of his policy may be described in the following passage from an official Report, quoted by Lord Shaftesbury last session: "No one who has travelled through the North Talooks of Bellary and Kurnool could fail to be struck with the dreary aspect of the country; but to one like myself, coming from an abundantly irrigated district, the contrast between the luxuriant gardens of Rajah-

\* He has forgotten, or he has never read, Burke's famous sentence: "This (water) is the national bank of the Carnatic, on which it must have a perpetual credit, or it perishes irretrievably."—See the whole of this eloquent passage in Appendix B. c

“mundry and the treeless and waterless plains of Bellary, was most marked and painful. To an eye accustomed to an active and busy population, the almost total absence of life in the villages we passed through, caused it to resemble more the country of the dead.”

At last, when too late, under the pressure of “a cotton famine,” Sir Charles Wood offers more money than can be spent, and promises “cotton roads!” But he does not understand what is wanted. As long as a district is without a system of communications, or has only the apology for it called a “cotton road,” it cannot devote itself to those products for which its soil and climate are peculiarly suited, and which yield most profit, because it must raise the necessaries of life, and supply itself with all it requires on the spot; and this paralysis of a district by its isolation, and the consequent annihilation of its special local advantages, can only be conceived by supposing that England were obliged to stop half her manufactures, and close half her mines, to raise the food of millions at home, which she now imports from abroad. It is in fact, as well as in theory, impossible to have scientific, skilled, and profitable labour, without the power of freely exchanging its products; and when so cautious and reliable an authority as Mr. Bazley estimates that improved cultivation would have raised the average value of the present cotton crop of India from twelve millions sterling to ninety-six millions sterling a year, besides a practically unlimited power of increasing it, we may imagine what an improvement would have been effected in the condition of the people of India, if Sir Charles Wood’s policy had not deprived them generally of those

hydraulic works and communications which they so urgently want.

2ndly. Let us consider the effects of this want on the interests of our manufacturers. On the 28th of November, 1850, I remarked in a letter to the *Times*, giving my authority for the statement: "It was admitted by the Court of Directors more than eleven years ago, 'that *India is capable of producing cotton in quantity and quality to compete with the cotton of North America*;' " and in republishing the above series of letters, I quoted the evidence of an American planter, Mr. Mercer,\* that the Berar cotton equalled "good Mobile or Upland Georgia;" and the evidence of another American, Mr. Landon, that the cotton of the West of Guzerat was "as good cotton as he had ever seen." Indeed, the Americans were so alive to Indian capabilities, that in the year 1852, a book called "The Future Wealth of America," was published in New York, at the instigation of the Honble. Abbot Lawrence then ambassador to this country, to warn the Southern planters to turn their attention to new products, and not go on recklessly extending cotton cultivation, because they could not compete in that staple with India, if ever Englishmen should resolve in earnest to give its people and resources fair play! But we have many other witnesses besides Mr. Mercer and Mr. Landon. So far back as the beginning of this century, Mr. Brown, of Tellicherry, succeeded in producing cotton of the finest quality, in India; and, since then, it has been proved by Mr. Shaw in Dharwar, by Dr. Wight in Madras, by

\* *Vide* extract of his Journal in Appendix C.

Mr. Stanbrough in Nagpore, and by many others, that it was easy to improve the quality of Indian cotton to the standard of "New Orleans," and to sell it for about half the price, and yet this capacity for improvement has been as valueless to India, as her coal and iron were to England in the dark ages, for the simple reason that because almost every district was isolated, and obliged to supply its own food and clothing, &c., and because you cannot have skilled labour in any industry without the power of freely exchanging its products, the cotton culture has remained as backward and unimproved as other agriculture, in every district of India which is without hydraulic works and communications. Freedom of exchange is at the root of progress, in trade, and commerce, and agriculture.\* If the quality of Indian cotton had been improved, it would not only have competed with the cotton of the United States, but, from its lower price, have undersold it in their own markets, and thus, by rendering slavery unprofitable, it would have prevented the Civil War there, and the Cotton Famine here. As it is, the total loss and cost to England of this Cotton Famine, will amount to fifty millions sterling by next midsummer, according to Mr. Bazley's calculation; involving an amount of misery and ruin among our own people which it is painful to think of; and the disaster is not likely to end there.

Yet this is only one aspect of the effects of Sir Charles Wood's policy on the interests of our manufacturing population. It was stated broadly in Col. Baird Smith's Report, that there seemed to be no limit to the consumption of British goods except the want of roads and

\* Observe the experience of our neighbours, quoted in Appendix D.

rivers.\* He estimated that not one-third of the people could yet afford to purchase our manufactures for want of cheap communications: and the correctness of this estimate has never been questioned. While therefore our exports to India have risen from seven and a half millions sterling in 1850, to nearly twenty-two millions in 1861, it seems that nothing has prevented their rising to sixty or seventy millions, except Sir Charles Wood's determination, for a long series of years, to spend any amount of money on railways for military objects, but to neglect and discredit those who urged the construction of hydraulic works and cheap communications to develop the fruits of peace.

3rdly. Let us glance at the effects of hydraulic works and communications on the revenue. It has been stated by the Government, that during the famine in the North-West Provinces, two years ago, the Ganges Canal, though its irrigation was only partially efficient, produced grain, *which could not otherwise have been produced*, enough to save 1,400,000 men, women, and children for a whole year, and produced fodder enough to keep from starvation the cattle of the districts through which it passed, and saved to the Government £200,000 in land revenue alone for the first year, besides preventing a heavy loss in succeeding years. One more instance. In the Rajahmundry district the average revenue for ten years before the works began, was £196,000 a year; the revenue is now £480,000 a

\* On the 24th of March, 1862, the *Times* concluded an article on this Report with these words: "The moral of this memorandum, as of so many others that have been written on the social condition and resources of the Indian empire, is thus summed up—'The interest of the manufacturing districts of England is most direct and personal in the state of the roads and rivers of India.'"



year, and will be according to the Government authority, £650,000 a year, when the irrigation is distributed to the whole of the land. Thus, in one single district out of the 130 districts of India, hydraulic works and cheap communications have already raised the revenue nearly 250 per cent., and will ultimately raise it 325 per cent., with at least three times as much gain to the people; and if such works had been carried out as they might have been, in other districts, it would have been easy to raise the revenue of the whole country 25 per cent., or eleven millions sterling, which would have relieved the finances from the risks of an opium duty, the injustice of an income tax, the cruelty of an extra salt tax, and several trade-destroying elements of the customs and stamp duties.

This is the first argument against Sir Charles Wood's system of Public Works; viz., that it has been disastrous in the past, both to the natives, and to our manufacturing population, and to the revenues of India. I now come to the second argument, viz., that it gives no security for constructing those works which the country most wants, in the future.

I am sometimes told: "If you admit that the Government is now incurring a lavish expenditure for works of internal improvement, surely that must do some good?" Of course it must; in a country so destitute of capital as India, any sort of expenditure must do some good; but might it not do much more good in the ratio of a 100 to 1? The question is, whether Public Works expenditure under the present system is not doing a minimum of good, and a great deal of harm? That is the question which I shall now endeavour to answer.

