

**The Rt. Hon. Mr. E. S. MONTAGU
ON INDIAN AFFAIRS**

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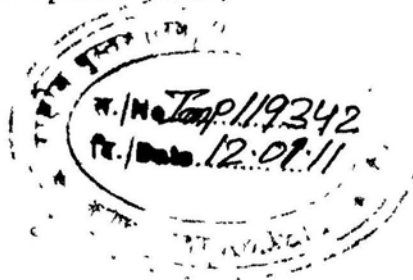
WITH FOREWORD

BY

DR. SIR S. SUBRAMANYA AIYAR, K.C.I E., LL.D.

GANESH & Co MADRAS.

At the risk of incurring the anger of my critics,
I would express once again my belief that there
is a growing spirit of nationality in India, the
direct product and construction of British rule :—
Budget Speech—(1912-)



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FOREWORD.

On no Secretary of State for India has fallen till now so critical a responsibility or so fascinating a task as has at the present hour devolved upon Mr. E. S. Montagu. He is still on this side of forty, having been born in 1879. Of a virile stock, he represents the robust and self-reliant side of British character, which knows its mind, is conscious of what is expected in the highest interests of the nation and is prepared to face the real issues that call for a decisive attitude. Within a remarkably brief period of 11 years, Mr. Montagu has as a matter of course taken his place in the front rank of British Parliamentarians. Representing one of the most intellectual parts of the United Kingdom in the House of Commons, he has been, if I may say so, a wide-awake student of world's affairs, retaining a quickness of grasp and an instinctive liberalism of mind which we generally associate with purely intellectual pursuits. There is not much of romance in him as in the case of Mr. Churchill who is five years older than Mr. Montagu but is likely to continue for some years yet the favoured youth of Great Britain. Mr. Montagu is a man of facts, of details, of

routine even. One might say he would have succeeded as a watchmaker quite as well as a politician and yet he is one of those who never forget the mainsprings of human motive and action in handling statistical details and attending to the requirements of official technique. It is this readiness to enter into details without withdrawing himself from an incessant regard to the principles underlying them that must have constituted the secret of his Parliamentary success and made him so valuable a lieutenant to one of the greatest of Parliamentary chiefs, Mr. Asquith.

He entered Parliament as one of the representatives of Cambridgeshire when he was twenty-seven and at a time when the Liberalism of Great Britain, bursting open the Conservative embankment which was losing its cementing principles, filled the country with a great wave of democratic victory. It was just then also that Mr. John Morley, in his 68th year, staked his high reputation in accepting the untying of the tangled skein which Lord Curzon had made of Indian affairs during a Viceregal term of about 7 years of unhampered autocracy, barring the single incident with Lord Kitchener. Mr. Montagu as Parliamentary Secretary to Mr. Asquith awaited his opportunities of greater individual responsibility, as he was witnessing the rush of Liberal Parliamentary programme on the one hand, and the efforts Mr. Morley was

making in defending an amazing negation of the very rudimentary principles of Liberalism on the other. From 1906 to 1908, until he sought the immunity of the House of Lords, the saint of radicalism had to play the part of the apologist of executive despotism, without any convincing reason for his attitude, taking shelter in a Papal spirit of finality. He started in 1906 with the late Rt. Hon. John Ellis as his Under Secretary with a cloudless sky over him, the anti-partition agitation still hoping for immediate redress at his hands, and a phalanx of stalwart Liberals of unimpeachable Indian experience standing behind him in support of a policy of rescission. Mr. Ellis, only three years younger in age to Mr. Morley, belonged to the old generation of upright politicians of the Society of Friends and could not understand the strange feat of looking upon admitted blunders as settled facts. He was too old to be yoked to such a policy even in conjunction with an older man and that of the classic reputation of Mr. Morley. Had they pulled together from 1906 to the closing days of Mr. Ellis, the fate of India would have been cast in a different mould from the one that took form and shape between 1906 and 1911. However, the place resigned by Mr. Ellis had to be occupied by two other members of the House of Commons during the next two years Mr. Morley continued in the Commons. So long as Mr. Morley was in the Lower House

the brunt of the attack and the duty of the defence fell upon him, yet it was ~~not~~ every body that could stand what Mr. Morley's reputation alone could stand. And even Mr. Morley finding the task too onerous for his age and probably also prompted by the feeling that Indian Reforms would be seriously obstructed in the unreformed House of Lords where the forces of reaction were in absolute ascendancy, made up his mind to enter the chamber of retired reputations. The Master of Elibank, a tried, elderly and valued supporter of the Treasury Bench, who was the fourth Under Secretary after Mr. Morley's advent to the India Office, succeeded in a way on account of his standing in the Liberal Party, in maintaining his footing; but yet it was as an echo of the policy of settled facts, that he was regarded by a House that had become apathetic to Indian troubles. When he was translated from this trying position, the choice of an Under Secretary who could bear the burden of his chief in the House of Commons, when the Indian Unrest was still without a satisfactory solution, fell upon Mr. Montagu then only in his 31st year and with a Parliamentary experience of four years. Many others might have hesitated from an ordeal of that kind, especially if they had to face it at the very beginning of a Parliamentary career. Mr. Montagu however took it up with a resolve to master the details of the India Office and the problems of the Indian Empire,

as he was making himself answerable in the House of Commons to the direction of his chief.

From February 1910 to February 1914, until his appointment as Financial Secretary to the Treasury, he got into intimate touch with the affairs of India with a growing sense of confidence in regard to what India required in internal reforms and a purified system of political and administrative control in England. In reading his Parliamentary speeches between these years the critical Indian reader will have to bear in mind that from 1910 to the end of 1911 he had to stand by the declared policy of Lord Morley and that he had yet to acquire a close acquaintance with India as will justify the assumption of any individual responsibility in regard to the critical topics of the period. With the Royal visit to India during the closing fortnight of 1911 and the beginning of 1912, commenced a new era throwing into the oblivion of the past the egregious blunders of distrust and division which the amateur statecraft of Lord Curzon had produced in copious abundance. Mr. Montagu not satisfied with a knowledge of Indian questions from blue books and the wardens of the bureaucratic system in the India Office made up his mind to visit India on that historic occasion and to complete his equipment by a personal study on the spot of the main features of Indian Government. The task of Lord Crewe and Mr.

Montagu became easier from 1912 onward. In 1914 he found he could leave the Under Secretaryship without any disadvantage to India if his services were required elsewhere. In February he left it and in August broke out the War.

Lord Crewe had ample experience and insight, and as Lord Hardinge was in India, there was no need for anxiety of any kind and no need either to think of Mr. Montagu in connection with India. But the progress of the War necessitated the formation of a United Cabinet, representing a United Party without Parliamentary Opposition. The offices had to be redistributed in a way that the Cabinet might contain representatives of the Leading Parties. Earl Crewe and Mr. Roberts had to give place to Mr. Austen Chamberlain and Lord Islington respectively. Although it was a Coalition Cabinet, in the distribution of places India had to be allotted to a Conservative politician, rather, an office of the first rank had to be allotted to a leading member of the Conservative Party, and Mr. Austen Chamberlain became Secretary for India. Mr. Chamberlain's succession to the India Office was not a matter that could have made a vital difference from May 1914 to April 1916, because of Lord Hardinge's presence in India as Viceroy. The Master Charmer of the loyalty of Indians, England owes to Lord Hardinge what it owes only to three other of her greatest of Empire-

builders, Lord Clive, the Marquess of Wellesley and Lord Canning. His departure from India little over an year ago threw Indian affairs into comparatively inexperienced hands and the control that should have belonged to them passed into the hands of the permanent Bureaucracy. The inevitable results of a policy of repression followed at a time of unprecedented political and national upheavals in Modern History. It is hard to say what would have been the fate of India if the Mesopotamian Failure had not come as a timely saviour of the situation to pass the control of India from Mr. Chamberlain who knew little of India, knew less of its budget of troubles in the immediate past, and knew least of all of the character and traditions and of the tenacious love of vested interests of the Indian Bureaucracy. But if that control had to pass from Mr. Chamberlain to somebody else as a matter of party consideration and not of personal fitness at a critical moment the change would have been of no use. Mr. Lloyd George deserves the gratitude of the Empire for passing it on into the hands of Mr. Montagu. Young as he may be considered to be, he has his feet on no slippery ground, having been equipped for his task by study, personal knowledge and the spirit of Lord Morley's "individual responsibility" which he has imbibed fully to the benefit of the vast millions of this country. The bombastic-pretensions

of ex-pro Consuls which when pricked will disclose what sorry bubbles of misapprehension and ignorance they are will not intimidate him. Nor could the threats of a press, which has been habitually the pampered child of Indian authorities and the members of, which are decorated at their recommendation, but none of whom have been brought under the operation of the punitive provisions of the common laws of the country in spite of gross slander in which some of them have indulged against the fountain head of governmental authority in India, ever thwart him from pursuing a policy of straight service to his fellow-subjects of the Crown in a country but for whose inclusion under the British flag, British Empire will be a healthy shrub, but not the magnificent banyan tree which can shelter all the component divisions of an army marching to victory. He cannot be diverted from his duty to such a land by a handful of frantic, ill-balanced and opprobrious critics.

Few can ever have the opportunity of national and imperial service that has fallen to him now. He has shewn by his mettle that he will not lag behind it. The speeches contained in this volume bear ample evidence of that mettle. Differences of view will arise as one goes through them. But they are differences that in no way detract from the estimate of the man as we have formed here. His latest

speech, delivered just before he put on the harness of the India Office, shews that the man has come with the hour. That speech is bound to take its place among those delivered on momentous occasions without expectation of what was to come but with a presentiment of the national duty that awaits an individual. Hardly had the echo of his words ceased to be heard, they almost seem to have recoiled on him to put him to a positive test.

Burke himself could not have impeached with greater directness or warmer conviction England's neglect of Indian Government. Burke's was a labour of love for an India that knew him not; his was a task for generations of Indians to whom his name was to become an invaluable heritage and a monument of British sense of justice. Had he not been animated by a sub-conscious responsibility for an India that was yet to come to know him he would have considered his gigantic task an ephemeral undertaking.