Ten years ago, Sir Arthur Cotton published this prophetic sentence: "If a railway on an important line be constructed on so expensive a plan as to require a high rate of charge to enable it to pay a good interest, an irreparable evil will have been done; the whole power of an influential body (influential and powerful just in proportion to the amount of capital expended) will be brought to bear on that line; not in order to secure cheap transit, but to prevent cheap transit ever being obtained on it." That is exactly the evil which Sir Charles Wood has done; and which he has exerted his whole influence to increase year by year, ever since Sir Arthur Cotton warned him against it.\* After having devoted the power and credit of the Indian Government for ten years, to the construction of railways for military objects, and having sacrificed to them the hydraulic works and cheap communications required by the common interests of the natives, our manufacturers, and the Indian revenue, he has at length raised up powerful vested interests in England, representing already a capital of about 60 millions, which is rising to a hundred, to back him in pursuing the same course for the future; to back him in preventing the con-

\* I described the rise and progress of the Indian railways so circumstantially last year, in the pamphlet entitled "Address to the members of the House of Commons on the relation between the cotton crisis and Public Works in India," that I need not repeat the description. I will only remark, that Sir Charles Wood has destroyed the only safeguard against waste, by his extensions of the guarantee; and in spite of the urgent remonstrances of the Supreme Government of India (*vide* Parliamentary Paper No. 233 of 1861, pages 21 to 31), he has extended the guarantee from thirty-six and a half millions to about sixty, without making any provision against the evils pointed out by the Supreme Government, of extravagance in the expenditure, and unfairness in the rate of exchange.

struction of any works that would compete with the railways, and in perverting the so called "expenditure for internal improvements" into fresh attempts to accommodate and help the railways, and to save from public exposure their hopeless failure to pay the interest guaranteed on their capital.

This is the first "rock ahead;" that the railway body has now become strong enough to divert the expenditure on Public Works to its private objects: for that man must indeed be in a state of blissful ignorance of the working of Parliamentary Government, who doubts that a great money power, supported by the weight of city influence, and represented by a compact phalanx in the House of Commons, and plenty of clever partisans in the press, is able to coerce any Government, in the present balance of parties, *as long as there is no Parliamentary opposition to it*; which is the case, and has been the case, and will continue to be so, unless the Cotton Famine opens the eyes of English politicians at last to the sympathy between our public interests and those of the natives.

In the year 1860-61, the first year of the "Cotton Crisis," and the last for which we have the actual accounts, the Government of India spent the sum of £8,260,953 in the construction of Railways, and the sum of £276,241 in the construction of all other kinds of communication; and when such has been the policy of Sir Charles Wood for a series of years, in spite of the reiterated remonstrances of myself and others,—when he has made about two thousand miles of railway, by leaving unmade hundreds of thousands of miles\*

\* As a specimen of the results of this policy, take the following sentences from a dispatch of the Lieut.-Governor of Bengal, on the 17th

of cheap communication, and involving us in a "Cotton Famine," I repeat that he has sacrificed the public interests of two great empires to the private interests of a railway party.

But railway influence is not the only cause of the misapplication and abuse of Public Works' expenditure; there is a second cause, perhaps quite as bad as the first. No doubt when the public hear of an expenditure of millions a year in India, on works of internal improvement, they imagine that such a department must be managed by some efficient administrative machinery, contrived expressly to avoid anarchy and confusion, and to fix responsibility on every grade of authority. For instance, the public may imagine that those who are entrusted with the disbursement of these vast sums for vitally important objects, must be working harmoniously in such a division of labour as this:—

1st.—A body of executive officers, having their duties clearly traced out for them; properly trained to perform those duties; personally responsible for their performance, because trusted with full power to the extent of their nominal authority, and not obliged to refer to higher powers, and waste time in corresponding about trivial matters; but simultaneously bound to give a

of December, 1861, to ask the opinion of the British Indian Association, about a proposed tobacco tax for Local Works:—"The Lieut.-Governor is sure that the Association is fully alive to the crying wants of these Provinces in roads, bridges, canals, water-works, public buildings, and public works of every description . . . At this moment there is only one good road of any considerable extent complete in all Bengal, Behar, Orissa, Chota Nagpore, Assam, Arracan, and Cachar (which may be taken as one-third part of British India), namely, the Grand Trunk Road; and it is not too much to say that this single work would not have existed, if it had not been, by geographical necessity, an inseparable part of the line through the North-West Provinces," (i. e., a military measure, as usual!).

prompt and full account of the exercise of their functions; and certain that the superior authority can and will measure the quantity and quality of their work, and treat them according to their deserts.

2nd.—A central controlling authority, under the Government; capable of taking a comprehensive survey of a country three or four times the size of England, and arbitrating in detail between the wants of different districts in roads, canals, drainage, irrigation, river navigation, ports, piers, harbours, beacons, lighthouses, barracks, buildings, fortifications, &c.; capable of maintaining a regular organisation in the Executive, a systematic uniformity in the accounts, and a direct control over the expenditure; capable of generalising and digesting the ideas and projects of local officers, and ripening business for decision by the Government; capable of advising the Government with weight, and of remonstrating if necessary with effect; capable of pursuing a fixed plan, without constant breaks in the objects pursued, and the means of pursuing them, from the constant changes in the tenure of office; above all, capable of deliberation, of receiving new ideas or correcting old ones, and incapable, as far as human foresight can prevent it, of acting habitually with a strong professional or personal bias.

3rd.—A Local Government, ready to enlighten public opinion, and disposed to consult it, and listen to the expression of its wants; a Government not inclined to interfere in matters of detail, for which its other duties and its training necessarily disqualify it, but watchful that the people committed to its charge should have the fair value of the funds ostensibly

spent on their Public Works;• that their treasure should not be wasted; and their interests should not be sacrificed to the private objects of any body of speculators, who may happen to have city or Manchester influence at home.

4th.—Two Supreme Governments in Calcutta and London; both occupied with the same duty of subordinating provincial, or it would be more correct to say national, action to the general policy of the British Empire; of deciding the extent of the powers to be entrusted to the Governments of separate territories as extensive and populous as the chief kingdoms of Europe; and taking care that those powers are exercised for the good of the people; but of course still less qualified or inclined to interfere in the details of any local department than a Provincial Government itself.

Such is the system\* under which the public may perhaps imagine that the construction of Public Works is now going on in India; and if they do so, they imagine something about as different from the actual system of administration as anything that could possibly be imagined!

To begin with the beginning. 1st: So far from the Supreme Governments' confining their action to a general control of the local Governments, the jealousy of despotism has led them to encroach on the functions of the authorities below them,—they have even had sufficient self-confidence to interfere from Calcutta or London, with the duties of the local executive officers'—and their bad example has of course been imitated

\* For the origin of the foregoing sketch of Public Works Administration as it should be, see Appendix E.

by those who serve them, until every grade of authority has become paralysed in turn by this interference from above; every officer thus interfered with has become virtually irresponsible; every one feels that he may incur censure unless he confines himself to the most routine business, and that he had better shelter himself on all occasions under the orders of his superiors; and at last the higher authorities are overwhelmed with details, and unable to do their proper work; there is anarchy in the Department from top to bottom; and such a confusion, delay, conflict of views, and waste of time in correspondence, as cannot well be expressed.

For instance, whether it is about a road to Sedasvaghur, or any such matter, Sir Charles Wood is fond of saying in the most public way: "I sent out orders to do this," and "I sent out orders to do that;" thus proclaiming to the world, that the various authorities under him do not possess that vast amount of local experience and professional knowledge necessary to enable them to decide on the propriety of executing certain Public Works in a particular district, and that certainty of not diverting such expenditure from public to private objects, which he possesses; and therefore, from his superior information of countless local details, his superior professional knowledge, and his impartiality, he is obliged to supersede them all, down to the Executive officers, and to do their work for them, in his office at Westminster.

Such being the policy of Public Works administration at the fountain head, we may judge what the stream is likely to be as it flows on; and we may expect the developments which arrive at every stage of its descent through the authorities.

2nd. The Local Governments, if disposed to be active, having no advisers whom they are forced to respect, and no reason to distrust their own judgment, are prone to take up particular hobbies and ride them to death; overturning every subordinate who comes in their way, without regarding their bruises; and they are irresistibly tempted to court popularity with powerful bodies of capitalists in England, by preferring their private objects to the construction of those hydraulic works and cheap communications, which are the common interest of the people of both countries. If, on the other hand, they are disposed to be indolent, and to devote the day's labour to rubbers of whist they may confine themselves to mere routine, and take no step to which they are not pushed on by the Supreme Government.

3rd. The central authority under the Local Government, being an individual and not a Board, is unavoidably liable to all those defects from which I have shown that this authority should be especially exempt, and generally notorious for them. The individual, alone and unsupported, is accustomed to being snubbed without ceremony by the superior powers with whom he is in contact; he is taught by practice as well as precedent, that abject servility is the best means of carrying his views; and he is physically incapable of performing well the comprehensive and overwhelming duties assigned to him.

4th. The Executive officers in their turn, are neither trusted nor supervised as they ought to be; and I am sorry to say, though the Engineer corps are a body accomplished gentlemen, many of them are not train-



in a way that qualifies them for the discharge of their functions.

This is the present system of Public Works administration, which Sir Charles Wood refuses to change; and therefore I repeat that, in spite of a lavish expenditure, his system gives no better security in the future, than it gave in the past, for constructing the works most required by the natives, by our manufacturers, and by the Indian Revenue.

I now come to the third argument against Sir Charles Wood's system of Public Works, viz., that it involves a frightful waste of money.

On the 3rd of June 1861, Mr. Smollett stated in his place in Parliament, that: "After having watched it (the Public Works department) attentively for twenty-five years, he must say that he thought it one of the most expensive, corrupt, and profligate organisations in the world."

I was exceedingly surprised at the moment that Sir Charles Wood took no notice of this *boutade*; because as he had helped to raise Mr. Smollett's authority in the House, by paying him a high compliment a short time before on his knowledge of Indian affairs, I thought that he was especially bound to defend his absent officers against such a serious attack on their character. But, in reflecting on the matter afterwards, it struck me that of course Sir Charles Wood had read, like myself, a number of similar charges in the Indian press, and perhaps he thought it might only make bad worse to contradict Mr. Smollett, as it would give that gentleman an opportunity of reading a number of such extracts to the House, or of citing some scandalous

cases of fraud and extravagance, which had come under his personal cognizance.

However, whether or no I have divined Sir Charles Wood's motive correctly, the fact is on record, that he did not contradict Mr. Smollett's charge; and neither can I do so altogether; though I do assert most confidently, that whatever is "expensive, corrupt, and "profligate" in the Public Works department, is due to the system which Sir Charles Wood refuses to change; and might be altogether removed by adopting the reforms recommended in the 2nd Report of the Madras Public Works Commissioners, in 1853.

The principle of those reforms was this: that, there can only be two real checks on Public Works construction and expenditure, viz., thoroughly efficient inspection, and prompt payment, leaving the revision and comparison of accounts to a different authority from the Public Works Executive.

Without a contemporaneous record of efficient inspection, and a contemporaneous record of payments, both entrusted to the keeping of a different authority from the Executive, there is no possibility of preventing a fearful amount of cheating afterwards, by tampering with the accounts, abstracting, substituting, and falsifying documents, mixing up different items, and involving the truth in such a labyrinth of figures, that no one can find a clue to it.

I believe the Engineer officers do all that they can do to control expenditure, and more than they would attempt to do, without a high *esprit de corps*; but they are fairly beaten by the present system, under which the accounts are not presented till they are assumed to be perfect, and drawn out to almost infinite detail,

when the result is that they are almost worthless; they are scarcely any check at all; because no one can get to the bottom of them; and no amount of industry can trace the facts after a work is finished. I know that it was recently said by one of the most celebrated statesmen and highest officials in India, that after trying his utmost, he utterly despaired of understanding and checking the Public Works accounts.

And while such is the case with regard to the expenditure, the present system is equally wrong with regard to the estimates for Public Works, by requiring them to be complete from the first, even to the minutiae of petty cash. The result is that they are sure to be wrong and misleading in the great majority of cases. They give opportunities for fraud at every alteration, improvement, or development which is made in the original plan, although such alterations, improvements, and developments are sure to occur in every new work of importance. In the beginning, a general estimate of great works is the only sort of estimate really practicable; and exact estimates cannot be reliable, until experience has shown the best method of executing the work in detail.

Therefore, as reforms were recommended on high authority, ten years ago, in the Report above cited, which provided for a detailed system of Public Works accounts by double entry, and a most effectual check on those accounts; and as Sir Charles Wood refused to adopt those reforms, I repeat that his policy is responsible for all the waste of money that takes place under the present system.

4thly. The last charge against Sir Charles Wood's system of Public Works Administration, is that "it

“drains the resources of the people unfairly and im-  
 “providently to supply its wasteful expenditure.” By  
 insisting on making these Works out of current revenue,  
 he throws their whole cost on the present generation,  
 which is not only contrary to the practice of other  
 countries, but extremely unfair, because the living race  
 of the natives of India can only receive a comparatively  
 small proportion of the profit of such Works; the main  
 advantage must be reaped by their posterity, and in  
 Burke’s words, be “perpetuated through generations of  
 generations.”

And the improvidence of paying for these invest-  
 ments out of current revenue is still more flagrant.  
 The capital of the people is *worth to them* in the interior  
 from 12 to 18 per cent.; in fact the want of capital is  
 one of their greatest bars to improvement; and yet the  
 Government takes millions a year of their capital for its  
 expenditure on Public Works, when it could borrow  
 the money for them *now* at 5 per cent., and would, I  
 believe, be able to borrow it at 4 per cent., if it gave  
 the security of its “Waste Lands,”\* until the profits of  
 these Works were understood by the English public,  
 and if it provided for the repayment of Public Works  
 Loans within a given period, either by an appropriation  
 of the profits of the Works, or by a sinking fund added  
 to the interest.

The plan of defraying this Expenditure on *Works of  
 internal improvement*, out of loans instead of current  
 revenue, was recommended by Colonel Strachey in  
 1860, on the ground that “the intermittent nature of  
 the supplies, under the present system, caused enormous

\* *Vide Appendix F.*

waste as well as delay;" and I gave the most striking example that could be conceived of this effect in a pamphlet last year; and the substance of Colonel Strachey's argument in a previous pamphlet.† But the plan had been also recommended in 1852, by the Madras Public Works Commissioners (at paragraphs 486 to 491 of their first Report), on these among other grounds: that "Irrigation Works may largely be "formed to yield 30, 40, 60, and even 100 per cent. net "annual profit in direct revenue, and the actual gain "by making roads, in the only instance where the im- "provement has been sufficiently decided to give precise "results, has exceeded 20 per cent. direct return in "revenue."

Now, if this plan had been followed, it is clear from the examples given in this pamphlet, and many more which are on record, that many of these *Works of internal improvement* in India would never have cost the people a single farthing! because their profits would have paid off the loan incurred for their construction, with the interest upon it, in less than 20 years; and then the people and the Government would have been left in possession of a rich source of revenue which had literally cost them nothing!

The power of the Indian Government to borrow at 5 per cent. is proved by the fact that it has never come into our market of late years, without having four or five times as much money offered at that rate as it wanted. And yet, although we had 30 millions borrowed in our markets last year by foreign Governments, and 30 millions more, out of 60 asked for, borrowed by

† *Vide* "Address to the Members of the House of Commons," and "The Famine in the North-West Provinces."

private speculators, Sir Charles Wood, who will borrow to any extent for railways that do not pay, will not borrow three millions a-year for *Works of internal improvement*\* that do pay "considerable and often immense profits," in the words of Sir Charles Trevelyan's Government, and seems literally to hurry to throw away to private speculators the very best projects offered to the Government! such as the Orissa project, and the Soane project; and Heaven grant that he may not throw away, by this extraordinary perversity, the Oude project also!