To-day, on the other hand, Mr. Montagu's responsibility to India is one of which not only he but his fellow-citizens in India as well are equally and fully conscious. To-day India repeats word for word Mr. Montagu's speech on the Mesopotamian muddle. To-day Indians know what Burke's contemporaries in India never knew—how courageous British sincerity can brush aside the

meshes woven by sectional self-interest. Mr. Montagu has now become the hope of India, as Burke would have become, if Indians could then have followed his labours on their behalf.

Equally great and talented friends of India with Mr. Montagu England has produced. But they had no mission, such as Burke took upon himself or has now fallen to Mr. Montagu. In Mr. Montagu's case, unlike as in the case of Burke, it is coupled with power to accomplish it. Mr. Montagu would almost seem to have in fact a commission to effect what he unfolded in the course of that illuminating and masterly speech.

If even he should fail India after all, there can be no greater misfortune we can think of to England and India. So pessimistic a supposition we refuse to entertain after the magnificent proof he has given of his courage in handling the question of internments—for which there seems to be no god-father now as in the case of the Partition when it had to be annulled and Lord Curzon himself had to admit that conditions had changed. Mr. Montagu has now to make, if not the reputation of his lifetime, a great and memorable part of it. Aliens to him in race and religion, but one with him in devotion to British Sovereignty and to Imperial Solidarity, the educated classes of India, who after all is said and done are more to and in this country

than people who look upon it as a field for earning pay, profit and annuity, regard his coming to India as a part of the fulfilment of Providence for the good of the Empire. So sincere and spontaneous a faith, so solemn and sanctified an expectation will not go in vain if Mr. Montagu will prove true to his convictions as expressed in his own words. In this faith this volume, of speeches so timely brought out by a leading and patriotic firm of publishers, is placed in the hands of the public with a Foreword the main object of which has been to present to the reader a very brief, fair and true though humble sketch of the gifted author's public career almost from its commencement as Parliamentary Secretary to Mr. Asquith. I should be wanting in duty if I did not add that this Foreword would have been impossible but for the hearty and able co-operation of my friend K. Vyasa Rao with his clear and up-to-date knowledge of Indian politics acquired not only by a diligent study here in India, but also in England during his stay there and through actual contact with British political life. His forthcoming work, *The Future Government of India*, to be published by Messrs. Macmillan & Co. will furnish an independent contribution to the solution of the great problems which will have to be grappled with in the immediate future by Mr. Montagu among others. There can be no doubt that Mr. Montagu has understood India aright; the

supreme question now is whether after cogent and courageous consideration he is not to act in the light of that understanding.

BEACH HOUSE,
MYLAPORE, MADARS. }
27th Sept. 1917

S. SUBRAMANIAM.

SPEECHES

OF

THE RT. HON MR. E. S. MONTAGU.

THE INDIAN BUDGET—1910.

On the motion to go into Committee on the East India Revenue Accounts,

MR. MONTAGU said. This motion would not sound to a stranger to our proceedings as a highly controversial one, but the discussion which will arise upon it is rather inaccurately known as the Debate on the Indian Budget, and it gives the House an opportunity, somehow markedly inadequate—(hear, hear)—for a review of the whole circumstances of Indian Government and conditions. In the very large draft which I shall have to make upon the patience of hon. members I trust they will make all allowance for certain obvious disadvantages under which I labour. My noble friend, Lord Morley, has now been Secretary of State for five years. It was only during the first two of them that he was able to make his own annual statement in the House, and for the last two years and on this occasion the House has to listen to what I believe it will agree is a story of conspicuously successful administration from different

spokesmen, each one of whom—and I hope I shall not be guilty of any disrespect to my predecessors when I say it—has felt the almost insuperable difficulty of adequately representing not only a great administrator, but so gifted and individual a personality as Lord Morley of Blackburn. (Hear, hear.) Concerning my own predecessor (Master of Elibank) I can only say that I regret, and never more than at this moment, the fact that he has been translated from the India Office, within those gifts of lucidly expounding any case he has to defend, and has gone to another sphere of action.

FOREIGN AFFAIRS

I do not think it is necessary for me to say much this year about the foreign affairs of India. The North-West Frontier has been in a peaceful and undisturbed condition during the year that has just closed. There have been a few small raids which are the ordinary features of frontier life. The Amir of Afghanistan has appointed Afghan representatives to the Joint Commission which has been appointed to consider with a view to settlement various boundary disputes and claims of many years' standing. The Commission met for the first time last month, and the attitude of the Afghan representative was such that I do not think it is too sanguine to expect that the Commission

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will soon be able to arrive at a satisfactory settlement. On the North-East Frontier the chief events of the year have been the conclusion of a new treaty with the Bhutan and the flight of the Dalai Lama from Tibet. With regard to the treaty with Bhutan the effect is to give Great Britain control over the foreign relations of the State. It may be taken as an indication of the firm determination of His Majesty's Government in no circumstances to allow foreign interference in the frontier States of Nepaul, Sikkim, and Bhutan—a determination which I am glad to be able to say is fully shared by the rulers of those States themselves. The flight of the Dalai Lama from Lhasa was due to the despatch to that city of Chinese troops. Hon. members will find a complete account of the events in the Blue Book on Tibetan affairs which has just been presented to the House. His Majesty's Government have found nothing in them to necessitate a departure from their policy and the policy of their predecessors of non-interference in the internal affairs of Tibet, or, with the domestic relations between Tibet and China, but they have made it clear to China that they will require a strict conformity with the provisions of the Anglo-Tibetan Convention of 1904 and with the Anglo-Chinese Convention of 1906, and they have no reason to doubt the good faith of the assurances which have been received from the

Chinese Government. The reason for the despatch of troops to Lhasa was to maintain order in that city and at the trade marks.

THE AGRICULTURAL OUTLOOK.

Then, coming to internal affairs, I am not in the position of my predecessor, who described India in March, 1909, as still under the effects of famine and distress. The autumn rains of 1909 were eminently satisfactory, and the autumn harvest has been followed by an equally fine spring harvest. Almost all the crops have been exceptionally productive. The cotton crop gathered in the winter months of 1909 was one of the best on record. The estimated yield is 4,500,000 bales, being an increase of 22 per cent. on the yield of the previous year. The rice crop has been equally good. In the province of Bengal, where rice is the staple article of food, the yield is put at 78 per cent. better than that of the previous year, and 47 per cent. better than the average for the previous five years. The wheat crop of 1910 now coming into the market is one of the best of recent years. In 1908 the yield was 6,000,000 tons. In 1909 it was 7,600,000 tons. This year the final estimate is no less than 9,500,000 tons. The agricultural prosperity of India may thus be said to be completely re-established, and it immediately begins to have an effect on the

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increase of exports and of imports, and a diminution of prices of the commoner food grains. The export trade has increased from £100,000,000 sterling in 1908-9 to £123,000,000 sterling in 1909-10. Should wheat and seeds continue to be exported through the autumn and winter months to the extent anticipated, the export trade of 1910-11 will be on a very large scale indeed.

TRADE PROSPECTS.

Of course, the import trade has been slower to move because there was a great accumulation of stocks, and the slump of 1908 was so severe that recovery cannot be expected very quickly. In 1909-10 the imports fell from £86,000,000 to £82,000,000, but in the closing months of the year there was a considerable upward movement. The third sign of improvement, the fall in general prices, is in some degree of great importance to large portions of the population of India, particularly those who dwell in towns, and is the most gratifying sign of improvement, when we recollect that the common food grains are 20 per cent. cheaper now than they were a year ago. But, of course, it must not be forgotten that the agriculturists of India have benefited very largely by the increase in prices of what they have sold, while the land revenue and other taxes have remained stationary. Twenty years ago

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it took 40lb of wheat to pay the land revenue on an acre of land in the Punjab; now it takes only 29lb, and meanwhile the average sale price has risen from 38 to 98 rupees in the Punjab. It is a much higher figure in the irrigated provinces.

PLAGUE AND MALARIA

This picture that we have been able to sketch of a practically wholly agricultural community is a very satisfying one, but I have got something rather less optimistic to say upon two subjects which have always got to be mentioned in Debates on Indian affairs—they are the plague and the malaria. Last year my predecessor was able to say that the plague was decreasing, that it had shown decreasing virulence in 1908 and 1909. Experts thought that the worst had been seen of this disease before 1906, which had shown the biggest rate of disappearance of its great virulence. The mortality in that year dropped from 1,000,000 to 157,000. In 1907 it rose again to 1,200,000. In 1908 it decreased to 156,000, and in 1909 the mortality was only 175,000. But this year it has flared up once more, and to the end of June the mortality was 374,000, and, as in former years, the death-rate has been most severely felt in the United Provinces and the Punjab. It is a local disease in the sense that it seems always to recur in particular

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provinces and in particular districts of particular provinces. But on the other hand scientific evidence all seems to show that it is unconnected with any peculiarities of local circumstances such as drains, and is wholly unconnected with the comparative wealth or poverty of the inhabitants. The extermination of rats and fleas, the prevention of their importation from an infected district to a district not infected seems to be now agreed as the essential way of tackling the disease. Inoculation, and the temporary evacuation of infected premises are used as subsidiary measures. Although the statistics are not hopeful, it is satisfactory to think that the population of India are getting more and more to realise the necessity for co-operating in the administration of laws for enforcing remedial measures and carrying on the continual war which the Government of India have undertaken against the ravages of the plague. But I may point out that in British India with a population of 230,000,000 the death rate annually is 8,000,000, so that in all the year the contribution which the plague makes to the death rate is a very small one. Malaria is far more important to the population of India at large, and it is very difficult to gauge accurately the ravages of this disease, because the death returns under the heading " Fevers " in India are not very scientific ; but, of course, in regions where malaria is active

the death-rate under the heading "Fevers" in British India shows its activity. In 1908, when malaria was very severe in Upper India, the death rate from fever rose from 4,500,000 to 5,424,000 or an increase of 900,000, which may roughly be set down to the ravages of this disease. The causes which bring about epidemics are obscure. They seem to be connected with excessive rainfall that floods country and increases the facilities for the breeding of the infecting mosquito. In October, 1909, a Committee was convened by the Viceroy at Simla, and the results of this Conference are such that when they are adopted we may hope for a very profitable and satisfactory effect. In the towns site improvements may be made that will have the effect of limiting the breeding places of the mosquito. I fear that we must still have resort to active measures such as the distribution of quinine, which has always been provided by means of plantation as widely and cheaply as possible, though since the Conference the production of quinine has been still more facilitated, and its distribution at a still cheaper price as widely as possible is being helped—and by grants in aid of various municipal bodies for drainage and improvement of sites, while at the same time remedies are being attempted in the towns where the malarial mosquito abounds and breeds.