I am not hostile to private speculators; on the contrary, I should be glad to see some company making notoriously such large profits as would induce a flow of British capital to India; but considering that these speculators positively risk nothing, for Indian engineers never base a project now, on mere theory, but always upon calculations of proved results; and remembering that, in Burke's phrase, "Water is the national bank of India;" I do protest, in the name of the Government and people of India, against giving away to private adventurers the very largest returns of that "national bank;†" and I have some authority for this protest, as in

\* Sir Charles Wood said last year in the House of Commons that, "with a deficit of £250,000, it was not wise or prudent to borrow largely for Public Works, and re-impose taxes to pay the interest on these loans." He knew how far he could presume on the ignorance and indifference of his hearers, for he knew when he uttered the above words, that borrowing meant, not re-imposing, but taking off, taxes! that every million, borrowed at 5 per cent., instead of being taken from current revenue, meant an immediate remission of taxes to the amount of £950,000 a-year. In the second place, there was no deficit; but if there had been, these Public Works are the best means of removing deficits, as I have shown.

† Sir Charles Trevelyan, said, in July 1859, that the execution of well-selected irrigation works in the Madras Presidency, "*would be like sowing gold!*"—and the expression was not too strong.

the debate of June 3rd, 1861, Sir Charles Wood said himself: "If the Government had the means, it would be better for them to construct these works than private companies; because the Government only required a fair interest upon the outlay, while a private company of course wishes for a profit besides."

I have thus, my Lord, stated the principal arguments against Sir Charles Wood's policy for Public Works; and though I could say a great deal more on this subject, and I am strongly tempted to notice others, in which the public have been imposed upon by *soi-disant* old Indian authorities, and Ministerial organs of the press,\* I will rigidly restrict my present observations to a single question, because it is one of the most pressing for Indian† and home interests; and because your Lordship expressed views upon it, on two occasions, which seem to be in harmony with my own.

I refer to the following passages in former speeches of your Lordship: "As to roads, he feared we were in danger of being misled by the precedent and example of England. It seemed to be thought that because costly lines of railway for high speed were suitable for this country (before a line was constructed we had a complete canal system, adequate to our heavy traffic), they were equally suitable for India. He believed, and so did more competent judges, that that system of proceeding was a complete mistake. What was wanted in India was not costly lines for rapid travelling laid down in a few parts, but a comparatively inexpensive, though slow, means of communica-

\* *Vide* Appendix G.

† *Vide* Appendix H.

"tion extending over the whole face of the country.\*  
 "In that matter we should follow the precedent of the  
 "United States rather than of England"†—and again :  
 "These Works (of internal improvement) should be  
 "undertaken without regard to the question of surplus  
 "or deficit; for looking at the question in a merely  
 "financial point of view, the cost to India of delay will  
 "be much greater than if they were carried out at  
 "once."‡

I quite admit, my Lord, that you could not have carried out these views when in office, in 1858 and 59, (*i. e.*, during a war for existence in India, and a wreck of the finances after it, in which the only thing to be done was to find immediate means of restoring the Empire's credit); though you did attempt to begin action upon them even then, and the result of your initiative was that mass of valuable information contained in the Parliamentary Paper No. 149, of 1861, which comprises this striking sentence, in a dispatch from Lord Canning's Government: "It will often be no exaggeration to say, "that the question is, whether we shall find work for "people on remunerative undertakings, or spend the "money on military coercion."

\* This is just the conclusion which has been forced upon the authorities after wasting ten years of time and 60 millions of money, on high-speed railways! Two companies have already started, with Government assistance, though without a guarantee, to operate in Bengal, Bombay, Madras, and Mysore, with light rails, light engines (to draw from 50 to 100 tons about 10 miles an hour) and light cost of construction, to include rolling stock and everything for £3,500 a mile,—in short, on the very principles of slow speed, certainty, safety, and economy, recommended in vain by Sir Arthur Cotton ten years ago!

† Extract from Lord Stanley's speech at a Meeting of the Cotton Supply Association, in 1857.

‡ Extract from Lord Stanley's speech in the House of Commons, June 23rd, 1837.



But I think, my Lord, that you may safely recommend a new policy now, after the Cotton Famine has demonstrated that it is necessary for our countrymen in Lancashire as well as for our distant fellow-subjects; and although, during my 13 years' experience, I have found it almost impossible to obtain English political support, on public grounds, for any India reform not introduced by the Government, I presume that, in proportion as your Lordship's rank and power exceed those of the obscure individual who addresses you, so also will your chances of success be incomparably greater, if you undertake the noble task of extending to all the inhabitants of India those material improvements, of which the collector said: "Not the least of their indirect effects may be the spread of sound vernacular education throughout the villages."

I hope, my Lord, that you will advocate a better policy for Public Works in India, being sure that if you do so, the blessing of God and men will fall upon you: and

I remain, my Lord,

Your most obedient humble Servant,

JOHN DICKINSON.

## APPENDICES.

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### APPENDIX A.

This extract from the Collector's Report in this Famine year of 1855, has been quoted before, yet it is worth repeating:—

“But no estimates of the quantities of food which have been produced through improved irrigation, no mere return of increase of revenue realized in an irrigated district in a year when such heavy remissions of taxes have been found necessary in other less favored tracts, can convey any idea of the benefit which has accrued both to the Government and the people at all to be compared with that derived from actual observation of the effects in travelling through the district. No one could have witnessed, as I did, the wretched condition of the people and crops on the Kistnah side of the district, the difficulty of obtaining even the smallest supply of only moderately impure water, and then have passed to the Godavery side, and witnessed with delight the contrast, the abundance of pure water, the splendid crops, and the comfort of the people, without being deeply sensible that no figure can at all convey a true idea of the priceless blessing which the waters of the Godavery, brought by means of the weir and channels through such an extent of the delta, have conferred upon the people. In May, I was encamped in Avenguddah, on the banks of a large branch of the Kistnah, then a sheet of sand. The cattle were dying by numbers of starvation; no signs of vegetation were apparent; the water was wretched; and I hope I may never again see so much poverty and wretchedness. The month of June was passed by me at Akeed, more than thirty miles from the nearest point of the Godavery; but there fresh water and forage were abundant. The water of the Godavery which had passed through the head-sluice more than fifty miles up the channel, flowed past my tent; and numerous boats, laden with the produce of the neighbouring lands, daily passed to and fro. Grain was far lower in price than in any other district, and I do not doubt that the price of transit has been reduced to one-third of what it was before.”

## APPENDIX B.

Extract from Burke's speech on the Nabob of Arcot's debts.

"The Carnatic is not by the bounty of nature a fertile soil. The general size of its cattle is proof enough that it is much otherwise. It is some days since I moved, that a curious and interesting map, kept in the India House, should be laid before you.\* The India House is not yet in readiness to send it; I have therefore brought down my own copy, and there it lies for the use of any gentleman who may think such a matter worthy of his attention. It is indeed a noble map, and of noble things; but it is decisive against the golden dreams and sanguine speculations of avarice run mad. In addition to what you know must be the case in every part of the world (the necessity of a previous provision of habitation, seed, stock, capital) that map will show you, that the uses of the influences of Heaven itself are in that country a work of art. The Carnatic is refreshed by few or no living brooks or running streams, and it has rain only at a season; but its product of rice exacts the use of water subject to perpetual command. This is the national bank of the Carnatic, on which it must have a perpetual credit, or it perishes irretrievably. For that reason, in the happier times of India, a number, almost incredible, of reservoirs have been made in chosen places throughout the whole country; they are formed for the greater part of mounds of earth and stones, with sluices of solid masonry; the whole constructed with admirable skill and labour, and maintained at a mighty charge. In the territory contained in that map alone, I have been at the trouble of reckoning the reservoirs, and they amount to upwards of eleven hundred, from the extent of two or three acres to five miles in circuit. From these reservoirs currents are occasionally drawn over the fields, and these watercourses again call for a considerable expense to keep them properly scoured and duly levelled. Taking the district in that map as a measure, there cannot be in the Carnatic and Tanjore fewer than ten thousand of these reservoirs of the larger and middling dimensions, to say nothing of those for domestic services, and the uses of religious purification. These are not the enterprises of your power, nor in a style of magnificence suited to the taste of your minister. These are the monuments of real kings, who were the fathers of their people; testators to a posterity which they embraced as their own. These are the grand sepulchres built by ambition; but by the ambition of an insatiable benevolence, which not contented with reigning in the dispensation of happiness during the contracted term of human life, had strained, with all the reachings and graspings of a vivacious mind, to extend the dominion of their bounty beyond the limits of nature, and to perpetuate themselves through generations of generations, the guardians, the protectors, the nourishers of mankind."

\* Mr. Barnard's map of the Jaghire.

## APPENDIX C.

Extract from Mr. W. R. Mercer's Journal.

"January 13.—Encamped at Sewagunge. Another large drove of bullocks (500) passed with Nagpoor Cotton from Arvee. Cotton very good, just the same as all the Nagpoor Cotton I have seen. It is of fair length and fineness, color excellent, and if a little better cleaned would certainly equal good Mobile or Upland Georgian. It has none of the harshness so common in the cottons of the North-Western Provinces."

Return "of Papers in the possession of the East India Company, showing what measures have been taken since 1836 to promote the cultivation of cotton in India." No. 439. 21st May, 1847. Page 216.

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## APPENDIX D.

In the late "*Exposé de la Situation de l'Empire*" the Government of France shows the utmost attention to the opening out of the country, and at page 45 the following remarks are made as to the value of roads.—

"The opening of the agricultural roads in the 'Landes' of Gascony increases, day by day, to a very considerable extent, the value of the products of the soil, and imparts to the transactions in both Departments an activity beyond all expectations. Thus, whilst these agricultural roads have only lately been opened for general use, still, in 1861, the average transit upon them considerably exceeds the general average of the Imperial and Departmental roads of the Department."

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## APPENDIX E.

I should not have printed anything more on the question of Public Works, which has been so exhausted by Sir Arthur Cotton and others, if I had not found something new to say about it; but, since last Session, I have procured a document—"The 2nd Report of the Madras Public Works Commissioners in 1853," which throws the clearest possible light on the most difficult part of the question, *i.e.*, the way to fix a practical responsibility on the Public Works Department from top to bottom.

This document was so repeatedly promised to Parliament at the time, that people in India believed it had been published many years ago as a Parliamentary Paper: and I think heavy national loss has resulted

from Sir Charles Wood's suppression of it: but it was so completely buried in oblivion, that I found great difficulty in obtaining a few copies of it last autumn, when I was informed of its importance.

When I got the Report, I saw at once that it contained the only perfect scheme for re-organising the Public Works Department which has been devised during my experience; and therefore, because the great length of the document would render it very expensive to publish and circulate it, and might deter ordinary readers from mastering its contents, and because I could not induce Members of Parliament to take up the subject, I have tried to condense the main conclusions of the Report into a Pamphlet.

Certain I am that the suppression of this Report hitherto has been as great an injury to the reputation of its authors, M. Bourdillon and Colonel Balfour, as it has been to the interests of the country; and, although I have a lively recollection of the high eulogium on Colonel Balfour's services recorded by the past and present Governor-Generals and by all the members of the Supreme Government of India, I doubt whether he ever gave a higher proof of administrative capacity than he did in framing with his colleague this comprehensive and detailed plan for Public Works reform.

#### APPENDIX F.

My views on this subject may be seen in the following extract from a letter addressed to an Indian statesman last year:—

“ I think the question of the ‘ Sale of Waste Lands ’ so very important, it is such a touchstone of the good or ill feeling of the Indian Government towards those of their countrymen, formerly called ‘ Interlopers,’ who wish to apply British enterprise, skill, and capital, to the development of India's resources; that I take the earliest opportunity of suggesting to you a solution of the question which has been successful elsewhere.

“ Before you quitted England I was trying to get some information for you respecting the scheme which, as I am informed, has succeeded in attracting the stream of European colonisation to Algeria; and far more than that, in inducing the nomad Arabs, hitherto supposed to be irreclaimably vagrant, to come and buy their lots of land like Europeans; and settle down, each man on his own homestead, as quiet cultivators on the civilised European model, to the astonishment of French officials at their own success!

“ I grant that as regards the Arabs, this change of character is too recent yet to found an argument upon it; but the French administration has no doubt of the permanence of the change: and the love of real

property is such an instinct of human nature, that I have no doubt it will be lasting; and meanwhile the reported influx of Europeans is enough to show that the French have at last found out the secret of colonising Algeria.

"Having a slight acquaintance with M. Michel Chevalier, who persuaded the Emperor to adopt the new system, I applied to him for information on the subject, and he forwarded me the speech in which he recommended the measure to the Senate, giving a clear explanation of the plan, from which I will endeavour to supply the leading facts with respect to the sale of waste lands.

"M. Chevalier's plan is virtually the American one; and this he traces again to the inspiration of a gentleman 'presque Francais,' a M. Gallatin, born at Geneva.

"The operations of it he describes as follows:—

"A colonist may arrive in the morning at a locality where he wishes to settle, and the same day before sunset he may have in his pocket a title to the property he desires to purchase; a provisional title no doubt, but one which is afterwards converted into a perfect legal title at the seat of Government, without his having the trouble to visit the capital himself for the purpose. The sole condition of his paying a moderate fixed price for the land, about 5s. 4d. an acre, entitles him to become proprietor of his lot, and take possession of it the very day of his arrival.

"For it is necessary to add that the measurement and division into lots always precedes the sale of Waste Lands in America; but this measurement is executed at the wonderfully cheap rate of a penny an acre, and when it is done, the colonist may point to his lot on the map, and buy it and take possession of it the same day.'

"M. Chevalier added some curious details of the results of this system for the sale of Waste Lands; which he said was considered by the people of the United States as '*the corner-stone of American Colonisation.*'

"1st. It has enabled them to provide for a mass of immigrants from Europe, averaging fully 300,000 persons every year, for the last fifteen years!

"2nd. Until the civil war broke out last year, it had promoted the occupation of the country and increased the numbers and prosperity of its inhabitants with a rapidity to which there is no parallel.

"Seventy years ago, the population of the United States only amounted to four millions, by the official census; and the States themselves only occupied a narrow slip of sea coast, not including one inland State in the Federation.

"By the last census, their population had increased to twenty-eight millions; it had multiplied itself seven times over in seventy years, and the States had gradually stretched across the continent from New York to California; they had brought fully ten times the quantity of land into cultivation that was occupied seventy years before; and they

were every year colonising a quantity of fresh land, equal to three French Departments, viz :—four and a half millions of acres ! (which should bring in a revenue of £1,125,000, as the Government is supposed to net a dollar and a quarter an acre by its sales of Waste Land).