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INDIA'S FINANCIAL POSITION.

So much for a general view of the material conditions of the people of India. Up to now I have dealt with matters affecting the condition of large masses of the population of India, but, as the subject of this Debate is, officially at least, the accounts and estimates of the Government of India, it is my duty to say something of the financial position of the Government of India in 1909-10 and 1910-11. I shall endeavour not to weary the House with an unnecessary display of figures. I have so much to say, and I recognise so clearly that the longer I take to say it the less time there is for members of the House to say what they want to say, that I propose to deal very briefly with the financial statement for the year. The Blue Books which have been laid before the House on the subject contain a full account of it, and for the first time this year they contain, in addition to the financial statement of the financial member of the Viceroy's Council, and the ordinary tabular statement, the very instructive debates in the Viceroy's enlarged Council, and I would recommend to all students of Indian affairs a perusal of these books. They will find them of exceptional and absorbing interest. At the beginning of the year 1910-11 the chief topic of interest is how far the results of the past year actually coincide with the Budget Estimate of March, 1909.

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This Estimate shows a surplus of £230,000, while the revised Estimate shows a surplus of £289,000, and I am happy to say that later figures show the surplus as £526,000, so that the difference between this final figure and the £230,000 estimated for is not a very serious matter, having regard to the large amount of expenditure involved. But the resemblance is only superficial, and the discrepancies between the results of the year and the Budget Estimate are very large indeed. There was, as the Budget had anticipated, a great improvement in revenue as compared with the preceding year, but with the exception of opium, the improvement fell very short of what had been anticipated. Land revenue, taxation and commercial undertaking produced together £476,300 less than the Budget Estimate, and a deficit was only avoided for two reasons. First, expenditure on both Civil and Military work was kept well within the Budget Estimate. Having regard to the very great importance of economy in India, this is not only satisfactory in itself, but augurs very well for the future of the finances of the country. The second reason was that owing to the good results of the opium sales in the year, and the higher prices paid than was expected, opium produced £900,000 more than the Budget Estimate. The House will agree that this sum, exceptional as it

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was, was rightly treated by the Government of India as a windfall, and a large portion of it was expended in making grants to those Local Governments whose finances had been depleted by the famine arrangements of three years ago. After making these grants to Local Governments they are able to show, as I was saying a surplus for the year 1909-10 of £ 526,400.

A COMPARISON WITH PAST YEARS.

As regards the present financial year, 1910-1911, new taxation is necessary for the first time in sixteen years. Since 1894-95 there has been no new taxation in India, while the relief granted to the tax-payer in land cesses in 1905-6 and the reduction of the Salt, Tax in 1903, and again in 1905 and again in 1907 and the reduction of the Income Tax have relieved the taxpayer and have cost the State no less than £4,500,000 a year. This year, in order to show a balance of £376,000, additional taxation to bring in £1,126,000 is being imposed. The main cause of this additional taxation is that while the revenue, owing to the remission of taxation under certain heads, has not expanded, there has been a very large increase in the expenditure under certain heads with which the revenue has not been able to keep pace. I will not make a comparison with the revenue of 1907-8, because that was a year of

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famine, or of 1908-9, which was a year of exceptional depression in trade, or of the year 1909-10, in which there were abnormally high opium prices. The last normal year was 1906-7, and if I compare the Estimate for the year 1910-11 with that year, I find that while land revenue, stamps, Excise, and Customs have increased, railways, salt, Post Office, and irrigation have decreased by almost the same amount, so that if there was no increase in taxation the revenue would be very nearly the same as in 1906-7.

RAILWAYS AND SALT REVENUE.

Let me explain for one minute briefly, this question of decrease in revenue. First, as to railways. The gross receipts have increased by £ 3,000,000, but the working expenses and interest charges have increased by £ 4,750,000, leaving a net decrease of £ 1,750,000. These increases and expenses were fully explained by the Chairman of the Railway Board during the discussion in the Viceroy's Council. They are attributable partly to increases in wages and salaries, partly to improvements in facilities, and to a large expenditure in strengthening and doubling lines and improving and enlarging stations. Such expenditure is not immediately productive, but there is every reason to hope that, in course of time, its value will be very great. I am spared the necessity of developing

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further the subject of railways, because a few months ago I was able to lay before the House, in introducing the Loans Act of this year, an account of the convenience and profit to India of this, which is one of the best examples of Socialistic undertakings which the world has to show. As regards salt, the loss of revenue is due to the reduction of the duty in 1907-8 from $1\frac{1}{2}$ rupees to 1 rupee per maund. If the reduction of the duty has caused the revenue to fall in the same proportion the loss would have been £1,365,000, but there has been a considerable increase in consumption in this necessary of life, reducing the loss to £967,000. Of the £481,000 loss under the heading of "Post Office, Telegraph, Mint and Exchange" there was a reduction in postal rates in 1907-8 which costs £208,000 a year.

THE GROWTH OF EXPENDITURE.

When I turn to the expenditure figures I find an increase for 1906-7 of £2,485,000. Nevertheless, I would point out that there is a decrease under the heading of "Military Services" of no less a sum than £463,900, although the figures for 1910-11 include the costs of the increase granted to the pay of the Native Army, £426,000. The chief cause of this economy is that the expenditure on Lord Kitchener's scheme for the improvement of

the Indian Army has been greatly reduced, owing to the completion of some measures, the modification of others, and the improvement of the international situation. As regards the increases, expenditure in the Education Service has increased by half a million, in the Medical Service by £300,000, in the Scientific and Agricultural Departments by £224,000, and in buildings and roads by £185,500. I do not think I need defend these increases. In addition to this, there has been an increase of £881,300 in the cost of the police force, in accordance with the recommendation of the Police Commission of 1903. There have been also increases in the pay of subordinate establishments employed on the collection of the land revenue and in other departments, necessitated in some cases by the general upward movement of prices and wages. There is one aspect of the growth of expenditure which I ought to mention, because it was referred to at some length in the financial statement of India—I mean the increased amount assigned to the Government of Eastern Bengal and Assam. The income assigned to the Province in 1906 was found to be inadequate for its needs; the Province was somewhat backward in educational facilities, in medical establishments, in means of communication, and so on, and the experience of the last four years has shown the necessity for increasing the funds available for its

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development. The Government of India has, accordingly, made to it a grant of about £255,000 a year, with effect from 1910-11, and this is the charge which has to be met in this year's Budget.

OPIUM AND THE CHINESE AGREEMENT.

The Finance Member of the Viceroy's Council also laid special stress upon the prospective loss of revenue from opium, compared with 1908-9 and 1909-10. It is a fact well known to members in all parts of the House that new sources of revenue will have to be discovered to replace the opium revenue which is to be lost to India during the next ten years. Actual receipts for any particular year may vary, because the reduction in the output may lead to an increase in price, but the larger the receipts to any year the greater the loss that will be felt when the trade is ultimately stopped and that source of revenue disappears. During the five years 1901-5 the average total annually exported from India to countries beyond the seas was 67,000 chests, of which China took 51,000, and this amount the Government of India undertook, with effect from January 1, 1908, to reduce by 5,100 chests per year for three years. The Chinese Government on their part undertook to reduce progressively in the same way the production of opium in China. There are

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no returns as to the amount of this production, but recent estimates put it at eight or ten times the amount of the Indian import. It was further agreed that if the Chinese would fulfil their share of the agreement, the Indian Government would continue to reduce their export by 5,100 chests annually for seven years more. The present year is the third year of the agreement. The Indian Government have limited the export of opium, and the Imperial Chinese Government on their part claim to have reduced production by more than three-tenths of the area formerly under poppy. Although this cannot be substantiated by statistics there is no reason to doubt that this is true. But the Foreign Office, before agreeing to the renewal of the agreement, have deputed Sir Alexander Hosie, lately, Consul-General at Tientsin, to make enquiry. The condition that statistical proof should be furnished has been waived, and the Chinese Government have been offered an extension of the existing agreement for another three years.

THE EFFECT ON INDIA.

As regards the average annual net revenue before the agreement with China it was £3,500,000 sterling. In 1908-9, the first year of the agreement, it rose to £4,645,000; in 1909-10 it was £4,432,000. This improvement, despite the reduction of export, is

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due to higher prices obtained for Bengal opium, to the decrease on expenditure in Bengal, owing to reduced operations, and the fact that Pass Duties on Malwa opium have been received in advance on opium that will be exported up to the end of 1911. In 1910-11 there will be no receipts from Pass Duties, but a higher price has been estimated for Bengal opium, and the revenue budgeted for is £3,500,000 sterling. In 1911-12 receipts on account of duty on Malwa opium will not commence until January, 1912, and there will then be monthly sales from that date of the rights to export the fixed number of chests of Malwa opium. Assuming that Bengal opium will continue to fetch Rs. 1,750 a chest, a net revenue of about £3,000,000 a year may be hoped for in 1911-12 and 1912-13. It will thus be seen that the first half of the agreement with China will pass without injury to the Indian revenue, but the second half will be more serious. Now, the Secretary of State is receiving representations from members of this House urging the shortening of the ten years' period. (Hear, hear) This period was proposed by the Chinese Government themselves, and the Chinese have suggested no alteration. I can only say that any alteration would lead to serious financial and administrative questions. I would urge members to be satisfied with the very satisfactory arrangement that has been made, and to

forbear to ask that an excessive strain should be placed either on the finances of India or on the temper of the opium cultivators, the taxpayers both in British Provinces and in Native States, and the relations of the Indian Governments with those of the Native States. It is generally known that the United States Government have issued an invitation to His Majesty's Government to take part in a proposed International Opium Conference to be held at the Hague, in order to give effect to the recommendations of the Shanghai Commission and to consider otherwise the opium question. His Majesty's Government, in examining in a friendly spirit the tentative programme which the United States Government have suggested, is inclined to think that it may require some revision before it can usefully serve as a basis for a conference, and that some preliminary understanding between the Powers as to the subjects to be discussed may be desirable. His Majesty's Government, for instance, could not agree to submit to discussion at the proposed conference the diplomatic relations subsisting between this country and China, and it may probably desire to know whether the Powers, accepting the principle of a conference, will assent to the Conference dealing fully with the cognate question of regulating the export of morphia and cocaine to the East, and will undertake to have the necessary

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information collected if it is to arrive at a useful decision. However that may be, the fact remains that despite the prosperity of India, the increase in its expenditure on subjects such as I have mentioned, the condition of the revenue, owing to remission of taxes, the prospective loss of revenue from opium, account for the necessity for new taxation this year. To meet a deficit of £750,000 and to turn that deficit into a surplus of £376,000, the Government have proposed new taxation amounting to £1,126,000.

THE NEW TAXES.

This money is to be found by increasing the Customs Duties on imported liquors, to yield £135,000 with a corresponding excise on beer manufactured in India to yield £33,000; an increase in the duty on silver to yield £307,000; on petroleum to yield £105,000, and on tobacco to yield £420,000, with an increase, on Stamp Duties to yield £126,000. No increase, it will be seen, has been proposed on any necessary of life, and the easy expedient of once again increasing the Salt Tax or the land rates has been very properly avoided. There has been little discussion of the Liquor Duties an increase in which will have satisfactory results if it stops some of the import of cheap foreign spirits with their corrupting and demoralising effects on the natives in some parts of India. The duty on

silver has been seriously canvassed, and the debate thereon in the Council is one of the most valuable and instructive. The duty was formerly 5 per cent., but the increased duty is 16 per cent., or a rise from about $1\frac{1}{2}d.$ to $4d.$ per ounce. One incidental effect of the duty will be to raise the value in India of the large amounts of savings held by the Indians as silver. It was expected in some quarters that, in consequence of the imposition of the Indian duty the prices of silver outside India would fall, and this would involve a fall in Indian exchange on China. It was argued that, in consequence of this, the exportation of goods from India to China would become less profitable, while the Chinese producer, not being exposed to this same disadvantage, would gain. I will not go now into the question as to whether the trade of one country is permanently fostered, or that of another injured by the rise or fall in the rate of exchange; but these objections to a very good revenue-producing duty have been answered, and the question has become academic only because the prices of silver and the Indian exchange on China have risen since the imposition of the increased duty. The price has risen from 23 7-16d. per oz. to 25 $\frac{1}{2}d.$, and the China exchange has risen from Rs. 129 $\frac{1}{2}$ to Rs. 132 $\frac{3}{4}$ per \$100. The increased tax on petroleum is not likely to cause much comment. The import of petroleum is increasing.

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and rose in India from 83,000,000 gallons in 1904-5 to 90,000,000 gallons in 1908-9. There has been considerable objection to the new duties on tobacco. These were imposed for revenue purposes only. The amount of tobacco imported into India in 1908-9 was five and a half million pounds. If duty had been paid on this import at the rate now in force in the United Kingdom it would have produced £1,449,000, instead of £39,000. It was only reasonable that, when in need of revenue, an attempt should be made, as in other civilised countries, to obtain from this source a substantial amount. The new duties are less than half those now in force in the United Kingdom. In so far as they will stop or reduce the importation of inferior cigarettes into India, cigarettes which sell for $\frac{1}{4}$ d per packet of ten, or even cheaper, and do something to check the growth of cigarette smoking, no one will be sorry. If they were protective they would defeat the object of the Secretary of State, and the Government of India, in raising revenue. I may add that the Indian tobacco which is alleged to compete with the imported article is of very poor quality. The natural conditions in India are hostile to good curing, for the climate is too dry, and the fermentative changes necessary do not take place. The average value of such unmanufactured tobacco as is produced in, and exported from, India, is shown

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by the Trade Returns to be ~~about~~ $1\frac{3}{4}d.$ per lb. As I have so often said, their effect has been watched, and is being watched, with the greatest care, and the desirability and possibility of a corresponding excise will always be considered. I may say, before leaving finance, that the need for economy is obvious from what I have said. The Secretary of State is now considering what steps may be desirable in order to secure a more economic administration.

THE POLITICAL UNREST AND ITS GENESIS.

I have now done my best to enable the House to form some opinion of the material condition of the people of India. There remains the even more important task of examining the political condition of the Empire. I say it is more difficult, because we Western people, bred in the tradition of self-government, do not easily realise the complexities that involve the ruling power in India—(Hear, hear)—the diversities of interest through which the path of compromise must be found, the multifarious elements that must be welded into a large and steady policy. The conflicting claims of different classes may bulk largely at home, but underlying them there is, generally speaking, an essential unity of religion, of tradition, and, on the whole, of interests. In India are associated under a single

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rule varieties of races far wider than can be found in the whole of Europe, as many different religions as Europe contains sects of Christianity. Stages of civilisation range from the Hindu or Mahomedan Judge on the Bench of the High Court to the naked savage in the forest. Grafted on to this diverse population, numbering nearly 300,000,000, is a European element, numerically insignificant, less than 200,000 in all, a population in no sense resident in the country, but of an importance in the spheres of education, commerce, and administration wholly disproportionate to its numbers. The responsibility for the government of such a country rests ultimately on the people of Great Britain, and is exercised through the Secretary of State in his Council. The problem before us is to yoke a government, as complex and irresponsible to the peoples which it governs as the Government of India, to a democratic system in England which every year shows itself more determined to do its share in the government of this great dependency. The mechanism for performing this duty lies in this House. The views expressed in it on an infinite variety of subjects must be duly considered by the Secretary of State, who is, in effect, the servant of the House. To achieve this responsible task in the House requires dignity, reserve, and a sense of proportion which it is difficult to overrate. In the

last Parliament there was one who was accustomed to take a prominent part in Indian and Imperial affairs, who differed widely from me and my friends in his views, whose methods might well be taken as a model for such discussions as these. I should like to add a word expressive of my personal sense of loss on the death of Lord Percy, which has already been widely lamented.

THE LARGER AUDIENCE.

I fully realise that my words, and, indeed, the words of all who follow me, are not only likely, but certain, to be over-heard, and that our discussions are awaited thousands of miles away by people of little experience of political government, of growing political ambition, with inherent and acquired characteristics totally different from our own. Our words must be chosen not only for Englishmen accustomed to Parliamentary Debates, but for Englishmen impatient of Parliamentary Debate—not only for English audiences, but for Indian audiences. I know full well that recent changes in the Indian attitude are confined to a very small portion of the population. •One must never lose sight of the remarkable fact that nine-tenths, or over 200,000,000 of the vast population of India are still uneducated and illiterate. All talk of unrest, of which one hears so much, is talk of that small fraction of a vast number

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of the people which education has reached, and within this small fraction are to be found all those divergent forces which are classed together as political unrest. We must remember, however, that the amount of yeast necessary to leaven a loaf is very small; when the majority have no ideas or views the opinion of the educated minority is the most prominent fact in the situation. (Hear, hear.) How much earnest thought and hasty judgment centres on the word "unrest." (Hear, hear.) Of course there is unrest. It is used by some, adorned by instances of the inevitable friction of complex government, as a proof of the failure of the British occupation. It is used by others, ornamented with details of crime statistics, as evidence of the lack of strength of British rule, of the lack of firmness of a particular political party in this country, and it is, of course, used by that portion of the Press which considers only its own circulation for sensational purposes. (Cheers) May I say how strange it seems to me that a progressive people like the English should be surprised at unrest! We welcome it in Persia, commend it enthusiastically in Turkey, patronise it in China and Japan, and are impatient of it in Egypt and India! Whatever was our object in touching the ancient civilisation of the Indian Empire, whatever was the reason for British occupation, it must be obvious that Eastern civilisa-

tion could not be brought into contact with Western without disturbing its serenity, without bringing new ideas into play, without infusing new ingredients without, in a word, causing unrest. And when we undertook the government of the country, when, further, we deliberately embarked on a policy of educating the peoples on Western lines, we caused the unrest because we wished to colour Indian ideals with Western aspirations.

THE REVOLT AGAINST AUTHORITY.

When we came into India we found that the characteristic of Indian thought was an excessive reverence for authority. The scholar was taught to accept the assurance of his spiritual teacher with unquestioning reverence: the duty of the subject was passive obedience to the rulers; the usages of society were invested with a divine sanction which it was blasphemy to question. To a people so blindly obedient to authority the teaching of European, and particularly of English thought was a revolution. English literature is saturated with the praise of liberty, and it inculcates the duty of private and independent judgment upon every man. We have always been taught, and we all believe that every man should judge for himself, and that no authority can relieve him of the obligation of deciding for himself the great issues of right and wrong. The Indian mind at first revolted at this doctrine. Then

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one or two here and there were converted to it. They became eager missionaries of the new creed of private judgment and independence, and the consequence is that a new spirit is abroad wherever English education has spread, which questions all established beliefs and calls for orthodoxy, either political, social, economic, or religious, to produce its credentials. We are not concerned here, except in so far as they are important causes of political unrest, with either religious or social unrest. It is not necessary for me to do more than state the platitude that religious unrest produces among those who have experienced its political results. There can be no departure from religious orthodoxy without its being accompanied by its fierce reaction to orthodoxy. Side by side with the unrest produced directly by English example comes the indirect result of a religious revival. The activities of those who are questioning the teaching they have inherited call into action those who fiercely combat the new religious heterodoxies, abominate the Western example producing them, emphasise the fundamental and, they say, the unconquerable differences between the East and the West, and demand freedom from alien influences. • These two counter forces—the reform movement and the survival that opposes it—involve not only those directly affected, but their parents, relations and friends, and cause political and social unrest.

THE WORK OF SOCIAL REFORM.