“ Such is an abstract of M. Chevalier’s arguments on this point : for a great part of his speech was devoted to proving the political advantages of the measure, and I need not discuss these, although the political advantages of a free sale of Waste Lands in India would be at least as great as they can be anywhere else ; and I believe that, besides the localities already chosen, there is an immense tract on and from the water shed of Central India, towards the Bay of Bengal, which is admirably adapted for the enterprise of English Planters, and where their settlement would greatly strengthen our hold of the country.

“ There is another aspect of the question on which I may say a few words another time, viz :—‘ The Sale of Waste Lands for an equivalent in Public Works,’ which is an operation familiar to the American Government and a potent instrument of Colonisation.

“ I hope I may find time to give some example of this by a future mail ; meanwhile it is obvious that if once the sale of Waste Lands is organised in India on the system which has succeeded in America and Algiers, the State will be able, either to raise money itself, on *their* security, for the construction of great Public Works, or to find private Companies willing to do so.”

#### APPENDIX G.

As a specimen of the most artful sort of these misrepresentations, I will notice two letters signed “ a Financier ” which appeared in the *Times* towards the close of last year. The writer asserted that “ the present financial prosperity of India ” was due to “ the reductions in the military expenditure ; ” that “ the sole merit of these reductions virtually rests with the Secretary of State for India, and Lord Canning’s Government, aided by the Military Finance commission ; ” and finally that “ the Home Government has ever been forward in prosecuting measures for the development of the resources of that great country.”

Now, although thousands of the readers of the *Times* must have known and felt to their cost, that “ Financier’s ” conclusion was absurdly untrue, probably, from the prevalent ignorance of Indian affairs, not one in a thousand of them know how to refute his theory of “ the present financial prosperity of India,” backed as it was by quoting the authority of Sir Bartle Frere ! and so it happened, as it does invariably

happen, that the slightest alloy of truth is enough to pass current any misstatement that officials please to make on any Indian question!

I will therefore notice this one specimen, by examining the assertions of a "Financier."

In the first place then, it is not true that the financial equilibrium in India was due solely to "reductions of expenditure;" on the contrary, an *elasticity of the revenue* averaging, according to Mr. Laing, "a million a year for the last eight years" had as much to do with it as any reduction. The revenue is now, says Mr. Laing,\* twelve millions above the average of the three years before the mutiny; of this not above four millions is due to new taxes, and all the rest, eight millions, is due to "elasticity of revenue." Here I must do Sir Charles Trevelyan the justice to say that I believe he was the only official in India or England, who foresaw this phenomenon in 1859, or could believe in it for the next two years. It is part of the creed of your genuine "Old Indian" to maintain that "the Indian Revenue is not elastic." It was the most offensive heresy of Sir Arthur Cotton to maintain that, if the country was well governed, "the Indian revenue would be elastic." And when Sir C. Trevelyan first avowed his belief that "good administration was as effective in increasing the revenue, as in diminishing the expenditure," and pointed out the sort of administration which "would soon restore the finances," and "give a clear increasing surplus," reiterating in different forms, that "every branch of the revenue was becoming more productive with the increasing prosperity and advancing state of the people;" the whole Supreme Government, including Sir Bartle Frere, recorded a formal minute, condemning so heterodox an opinion; and proclaiming that, although the people might prosper, "the Revenue does not progress with the prosperity of the people." And the same Supreme Government, including Sir Bartle Frere, had, two years afterwards, to record another formal minute, acknowledging "a buoyancy of the revenue which they had not been aware of;" and explaining their blindness by the assertion that, "Officers and Local Governments had made no sufficient allowance for the rapidly progressive increase (of revenue) consequent on the prosperity of the country"—the truth of which statement I have enabled the reader to appreciate.

In the second place, it is not true that "the sole merit of these reductions (in military expenditure) virtually rests with the Secretary of State for India (Sir C. Wood) and Lord Canning's Government, &c.," and I think "Financier's" readers must have been puzzled by the information that Lord Canning's Government had a share in the "sole merit of these reductions," although the financial member of that Government, Mr. Laing, might as well have staid at home for anything he had to do with them! However, the shortest way of dealing with a "Financier" will be to give the reader a chronological view, first of the reductions, and then of their real causes.

The reductions were as follows:—

\* "India and China," by S. Laing, Esq.—page 25.



April 30th, 1859—	Military expenditure in India	.. ..	£21,080,948
" " 1860—	Ditto ditto	.. ..	20,909,307
" " 1861—	Ditto ditto	.. ..	15,838,980
" " 1862—	Ditto ditto (estimated)*	.. ..	12,800,000
<hr/>			
Total reduction			.. .. £9,080,948

Of which two millions, or more, ceased of itself, from the mere cessation of active warfare (in expenditure for the movement of troops, the passage of reinforcements, the consumption of cattle, stores, &c.), and ceased in the first year of peace, ending April 30th, 1860, although it did not appear at once in the accounts, owing to arrears of the war, leaving about seven millions to be reduced by voluntary efforts—of which I will now trace the causes.

February, 1859—in the winter of 1858-59—the finances of India seemed to be a mere wreck. The Government could only go on by the help of constant remittances of bullion from England, and although the Secretary of State, then Lord Stanley, was urging on Lord Canning the duty of self-dependence, the Indian public were so angry at Lord Canning's financial measures, and the reckless way in which new levies had been and were being made, to provide for all who had good interest, that a crisis came when it seemed as if Lord Canning would be able to borrow no more in India. This crisis forced on the first step, and in February, 1859, Lord Canning publicly promised "reductions in the present enormous war charges, as early, and to as great an extent, as may be safe."

March to June, 1859.—Lord Stanley kept on urging Lord Canning in the most imperative tone, to fulfil the above promise, quoting his words, refusing to accept any excuses for delay, and adding two instructions, which had a great effect on future events: 1st—to divide the military expenditure fairly between the subordinate Governments; and, 2nd—to send home a monthly return of all the levies. Under this pressure, Lord Canning took the second step, and on June 3rd, 1859, appointed the Military Finance Commission, which, in the following September, proposed a reduction of £1,390,000 in Bombay, and in the following April, a reduction of £1,775,000 in Madras; and in the following June, proposed, with the help of Sir Charles Trevelyan, a new system of accounts which would enable the Government to control military expenditure for the future; after which two members of the Commission retired, from ill health, and Colonel Balfour was left virtually alone in the Military Finance Commission: and I must observe, that instead of reductions being effected in the first year, in Bombay and Madras, to the amounts above stated, there was actually an increase of £1,161,486 in Bombay, and of £310,341 in Madras.

June, 1859, to June, 1860.—The next step in the affair was forced on by Sir Charles Trevelyan, and although it may suit "Financier" and Sir Bartle Frere to underrate his influence, I do not hesitate to say that, in my opinion, nothing contributed more to decide the event than the extraordinary struggle made throughout this year by Sir

Charles Trevelyan. He proved that reduction, as opposed to new taxation, was the true principle; that reduction would not only diminish the expenditure, and facilitate the establishment of a proper police force, but increase the revenue, whose elasticity he affirmed, by supplying the labour then urgently required for agriculture and public works; and though the struggle ended in his temporary disgrace, it ensured the triumph of his principles in India, and, after his recall, in England.

December, 1859.—Mr. Wilson came out to India with a foregone conclusion that new taxes were the only solution of the difficulty, to which conclusion he seems to have become only the more prejudiced by finding his old rival at the treasury strongly committed to an opposite opinion; he therefore carried out his policy in part, though he was forced in part to abandon it, and to devote himself to reduction, by the powerful opposition of Sir Charles Trevelyan: throughout this conflict Sir Bartle Frere sided with Mr. Wilson.

August, 1860.—Sir Charles Trevelyan's views had taken effect in England, and we find his ideas, and almost his very words, in a dispatch from Sir Charles Wood, insisting on reduction (but it required another crisis yet!)

October, 1860.—Lord Canning declared that the estimates of the Military Finance Commission for Madras and Bombay "indicated considerably larger reductions than have been taken."

November, 1860.—Lord Canning published a financial resolution appealing to all officials to help him in reduction, as the expenditure was 16 per cent. above the income, and reductions "easy at first, became more difficult as the process went on," &c.

December, 1860.—The decisive crisis was produced by the announcement that Sir Charles Wood had given a sum equal to the first half year's income-tax to the descendants of Tippoo Saib, in spite of the Government of India. This "united the whole community in one common grievance," in the words of the *Bombay Times*. There was an absolute revolt of the Legislative Council, headed by Sir Barnes Peacock; and the public alarmed by Lord Canning's *ad misericordiam* resolution, by the delay of military reduction, and by a famine in the North-West Provinces, sent home a strong Petition to Parliament denouncing Sir Charles Wood for the above grant, and accusing him of great and increasing extravagance in military expenditure at home, at the very time he was ordering reduction in India: to which the Government and the press added, that he kept on sending out military stores that were neither wanted, nor asked for. This agitation, and the increasing danger of the famine, at length decided the triumph of reduction over "vested interests."

January 10th, 1861.—Three weeks after the storm began, Mr. Laing arrived, and devoted himself so heartily to reduction, that on the 2nd of May next, Lord Canning was able to say: "Including military police, the reduction of armed force since 1859 will have been not less than 200,000 men, of whom upwards of 100,000 have been reduced

within the last few months." But reduction was no easy task even then; the Government was kept to its duty by its fear of the "Famine," which threatened to exhaust the cash balances in February, and was expected by the Home Government to cost the revenue three millions and a half in the current year, so late as May 3rd, 1861. The work was carried on I believe in this wise: Colonel Balfour pointed out every successive reduction, and pressed it, as Sir Robert Napier says in his minute, "with admirable firmness," and then Mr. Laing and Sir Bartle Frere forced it through the Supreme Council, and when afterwards, in the spring of 1862, Lord Canning recorded, with the concurrence of every member of his Government, and of his successor Lord Elgin, that "without the energy, knowledge, and ability which Colonel Balfour had brought to the discharge of his functions during the last twelve months, the Government of India would not have reached the certainty of a balanced expenditure and income which is now before it"—all India hailed the acknowledgment of Colonel Balfour's merits, and all India expected to see them better appreciated at home, little thinking that a "financier" would stand in the way, and advise Sir Charles Wood to claim "the sole merit of the reductions" for himself, and for one (Lord Canning), who could no longer share it with him, and whose very last public document recorded his "strong sense of Colonel Balfour's services," and his "cordial thanks" for them, declaring that "Colonel Balfour had deserved eminently well both of the Governor-General in Council, and of Her Majesty's Government."

It is a practical question: "Could he not deserve still higher of England, and help us to get rid of threepence or fourpence of the Income Tax?" It is believed to be the private opinion of this officer that our own military expenditure might be reduced by some millions without impairing military efficiency, and the *Times* suggested, months ago, that Colonel Balfour and General Jamieson (the first President of the Military Finance Commission), should be appointed to do the same work in England; how is it that none of our great talkers of economy have noticed this happy thought?

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## APPENDIX H.

Extract from the *Friend of India*, January 22nd, 1863.

"Another task before the new Minister is an honest inquiry into the Public Works Department. There is a sphere for his surplus energy. Major Chesney may have done much to correct some abuses, but the department has not yet been laid bare like the armies of the three Presidencies and the civil offices of Northern India. That is now, and will continue to be for years, the most important department in

India, and it becomes taxpayers to look to it. Lord Dalhousie began the work. Lord Canning left it untouched, because Colonel Balfour started back from it affrighted. Connected with this question of Public Works is Railways. The present system of double control cannot be suffered to continue unimproved. Under inexperienced military engineers, plunder has run riot on most of the lines, so that they have cost almost double what they ought. Colonel Beadle did a little to check the evil for a time, but the system is bad, and the public are sacrificed to disagreement between the Railway and the Government authorities."

REMARKS  
ON THE  
INDIAN RAILWAY REPORTS

PUBLISHED BY  
THE GOVERNMENT,  
AND  
REASONS FOR A CHANGE OF POLICY IN INDIA.

BY  
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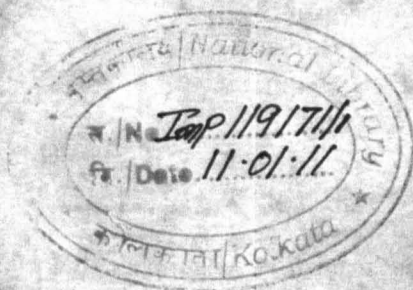
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## RAILWAYS IN INDIA.

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It has been reported that, in answer to a request for more definite information, the Secretary of State assured an eminent member of Parliament that "Danvers's Reports" would give him all the statistics of Indian Railways required to show :

1st. The amount invested, or to be invested, in such undertakings ;

2nd. The conditions of the investment ; and

3rd. Its results ;

In the progress of the works ;

In their expense ;

In their profit or loss ;

In their development of the traffic of the country ; and

In their capacity for carrying passengers and goods, in such quantities and at such rates as India requires.

Now it is as great a mistake to suppose that Danvers's Reports have given the above information hitherto,\* as it is certain that this information is indispensable to show whether these Railways are so useful as to justify the enormous liabilities the Government is incurring to construct them ; or whether they are not, on the contrary, a failure in every important item of their results, and therefore an unjustifiable and dangerous burthen on Native tax-payers ; at the same time that

\* Only two of Mr. Danvers's Reports have been published to this date, May 23rd.



their monopoly of State credit is the sole impediment to giving India the sort of communications which her people, and the suffering population of our manufacturing districts, really require?

To show the utter insufficiency of the information supplied by Danvers's Reports, it will be necessary to analyze his statements on particular heads, of which the first will naturally be the item of "expense."

He says (para. 161, Report of 1860), that the success of all railways is *of course contingent on certain conditions*; and that "by applying these conditions to India, it may be possible to arrive at something like a correct estimate of the commercial value of Railways in that country;" adding, that the first of these conditions is the "original cost" of the railways. And after laying down this canon, he gives, as we shall see, so many *contradictory and widely different* estimates of this "original cost," that he leaves the reader absolutely without any clue to it whatever, unless he can make out for himself, without the help of the Government Reporter, some account of the money actually spent, and the work actually done for it.

For instance, at para. 122, Report of 1860, he states the total length of railways sanctioned for India, at 4,917 miles; and he states, paras. 117 and 118, the amount estimated for them at £52,150,000; or, on an average, £10,606 per mile. At para. 163, same Report, he states the "original cost" of the East Indian, Great Indian Peninsula, and Madras lines, to be respectively, per mile, £12,084, £8,758, and £7,000. In the very next sentence, para. 164, he states the cost of the East Indian line to be, per mile, £14,480 for a single line, and £17,480 for a double line; and it must be observed that in this, as in every other case of self-contradiction,



the Reporter attempts no explanation, and offers no apology for the gross discrepancies between his statements.

In the next year's Report, he states, para. 9, the total length of railways sanctioned at  $4611\frac{1}{2}$  miles, and para. 30, their estimated cost of construction at £55,380,000, or £12,246 per mile: here the "average cost" has jumped up in a single year about £2,000 a mile, or between nine and ten millions sterling for the total length; and as we shall soon see it is destined to rise to a far higher figure than that.