For an example of social unrest I would call the attention of the House to the social reformers who are devoting their attention to the education of women, the abolition of infant marriage, freedom of travel and sea voyage, and similar social work, with the far-reaching effects on the domestic sphere, and result in questioning the usages which claim divine sanction, and were hardly in olden times distinguishable from religion. Despite ostracism and sometimes boycott, pecuniary loss and moral obloquy, the efforts of the reformers are in a small degree bearing fruit. And just as religious reform produces religious revival, so social reform brings its counter movement. Those forming it recent interference with the old-established usage, disapprove of the reforms achieved and proposed, and hate the teaching which has produced them and those who gave the teaching. And then there is, of course, economic unrest—the necessary concomitant of an advance in the material well-being of the masses, indicative of impatience with the commodities of life which were once accepted as inevitable, of changes in industrial conditions of increasing wants and of quickened desires. There is a perceptible advance in the general well-being, but the start is from a very low point. The enlargement of the wants of people accustomed to an

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extraordinary simple standard of living is bound to manifest itself in ways which are indicative of economic unrest. Viewed broadly, India may be said to be passing from the stage of society in which agricultural and domestic industries of the cottage order have predominated, in which each village has been an isolated community, and each individual attached to a particular spot and hereditary occupation, to the stage of organised over-seas commerce and capitalised industry. As yet the transition is visible only in a few exceptional districts, where factories or coal-mining have taken hold, and in the maritime cities through which the commerce of India to other countries pours. Indirectly, the whole continent is affected, the demand for labour for the industrial centres penetrates to the most secluded villages, raising the local wage rates, and increasing the farmer's wage bill. The demand of foreign countries for the food grains, the oil seeds, the cotton and the jute of India raises local prices, widens the cultivator's market, and changes the crops he grows. The competition of machine-made goods with hand-loom industry impoverishes the village weaver, or converts him into a mill hand and drives him into a town. Of these three movements—the religious movement, the social movement, and the economic movement—each produces its quota of political unrest, and the counter movements of

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those who abominate the new teaching, resent the alteration of the time-honoured social customs, dislike any departure from orthodox religion, question the teaching that produces it, and also show resentment to those who teach it. All these things together make that curious, differently produced force in India which is known as political unrest.

THE HANDLING OF POLITICAL AGITATION.

It would be very surprising indeed if the religious and social reform movements, such as I have described, together with the opposition to them, the desire for economic trade, the tendency to preserve uneconomic and ancient industries, together with the spread of education and the growth of the Native Press, the fermentation of new ideas, stopped short of the political sphere. Of all forms of liberty England has always shown the most jealous solicitude for political liberty, and I think we can regard political unrest in India as being but the manifestation of a movement of Indian thought which has been inspired, directly or indirectly, by English ideals, to which the English and the Government of India themselves gave the first impetus. It is constantly being nourished by English education given in Government schools and colleges. In so far as this political unrest is confined to pressing the Government to popularise the government of the

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country, so far as the conditions of India will permit, I do not believe that anybody in this house will quarrel with it. You cannot give to the Indians Western education from carefully chosen and carefully selected teachers, trained either in Europe or in India ; you cannot give to the Indians Western education either in Europe or in India and then turn round and refuse to those whom you have educated the right, the scope, or the opportunity to act and think as you have taught them to do. (Hear, hear.) If you do, it seems to me that you must cause another kind of unrest, more dangerous than any other, among those bitterly dissatisfied and disappointed with the results of their education, who use methods which have been taught them in Western countries to vent their disappointment. For this reason, it seems to me, if I may say so, that the condition of India at the moment is one which, handled well, contains the promise of a completer justification of British rule ; handled ill, is bound to lead to chaos. (Hear, hear.) English thought may be responsible for the fundamental principle of revolt against authority, but it cannot be responsible for all the changes which that principle has undergone in its adaptation to Oriental environment. It would be absurd to suppose that old beliefs can be unseated and old usages altered without some element of danger. There have been recently in India mani-

festations of political unrest with which no one can sympathise, and with regard to which difference of opinion is not legitimate. There have been assassinations and conspiracies to murder; there have been incitements to murder; there have been attempts to create hatred against certain sections of His Majesty's subjects. If this pernicious unrest were allowed to spread it would result in widespread misery and anarchy—(Opposition cheers) it would produce a state of things in India which would be more inimical to progress than even the most stringent coercion. (Hear, hear.) It would spread chaos, from which society would seek refuge in a military dictatorship. For these reasons, if the Government was prevented from doing its duty in preventing this, it seems to me it would be a great step backwards, and a tragedy in history.

A STATEMENT OF POLICY.

The majority of the Indians themselves, as the House well knows, realise fully the danger, and will exert themselves to suppress those extremists who are jeopardising their position. I do not want to risk any assurance which the conditions do not justify, but I can say that within the last six months there has been a considerable revulsion in our favour. Horror at the assassinations and political

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outrages, which are wholly repugnant to the true spirit of Hinduism ; the strong line taken by the Government and the Rajas in regard to sedition ; the general feeling that political agitation carried on by students and school-masters is doing infinite injury to the rising generation, and attempts that have been made in public and private life to promote more intimate relations between the different races—all these combined with the liberal policy pursued by the present Government in affording to Indians a wider entry into public life, have had their effect. But I would ask the House to consider what, in the face of these different spirits of unrest arising from the complex and contradictory causes that I have tried to show should be the root principle of government in India. The answer is easy to give, if difficult to act up to. True statesmanship, it seems to me, ought to be directed towards separating legitimate from illegitimate unrest. The permanent safeguard must be a systematic government, which realises the elements of good as well as the elements of danger, and which suppresses criminal extravagances with inflexible sternness. His Majesty's Government, acting upon this principle are determined to arm and to assist the Indian Government in its unflinching war against sedition and illegitimate manifestations of unrest, while it

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shows an increasingly sympathetic and encouraging attitude towards legitimate aspirations.

THE PRESS LAWS.

I propose, if the House will permit me, to give the latest example of the two branches of policy which I have outlined. The latest example of the first part of the policy is the new Press Act. After full debate in new Council the measure has become law, and has been in force for some months—I believe already with beneficial effects. Its object may be said to have been to create a responsible instead of an irresponsible Press. In this country public opinion may usually be trusted to produce this effect; but in India, with its differences of race, of creed, and of caste, public opinion in this sense can hardly be said to exist. Therefore something is required in the manner provided by this Act, which I propose to examine in some detail, because I recognise frankly that it is an exceptional measure which the House is justified in demanding should be thoroughly examined, and because I believe that a large amount of the criticism which has been directed against it is due to a misapprehension of its provisions. May I assume that it is common ground that a certain section of the Indian Press has done incalculable mischief during the last two years? It was certainly

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common ground in the Viceroy's Council when the Bill was under discussion. There was criticism of the remedy proposed by the Government, but nobody questioned the necessity for some remedy or the existence of the disease. I think it would be difficult to exaggerate the dangerous effect of seditious literature on the unformed and impressionable minds of students. I need not labour the point; it will be admitted by all who have a knowledge of Indian affairs, and terrible tragedies have brought it home to us. No one better realises than the Indian parents themselves, the gravity of the evil, or more earnestly seek to remedy it. I would ask permission to read to the House a leaflet which has already been disseminated in Bengal :—

Dear Readers,—We have made our appearance at this juncture as the situation is one of extreme importance. Do not be led away by false hopes and temporary conciliations. Let not any conciliatory measure of the Government pacify you and scare you away from your path. Sacrifice white blood unadulterated and pure to your gods on the altar of freedom; the bones of the martyrs are crying for vengeance, and you will be a traitor to your country if you do not adequately respond to the call. Whites, be they men, women or children, murder them indiscriminately, and you will not commit any sin.

but simply perform the highest Dharma. We shall appear again with more details. Adieu !

The leaflet was signed "Editor," and then follows a postscript. "The Editor will be extremely obliged to the readers if they translate this into all languages, and circulate it broadcast." That being an example of the sort of thing that is sometimes circulated among school boys in village schools, it is absolutely necessary that the Government should seek some weapon with which to try and prevent the dissemination of such nauseous stuff. Of course, the question presents itself. "Why not be satisfied with the existing law?" You can punish sedition under the Penal Code and you can prevent sedition under the Criminal Procedure Code. Two years ago you passed a very stringent Press Act, which enabled you under certain circumstances to crush newspapers out of existence." To this the reply must be that, notwithstanding careful trial, the existing law cannot cope with the evil which the new law is designed to meet.

THE FAILURE OF PAST REPRESSION.

The policy of prosecution under the Penal Code has been given a thorough trial during the last three years; its result has been to make martyrs of misguided and insignificant youths; to advertise sedition, and to enhance the circulation of offending

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newspapers. Its deterrent effect on the worst class of papers has been negligible. The preventive clause in the Criminal Procedure Code is not much good. It empowers a magistrate to call upon a printer or publisher to furnish security to be of good behaviour. This is easily evaded. The person bound over has only to cancel his registration as a publisher and to register a dummy publisher and the newspaper goes on all the same. The Act of 1908 has been successful in preventing the open advocacy of murder; but the Act only concerns itself with open incitements to violence. What we have now to deal with as well as that evil are methods which are just as dangerous even if less flagrant—incessant misrepresentation, the imputation to the Government of malevolent motives, incitements to revolution under the guise of religious exhortation, implied justification of assassination by reference to revolutions in other countries. This preaching by innuendo has proved just as mischievous to the Oriental imagination as any direct incitement to murder which would have come under the Press Act of 1908. In these circumstances the Government determined to make an effort to create a sense of responsibility and to prevent rather than to punish. Let us see what the Act does. Instead of concerning itself with the individual, like the clause of the Criminal Procedure Code referred

to above, it transfers the security to the newspaper or the Press itself. No security is exacted from any registered newspaper which was existing when the Act was passed, unless it is guilty of publishing seditious matter. All new publications alike, so that it does not involve any invidious distinction, furnish security varying from £33 to £133, unless the magistrate thinks fit to grant an exemption, owing to the fact that, in his opinion, the funds of the newspaper are not sufficient to find the money necessary. In the event of a newspaper which has given security against the publication of seditious matter, publishing seditious matter, the security and all the copies of the offending issue may be declared forfeit, and a new and larger security demanded. On a subsequent offence, subject to appeal to the High Court, the Press itself, as well as the security, is forfeit.