Para. 50, same Report, he says that the cost of the East Indian line had hitherto been estimated at about £12,000 a mile, and was now estimated at "upwards of £16,000" a mile.

What he means by "upwards of £16,000" we may learn from para. 30, where he gives a definite estimate for this East Indian main line of £20,750,000 for 1137 miles, or £18,249 a mile! (this is after 500 or 600 miles of it had been constructed, of which only 67 were double line). At the same time he gives estimates of the cost of all the other lines: making the average of the whole £12,246 per mile.

On these estimates of their "original cost," which Mr. Danvers has stated to be "the *first condition* of their "success," the Government continues to assume "the commercial value of the railways in India," and to increase yearly at a frightful rate the amount of its investment in them; and Mr. Danvers's second Report concludes by a strong recommendation to continue the expenditure upon them without ceasing.

Yet the same authority which gives us these estimates, hints afterwards that they are doubtless incorrect and far below the true amount! in other words, Mr.

Danvers states at para. 50, that the East Indian line, whose estimates have already grown, as we have seen, from £12,000 to £18,249 per mile, may be taken as an example of all the others in this respect, and that "*our judgment of their remunerative powers must be suspended*" "until all the materials for calculation are attainable"!

It is perhaps not unreasonable to advise us to "suspend our judgment," or even renounce it altogether, in continuing this blind expenditure; but while it would only be an act of folly if we squandered our own money in this way, it must be a question whether it is not as much an act of fraud as folly when we are administering a trust for the Natives of India, and throwing millions after millions of their money into the laps of English speculators\*.

To return to Mr. Danvers: One thing at least is clear from the tissue of mystification we have been examining with regard to the cost of these railways, viz.: that the Government know their cost will be far greater than what the public have been led to expect, and so much greater that the Reporter is only permitted to break the truth to us by degrees. He has raised it the first year ten or twelve millions, and hinted that "bad begins, but worse remains behind;" what if the cost should ultimately prove even double the original estimate?

Now as we should prefer to know the worst at once, let us try to make some computation, with the help of such half-lights as Mr. Danvers affords us, of the amount of money spent, and of work done for it, to a given date. In his first Report, in noticing the finances of all the above-mentioned railways, Mr. Danvers states

\* We learn from para. 118 of Mr. Danvers's first Report, that only one 43rd part of the funds for these railways is subscribed in India; all the rest in England; and I believe that even this one 43rd part is almost entirely subscribed from the savings of English officials in India.

the sums that had been actually spent upon them, up to December 31st, 1859, which, added together, amount to a total of £23,501,022. In his second Report, para. 2, he states that the length of the railways opened for traffic to that date, December 31st, 1859, was 634 miles: so that it only remains to ascertain what progress had been made with them, beyond the number of miles opened for traffic, to show what had been the work then done, for the twenty-three and a half millions sterling spent. We have a clue to this unknown quantity, in the further statements of Mr. Danvers, in his second Report, with regard to the line opened, and the money spent, during the next sixteen months, after 31st December, 1859, viz.: that they opened an additional 208 miles for traffic in the next twelve months, with an expenditure of £7,670,331; and another 211 miles in the four months after that, with an expenditure of £3,552,775; altogether 419 miles in the next sixteen months, with an expenditure of £11,221,106.

It must therefore be a very liberal estimate of their progress, in addition to the line opened at the date of December 31st, 1859, if we reckon their total work at double the amount of line open, and give them credit for the construction of 1300 miles, at the time when they had 634 miles open.

Nevertheless, on this assumption that they had then constructed 1300 miles, for the £23,500,000 spent, it appears that the average cost of these railways had actually been not £10,000, nor £12,000, but more than £18,000 a mile, to the date of December 31st, 1859. And as these *trunk lines* are only single lines at present, with the exception of one hundred miles, and will require an additional expenditure of £3,000 a mile, according to para. 164 of Mr. Danvers's first Report, to

make them double lines, which it is intended to do, it follows that Mr. Danvers had solid grounds for estimating their average cost, when completed, at £21,000 a mile, at the date when he stated it in his first Report at £10,606 a mile !

And this cost, which would amount to £96,841,500 for the 4,611½ miles already sanctioned, is exclusive of a heavy charge for the purchase of land, amounting in the Island of Bombay to about £300,000 for three miles, which is contributed by the taxpayers of India, although not stated in Mr. Danvers's accounts; and also exclusive of a large prospective but certain expenditure for sidings, sheds, &c., which must be met as the railway traffic developes. But it is unnecessary to go further into detail, as I have said enough to show that Danvers's Reports give us no reliable estimate of the cost of these railways.

The next item on which we require more definite information than we find in Danvers's Reports, is the "profit or loss" on these railways (of which between one and two thousand miles are now open). It may be objected, that no information on this head would be worth much, if the Government Reporter is to begin by under-estimating the cost of these railways more than one half; but there are other conditions on which this profit or loss of railways is contingent, besides the original cost, viz., as stated by Mr. Danvers in his first Report, para. 161, "their management; the trade of the country and extent and habits of the population through which they pass; the deterioration of the plant and road; the amount of the working expenses, &c."

On one of the most serious of these items, "deterioration," his Reports give no information beyond this,

that these new lines and plant are kept in repair by a trifling addition to the working expenses. Why, of course they need no repair while they are new, but wear and tear will bring a necessity for heavy repairs and renewals, amounting to an average annual charge of 3 per cent. on the cost of English and American lines, and not likely to amount to less in India. We should like, therefore, to know more of this item from Mr. Danvers, for a charge of 3 per cent. for "deterioration" would absorb the greater part of that "steady profit of 5 per cent." which the Reporter and Government are sanguine enough to look forward to when the lines are completed. (See para. 160 of First Report, and Sir Charles Wood's speeches every session).

Another vitally important point in calculating the profit or loss of railways is, as Mr. Danvers truly stated, "the trade of the country, and extent and habits of the population through which they pass." No point is more important than this, and therefore the Reporter ought to have given some information about it; both as regards India, *per se*, and India compared to other countries where railways are able to pay a dividend of 5 per cent.

For instance, there are some districts of India where the population varies from between two and three hundred to between six and eight hundred to the square mile, and where the commerce and wealth of the country is concentrated; and there are others where the population does not exceed from sixty to eighty to the square mile, and where the wealth and trade of the people does not reach a *thirtieth part* of what it is in the first class of districts. And as the railways that "triangulate India" have started for about a thousand miles, at various points in the rich districts, and are



now being prolonged for about three thousand miles through the poor ones, we ought to have some estimate of the degree in which their returns will fall off, in proportion to the falling off in wealth and population through the greater part of their course.

Judging from the latest traffic returns, published in India, the decline in their receipts will be something prodigious as they advance into the country. When there is a difference of six and a half to one, even between one rich district and another, there may be a difference of thirty to one between the richest and the poorest districts; which would involve a proportionate falling off in the average returns of the railways and their chances of profit.

The last mail\* brought the average traffic returns for the following four lengths of railway now open: 320 miles near Calcutta, at £45 10s. per mile, per week; 243 miles between Allahabad and Cawnpore, at £14 14s. per mile, per week; 437 miles near Bombay, at £12 12s. per mile, per week; and 133 miles through Guzerat, at £7 per mile, per week. And yet the last of these districts, although its returns fall off so much as compared to the first, is not only one of the most populous and wealthy districts of India, as compared to the generality of them, but is at the least four times as rich as two-thirds of the country across which the railways are being carried; so that if the returns near Calcutta are six and a half times as much as those in Guzerat, they will probably be six and a half multiplied by four, or twenty-six times as much as those in the poorer and greater part of the country.

What havoc this would make with the profits is self-

\* Vide *Bombay Gazette*, April 12th.