THE NEW ACT DEFENDED

Such are the main provisions of the Act. I would submit to the House that this Act really provides a far more humane procedure than the procedure by prosecution, which some members seem to prefer. Instead of putting the offender to the ignominy of prosecution and imprisonment, he is, on the first offence, merely warned in a friendly

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manner. If he proceeds in his infringement of the law he does so with his eyes open. Even then he is only asked for a modest security, upon which he will be fined interest by the Government. Even after a further offence, if his security is forfeited, he has only to furnish a further security in order to have further chance of doing well. Nobody can represent this as drastic! It certainly would not prevent anarchy of which the Press is not the cause, but only the manifestation. We only hope that by this means we shall be able to check the contamination, by deliberate misrepresentation and inflammatory doctrine, of those who might otherwise be useful members of the community. The Press remains free to publish what it likes. Honest papers will not be affected by it. Those papers which have anything to fear from it have so abused the full measure of freedom, previously granted, that the continuation of their unfettered freedom will become impossible. The fear that the smaller concerns may be extinguished by their inability to find security has been met by the orders issued by the Government of India that in these cases the requirement should be waived, and no security should be taken. Personally, I am not impressed by the picture some have drawn of the nervous editor, not knowing whether he may have incurred the displeasure of a crouching

Government. The Act enumerates very definitely the sort of writing that constitutes an offence, and it expressly exempts from its purview the honest expression of disapproval of the Government action. May I quote to the House a remark of Sir Fitzjames Stephen, which was quoted in the debate in the Viceroy's Council? It runs:—"I do not believe that any man who sincerely wished not to excite disaffection ever wrote anything which any other honest man believed to be intended to excite disaffection." I believe there is nobody in this House who will not in his heart of hearts agree with that remark. I can only say that the Government of India have always kept prominently before them the necessity of avoiding at all costs, what might impair the right, which is not less valuable to the Government itself, of frank and honest criticism of Government measures and action. They have issued Administrative Orders with a view of securing uniformity of obligations, and with a view of avoiding, if possible, hardships. In the circular in which they issue instructions to refrain from demanding security in the case of papers whose resources cannot supply it, it is also stated, or laid down, that existing newspapers should be warned before demanding security, and that the security should be fixed at the minimum that may reasonably be expected to enforce obedience to the

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law. I should like to quote one paragraph of the recent Order, because I do not think you can find better evidence of the determination of the Government not to use this Act in any harsh or oppressive way :—

It is the earnest wish of the Governor-General in Council that the Act should be administered with careful discrimination between those newspapers and Presses which are generally well conducted and those which transgress from a deliberate intention to excite disaffection. No order of forfeiture should be passed without previous consultation with the Law Officers, and in coming to a decision due weight should be given to other articles published by the offending journal which indicate the nature and tendency of its writings.

THE APPROVAL OF INDIAN OPINION.

I am now going to ask the House's permission to quote an Indian paper on the way in which the Act is being administered. The editor of certain vernacular papers had been warned by the Deputy-Commissioner of Lahore against continuing to publish matter which might excite disaffection and cause a disturbance of the peace between the Hindu and Mahomedan populations. The "Tribune," a daily paper edited in English by an Indian gentleman, commented as follows :—

Where the authorities think it necessary to move, it is certainly wise and far-sighted to put in friendly counsel before taking action under the law. The fact that the Deputy-Commissioner of Lahore had demanded an undertaking in the first instance, is a clear and welcome indication that the authorities have no desire to work the law in a harsh or rigorous manner.

That is a welcome tribute with which I trust the House will agree. Let no one imagine that this Act has been thrust upon an unwilling India. If there is anyone who thinks that, I would beg him to study an account of the debate in the Viceroy's Council, which has been issued as a White Paper, and note the way in which speaker after speaker arose and acknowledged the lamentable necessity for such action. I believe that the Act, taken in conjunction with the Seditious Meetings Act, will complete the armour necessary, so far as one can foresee, for the repression of the campaign of calumny and of sedition. It will, at any rate, prevent that horrible form of sedition-mongering which consists in disseminating cruel mis-statements among young boys at school.

WHAT IS "SEDITION?"

May I ask the House to consider for one moment how difficult it is by quoting words to decide

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what is and what is not seditious. Let me give an example. It is constantly said by seditious people that the English have caused malaria. There are apologists who say—and on one occasion I heard my hon. friend Mr. Ramsay MacDonald adopt this attitude—"But this is an interesting scientific fact. Canals are the breeding places of anopheles. The English build canals. It is a good wind that blows nobody ill; they, therefore, produce malaria. This statement, which is seditious in your opinion, is merely an attempt from the man who utters it to disseminate an interesting scientific result incontrovertible and remarkable." How harmless is the sentiment if this were all! But what sophistry all this is! When it is uttered with the deliberate attempt to make the ignorant believe that the British Government have introduced malaria deliberately, by building canals and even railroads to diminish the troublesome population, it ceases to be a scientific fact; it becomes a dangerous, libellous and malignant calumny.

THE POLICE.

I will take again, as another example, the subject of the Indian police, and I will say as I have so often said in the House, that no one can deny the imperfections of this force. But you cannot produce a complete reform of a faulty force in a year, a decade-

or even fifty years. The improvement has been the most earnest attempt of the British Government—yes, and of the Indian people—during the last sixty years, during which the police have formed the subject of a series of Commissions of Enquiry, the last of which was appointed in 1902 by Lord Curzon. It recommended comprehensive reforms in all branches of the service, the annual cost of which was estimated at over £1,000,000 sterling. Its findings were adopted by Government Resolution, and effect has already been given to most of the proposals, and the work of reorganisation is still in progress. Let us consider for one moment the force with which the Report deals. The Civil Police in British India number 176,000 men, who have to deal with a population of nearly 232,000,000, scattered over 1,000,000 square miles. Let me give a typical district. In a district of Bengal there is a European superintendent of police, with the assistance of an Indian deputy-superintendent, who has to control nine inspectors, seventy-nine sub-inspectors, eighty-three head constables, and 778 constables. The area of the district is 5,186 square miles, the population is nearly 3,000,000, there are twenty-six police stations and twenty one outposts, some of them very difficult of access, and in 1908, 4,170 cases of serious crime to investigate. These statistics illustrate, far more

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than any words of mine, the difficulties under which the police work is done in India, and when one reflects that educated Indians regard police duties with abhorrence, that to work for a "confession," as it is euphemistically termed, has been inherited from pre-British times as the best mode of procedure in a criminal trial, that little help is obtained from the people in bringing criminals to book, some faint idea of the difficulties will be realised. Having regard to all these circumstances, it is not surprising that isolated instances of abuse may sometimes be found. But by improving the police, by the vigorous prosecution of malefactors, by the expenditure of money, reorganisation must be gradually effected, and is going on with a determination which no honest man can doubt. Let me ask the House to compare some extracts which I have taken from the Commission on Torture in Madras in 1885 with the Report of the Curzon Commission of 1902. The Commission of 1855 quotes and endorses the words of an official witness:—

The so-called police of the Mofussil district is little better than a pollution. It is a terror to well-disposed and peaceable people none whatever to thieves and rogues, and if it were abolished in toto, property would not be a whit less secure.

The Commission of 1902 ~~says~~ :—

It is significant that a proposal to remove a police station from any neighbourhood is opposed by the people. They know that, on the whole, the police are for their protection

The Commission on Torture in Madras in 1855 spoke of ' the universal and systematic practice of personal violence,' and said "it was still of enormous proportions, and imperatively calling for an immediate and effectual remedy." The Commission of 1902 wrote :—"Deliberate torture of suspected persons and other most flagrant abuses occur occasionally, but they are now rare." Again, I say, a marked improvement has been seen. Nevertheless, so keenly and rightly sensitive are the English people about reform in the police force that defects are quickly pointed out. To point out defects in the police force, if it is considered that they still require pointing out, and to suggest new remedies and palliatives which have not yet been discovered, if there be such, is useful work, demanding the sympathy of all men, but to collect instances of abuse, many unproved, some proved to be false, to take quotations from their context and garble them, to represent as findings of a Commission what is merely report of popular opinion, to quote a statement of an interested party, as being "an account of what happened in the very words of the official

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resolution," to say that the Indian Government has never prohibited torture, when it is punishable with seven years' penal servitude, to ignore any Government action to stop these abuses, and to represent the Government as ignorant or supine, callous, and tolerant of bad practices, I say, whether this be the work of a Hindu agitator or an ex-Member of Parliament, it is seditious, dangerous, and ought to be stopped.

INDIAN STUDENTS IN ENGLAND.

Turning now from these unpleasant subjects, I want to say that it is undoubtedly true that, hand in hand with any repressive measures designed to deal with manifestations or symptoms, the root causes must be dealt with too, and chief among these we must look for an improvement in the matter of education. The worst danger which threatens India is the lawlessness or disregard of authority which exists amongst students or schoolmasters. Now, I have described the political difficulties which exist to-day as largely the consequence of Western education. If there is a solution it is surely to be sought in some reconsideration of the system which caused it, both in India and England, even at the cost of other economies or new taxation and large expenditure from the revenues of India. Let me first deal with the position of the Indians who come to England

for purposes of study. The number now in England cannot be less than 1,000 they are far removed from the influence of their parents and guardians; they often arrive wholly friendless and ignorant of western customs. Their position is one of great difficulty and considerable danger, and they afford a problem urgently demanding solution. Last year my predecessor outlined the means by which we hoped to deal with the question, and the House will expect to hear what progress have been made. These measures fall under three heads, namely; (1) The appointment of Educational Adviser to Indian students at the India Office; (2) the appointment of an Advisory Committee; (3) the provision of a house for the National Indian Association and the Northbrook Society for the purpose of a joint clubhouse. The educational adviser, Mr. T.W. Arnold, was appointed in April, 1909. His duties are multifarious. He must be a store of information upon educational matters of every kind. He must advise students as to their residence if they do not become members of a residential university or college. He is a standing referee for educational institutions as to the qualifications of Indian applicants for admission. A doubt was entertained whether Indian students would be willing to avail themselves of the assistance of an official agency situated at the India Office. This doubt has been resolved in a most satisfactory

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manner. The students come in very large numbers, and the immediate problem is to cope with the very large amount of work with which the educational adviser has to deal. In the last twelve months his personal interviews with Indian students have numbered upwards of 1,300. In addition to the work which was originally assigned to him, he has been entrusted by parents in India with the guardianship of their sons in no less than seventy cases. This entails closer supervision than is attempted in ordinary cases, and involves, among other duties, the care of their money. The Advisory Committee, appointed in May, 1909, consists of Lord Ampthill as chairman, six Indian gentlemen of standing, resident in this country, and two English members of the India Office, with correspondents in the various provinces in India. This Committee makes recommendations to the Secretary of State upon all questions referred to them regarding Indian students and holds receptions from time to time in the India Office of students recommended to them by the University Committees in India. The Committee, and especially the Chairman, have thrown themselves with ardour into their work, and have proved very useful to the Secretary of State. The Secretary of State has leased a house (No. 21) in Cromwell Road, facing the South Kensington Museum, to which the Northbrook Society and the National

Indian Association will shortly be transferred. The educational officer will also have his office in this building. Bedrooms will be reserved for the use of Indian students upon their first arrival in this country. Arrangements have been made for meeting students on their first arrival, and, instead of wandering about as at present in search of lodgings, they will be welcomed at the house in Cromwell Road, and given a bed and meals at once. Subsequently they will be given information about the many details which a stranger wants to know on arrival, and advice as to their studies, and they will be furnished, it is hoped, with introductions to English friends and see in fact that they are not friendless in London. The Northbrook Society will run a social club in the rooms assigned to it. Both the societies give receptions at regular intervals, to which Indian and English ladies and gentlemen are invited, and where opportunities of making acquaintance are frequent. The house will be opened, it is hoped, in August, and will be available for students who come to this country at the beginning of the next academic year. A good start has been made on the right lines. The Secretary of State intends to proceed vigorously on these lines and, as time goes on and opportunity offers, to enlarge the scope of organised effort. Let me add one word, addressed not so much to those within

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these walls as to such audience as I may have outside them. Our efforts cannot bear real fruit unless we have the co-operation of those among whom the lives of Indian students are thrown. Many a friendless, sensitive lad looks back. I fear, on the period that he spent in England as one long spell of loneliness and unhappiness. Nothing that the India Office can do will remedy that. The remedy lies in the endeavours of those among whom their lives are spent to overcome insular reticence and prejudices, and to extend a real welcome which, if it is given in the spirit of true and frank comradeship, and not in patronising tolerance, will meet with warm-hearted reciprocation and will bear fruit of which the giver did not dream.

A MINISTER FOR EDUCATION.

Turning now to India, we must make the teaching more practical, encourage and extend technical instruction, for which there is a great demand, supervise and improve the hostels. The educational system now in existence has undoubtedly been successful in purifying the judicial service. It is capable of great extension in improving the moral tone of the country, spreading discipline and disseminating useful knowledge by means of well-paid and contended teachers. Now education is left to the Member in charge of the Home Department. He is overburdened with work as it is, and his

duties will be multiplied by the enlargement of the Council. Adequate consideration of educational questions touching the foundations of life in the many communities of India cannot be reasonably expected from a Department placed in such circumstances as these. A responsible Minister for Education has been an indispensable Member of a British Cabinet for some time, and there is no reason why the same necessity should not be just as strong in what I may call the Cabinet of the Government of India. Steps are needed to secure a coherent policy towards education, and to control the expenditure of the money allotted for this purpose. We have, therefore, decided to revive the sixth membership of the Council, dormant since the abolition of the Military Supply Department, and to appoint a member of Council for education. The head of an Education Department, will be all the more likely to perform his work in a broad and comprehensive spirit if he is brought into living contact with the currents of Indian affairs, and this is most effectively secured by knowledge of the general deliberations on public business. It is no object of ours to take a step towards centralisation, but I would remind the House that the Decentralisation Commission have given their reasons for thinking that the general control of educational policy is within the legitimate sphere

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of the Government of India, and does not hamper development in accordance with local needs and conditions. I may say that such a man, it is confidently hoped and believed, has been found, and His Majesty has approved the selection of Mr. Butler—a man who has been occupying up till now the position of Foreign Secretary to the Government of India. He will, I am sure, become the head of a Department which will ensure to India one of its greatest needs—a better and co-ordinated system of education.

THE APPOINTMENT OF MR. CLARK.

Whilst I am on the subject of the Viceroy's Council, I desire to put an end to public anxiety by announcing that Mr. W. H. Clark, of the Treasury and the Board of Trade has been appointed, and His Majesty has approved his appointment, as Member for Commerce and Industry. No one who knows his high attainments and conspicuous achievements in this country and in the East, and certainly no one among his friends, of whom I am glad to think he has many in this House, will question that he brings to a difficult and important task great qualifications which will be invaluable to the Government of India.

THE INDIAN COUNCILS ACT.

I pass now to deal with the other branch of the policy I have outlined, to give some account of the

latest contribution in the direction of meeting legitimate aspirations by saying something of the Indian Councils Act, the working of which has done much to improve the condition of affairs in India during the last six months. I think I may claim for the Indian Councils Act, the working of which has done much, as I have said, to improve the condition of affairs in India during the last six months, that it has been a great success. The House will expect me to make a few remarks, necessarily brief, on its working. It provided, it will be remembered, for a large increase in the number of the various legislative councils in India, introduced a true system of election, making its members more widely representative, and greatly widened their deliberative functions. At the same time, though they did not form part of the Act, it was decided to abolish for the future, in all councils, save that of the Governor-General the practice of maintaining a majority of official members. The Act also provided for the enlargement of the Executive Councils of the Governors of Madras and Bombay, and the establishment of an Executive Council to assist the Lieutenant-Governor of Bengal. Our proposals were subjected to much criticism, both here and in another place, and although we met with no actual opposition in the Division Lobby—except on one point,

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which was eventually settled by compromise—the right hon. gentleman the Leader of the Opposition deliberately disclaimed on behalf of his party any responsibility for the consequences that were likely to follow the passing of the Act. We are quite content to accept sole responsibility for the consequences, which so far—though it is early yet to speak—not only falsify the gloomy anticipations expressed in some quarters, but I might almost say actually surpass our expectations. The regulations that were necessary before the Act could come into operation were published on Nov. 15 last. No time was lost in holding the elections, and the new councils were able to meet early in the present year. Since then there has been no inconsiderable amount of legislation. In every council a budget has been discussed and passed, and full use has been made of the newly-granted right to move resolutions on matters of public importance. So although the time is short, the material for forming a judgment on the working of the Act is not wholly inadequate. There are two salient points in which particularly the fears of our more conservative critics have been falsified. The one is the admirable dignity and sense of responsibility displayed by the non-official members; the other is the conspicuous and gratifying success with which the official members, after the manner of old Parliamentary hands, have explained

and defended their policy in debate. Let me take one illustration—an excellent illustration, for it is drawn from a case in which the circumstances were such as to have strained the system to breaking point if it had possessed the defects that some saw in it. About a year ago, before the revised councils had come into existence, a Bill to amend the Calcutta Police Act was introduced into the Bengal Council. It was largely uncontroversial, but certain of its provisions which in the opinion of the Government were needed for the efficient discharge by the police of the duty of maintaining order, excited the liveliest disapproval from a certain class of Indian politicians, and a certain section of the Indian Press disapproval which found an echo in this country and within these walls. Even after its stringency had been modified in certain respects this opposition continued and the Lieutenant-Governor wisely decided not to pass the measure at once, but to reserve its final stages for the reformed Legislative Council.

THE "SPIRIT OF INDEPENDENCE."

Now, of all the revised Councils, Bengal has the largest unofficial majority, and, as everyone knows, what I may call, for want of a better term, the "spirit of independence" is more active in Bengal than anywhere else. We had therefore the

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interesting experiment of a Bill that had excited vehement protests as an encroachment on liberty being considered by a council with a large unofficial majority drawn from, politically, the most progressive province of India. What happened? The Bill became law after a reasonable and temperate debate. Only one amendment was put to the vote, on a point which must, therefore, presumably be considered the most contentious in the Bill namely, the proposal to empower the Commissioner of Police to prohibit processions if likely to cause a breach of the peace. The amendment was lost by thirty-six votes to five, nineteen non-officials voting with the Government. I have dwelt upon this example because in it were present in a peculiar degree all the elements of danger that our critics apprehended and because a single actual instance is more illuminating than a profusion of generalities. Incidentally, I may observe how much stronger is the position of a Government when they rely on legislation passed in such a way than when their legislation bears the quasi-executive stamp of an official majority. As in legislation, so in non-legislative discussions the debates have, on the whole been notable for moderation and reason. Such debates, especially the preliminary debates on the financial statement, have an educational value that must not be overlooked in that they bring home to non-

official members the real difficulties of administration. Every question has been fully discussed ; all opinions have been represented, and the Government has had ample opportunity for stating its views, explaining its motives, and bringing out the difficulties of a particular line of action. And in these discussions there has been no sharp line of cleavage between officials and non-officials ; the old idea that non-officials must necessarily be in opposition seems to have disappeared. I would commend many of these debates—as, for instance, the debate on primary education in the Governor-General's Council on March 18—to the careful attention of students of Indian matters. The House is aware that in fulfilment of the other part of the Act of 1909—the part relating to Executive Councils—we have appointed Indian gentlemen to the Executive Councils of the Governors of Madras and Bombay. We have also sanctioned proposals for the establishment of an Executive Council for the Lieutenant-Governor of Bengal ; I hope an announcement will be made on this subject at a very early date. In effect, the Councils Act has resulted in producing excellent debates, creating opportunities for the ventilation of grievances and of public views, creating public opinion, permitting the Governors to explain themselves, giving to those interested in politics a better and a more productive field for their

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persuasive powers than the rather more sterile debates in Congress.

DISAFFECTION AND REFORM.

I have now described not only the latest measure for dealing with disorder, the measure to create a responsible Press, but also the latest measure for an attempt to popularise the Councils Act. The material which I have now laid before the House will give the least imaginative member ample food for thought and profitable thought on the most difficult problems which the science of government has ever offered to students. I am fully conscious of the impossibility of presenting a true picture, and of the audacity that I have been guilty of in endeavouring to analyse nations and attempting to assign causes for their emotions. Let me frankly tell the House that I could never have found the courage to make these attempts or to occupy the attention of those who have survived so long, did I not find strength, courage, and inspiration in the supreme importance, overwhelming interest and great complexities of my subject. The dangers that beset the future of India are the sources of its possibilities. They can only be avoided by acknowledging and fostering the germs of progress, and they can only be really aided to a healthy growth by a war upon the internal evils in which

they are embedded. Let ~~me~~ only point out frankly some of the dangers that I think I see first here in this House. Do not, on the one hand, oppose all agitation for reform because you are led astray to confuse it with seditious agitation. Do not use your murderer as an excuse for your conservatism. And I use that term in no party sense. The hon member behind me (Sir J. D. REESS) does not sit on the benches opposite—but nonetheless he is a Conservative. (loud laughter) You cannot foster sedition more surely than by driving to it, or confusing with its advocates those who look to you with confidence for sympathy with their legitimate aspirations. You see clearly the seditious man and his seditious writings, and you are led to say: "This is Indian unrest: this House can have no sympathy with it. Let us put it from us, let us uproot it vehemently. But when you put it from you, do not put away with it the man who is deserving of your respect and sympathy. And aided by this, and because of this, the other danger comes into being. Do not fear that you are lacking in sympathy with the true reformer because you refuse sympathy to the anarchist. Of course, nobody in this house really sympathises with anarchy. But because you are afraid that some reformer may be called an anarchist, because you fear that you will be accused of refusing to assist those who are

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animated by some democratic ideals similar to your own, you are led sometimes to appear to throw a protecting cloak over the malefactor in order to proclaim aloud your sympathy with the reformer. To resist the efforts made to cope with the anarchist because you will not trust the Government of India to differentiate between the anarchist and the reformer; these divergent, contradictory, and equally dangerous tendencies would; either of them, if they prevailed, subvert order and dissipate the promise to be found in Indian affairs at the moment; and it is because of their existence that all parties in the House should help the Government in segregating violence and incitement to violence which mask, hinder, and might render impotent real efforts for reform. Remember, too, that every reform is irrevocable in India. Each reform opens out new activities, new spheres of thought, new views of life to those whom it affects. Each reform demands eventually, as its corollary, new and further reforms. These reflections ought to lead to ready acquiescence, on the one hand, in reforms that are justly demanded, tempered by the utmost caution, on the other hand, in taking steps irrevocable in themselves and inevitably leading to further steps.

THE ADMINISTRATIVE MACHINE.

What of those at the other end of the machine? I trust implicitly, from what I have seen of the

public-spirited men who administer India on the spot, that they are determined to meet the changing spirit of the time generously and sympathetically. Paper reforms are useless if given grudgingly and made the excuse for tightened reins in administrative action—punitive measures become as dangerous as the evils they are to cure if used indiscriminately for repression and not for punishment, to drive honest men to despair instead of sinners to repentance. But I am positive—and this House will, I hope, find evidence of this in the study of Indian affairs on all hands—that lessons and examples of the past and the high purpose and loyalty which are the cherished possessions of the Service I am discussing, ensure the avoidance of such obvious dangers as these. The ranks of the Civil Service are, however recruited yearly from our universities, and to those who are going to India to the responsible tasks they have chosen I am bold enough to say, mainly because I am fresh from the university and know vividly at what I am hinting, banish as quickly as you can the intolerance of boys and the prejudice of undergraduates, imbibe the traditions of the great Service you are joining, adapt them to modern demands, and go to administer a country in virtue and by the power of the sympathy you can implant in its people. Remember that the best intentions of the Government may be frustrated by the most junior

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members of the Service, called upon, as they are, immediately to assume great responsibilities. I can conceive no more important career than the Indian Civil Service, and I would urge that it should be the object of all those who enter it to permit not even the most unfriendly examination to direct any deterioration in the Service. This is a suitable moment for taking so comprehensive a survey as I have wearied the House with this afternoon.

THE VICEROY.

Lord Minto, after a difficult reign, is returning to England, and I believe will receive, when he returns to this country, the gratitude which he has so richly earned from those upon whom the ultimate responsibility for Indian government rests. The relations of a Viceroy to the Secretary of State in Council are intimate and responsible. The Act of Parliament says : " That the Secretary of State in Council shall superintend, direct and control all acts, operations and concerns which in any way relate to or concern the Government or revenues of India, and all grants of salaries, gratuities and allowances, and all other payments and charges whatever out of or on the revenues of India." It will be seen how wide, how far-reaching, and how complete these powers are. The Secretary of State

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is separated from this task by the sea, hampered by the delays of communication, checkmated by the lapse of time. The cable and the steamer alone render them possible, and for a successful administration of India the most liberal-minded, hard-working Secretary of State is helpless without a loyal, conscientious and statesmanlike Viceroy.

A FIVE YEARS' RECORD.

Lord Morley and his Council, working through the agency of Lord Minto, have accomplished much. Taxation has been lightened to the extent of millions of pounds; famine has been fought and frontiers have been protected with unparalleled success and speed. Factory conditions, general health, education, the efficiency of the police, have all been improved; the pay of the Native Army has been increased. Our relations with Native States have been improved and were never better. The rigidity of the State machine has been softened, while liberal measures of reform have opened to the educated classes of the Indian community a wider field for participation in the government of the country. This is a great record for five years, and contains many abiding results of a conspicuously successful administration of Indian affairs. I believe that men of all parties will be grateful that Lord

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Morley remains to carry out the policy he has initiated, and the new Viceroy, Sir Charles Hardinge, goes to India amid the almost universal welcome of those who recognise his high attainments and great qualifications. I cannot do better than close by addressing to him with all respect the words that were addressed to his grandfather on a similar occasion by Sir Robert Peel, because I believe they embody now as short as it is possible to put them the essential needs of the continued success of English Government in India. The Prime Minister wrote in 1844:—

If you can keep peace, reduce expenses, extend commerce, and strengthen our hold on India by confidence in our justice and kindness and wisdom, you will be received here on your return with acclaims a thousand times louder, and a welcome infinitely more cordial, than if you had a dozen victories to boast of.

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On the motion to go into Committee of Ways and Means on the East India Revenue Accounts,

MR. MONTAGU said : There is a regrettable custom which, if not unbroken and unbreakable, is at any rate nearly always respected—that the representative of the India Office should thrust himself and his Department only once a year upon the attention of this House. And yet I am conscious that this year the House has been asked to listen to me twice in one week, and this at a time when the noise and excitement of party strife is at its height, and when ominous clouds are hanging low over Europe. But I make no apology, for India is, and India will remain, one of the first of England's responsibilities, as she is one of the first of England's glories. Her history and her future call for as much attention as we can give—and, indeed, far more than we can give—to the consideration of her problems. I have nothing personal to say save that I fear I have increased my own difficulties by

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the eagerness with which—like an explorer in a new country—I travelled so wide a field last year. I do not want, for obvious reasons, to repeat what I said then, and I hope that, in turning my attention to other subjects, I shall not be accused of avoiding anything of difficulty. Before I turn to business, may I pay the customary tribute—customary and sincere—to those who have taken part in this debate in former years, and who, since last year, have passed away? I allude to two of my predecessors. Mr John Ellis was a respected Parliamentary veteran, who showed his interest in Indian affairs by devoting in my office the last years of his Parliamentary activity, almost the last years of his life. Mr. Buchanan, whose share in the passage of the Indian Councils Bill through this House, will, I hope, never be forgotten by India, won by his breadth of view, courtesy, and gentleness the respect and attention of all parties in the House at a time when Indian affairs were more controversial than at present

THE CENSUS.

Last year, it will be remembered, I gave the House some figures—always poor things at the best by which to try to picture a country—to show the numbers of the peoples with which we had to deal. I can give them more accurately this year, because in India, as in this country, a census was taken last

spring. It extended to all the Provinces and feudatory States forming the Indian Empire—from the Shan States on the borders of Yunnan in the east to the deserts of Baluchistan in the west; from the snows of the Himalaya in the extreme north to Cape Comorin in the tropics. It embraced an area of 1½ millions of square miles. Within nine days of the enumeration the Government of India were able to announce the provisional figures of the Provinces and Feudatory States and principal towns. The corresponding provisional figures in this country were not announced for seven weeks. This is a remarkable instance of most careful preliminary organization and attention to the minutest details. It would not have been possible without the willing co-operation of many voluntary workers belonging to all classes of society. Census-taking in India is not without its own peculiar difficulties. I am told, for instance, that on one occasion a certain tribe in Central India became firmly persuaded that the enumeration was preliminary to their being sold as slaves, and serious rioting or failure was threatened. The official in charge of the census operations, being a man of resource, realised that some plausible hypothesis was required to account for the enumeration; so he sought out one of the headmen and informed him that the tribe were quite under a misapprehension; that the real object of the

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enumeration was to decide a bet that had been made after supper between Queen Victoria and the Tsar of Russia as to whom had the greater number of subjects. Not only the Queen's reputation, but also her fortune, was at stake. All trace of trouble disappeared, and that tribe was enumerated to a man! (Laughter.) The total population of India is returned at 315 millions, against 294 millions in 1901. But part of the increase (1,731,000) is due to the inclusion of new areas. Allowing for this, the net increase in the ten years comes to 6.4 per cent. The rate of increase shown by the recent census in the United Kingdom was 9.06 per cent. Of the total population of 315 millions, 244 millions are included in British India and 71 millions in Native States.

THE FINANCIAL POSITION.

With these figures let me now turn to the real or ostensible purpose of my speech—the description of the Budget—the finances of India. It is here, as usual, that I propose to compress my subject as much as I can. Full information has already been given in the two Blue-books circulated to hon. members. It may be that some, at any rate, among us have looked at them, and it is certain that, anybody who wants to can do so; so I propose to

confine myself to a recapitulation of a few of the important facts and a brief explanation of certain features.

In March, 1910, the Government of India budgeted for a surplus of £376,000. At the end of the year they found an improvement of £5,448,400, but of this improvement £402,000 went automatically to Provincial Governments. Thus the amount by which the position of the Government of India was better than had been anticipated in March, 1910, was £5,046,400. Half this excess may, for the moment, be disregarded, because it arose from an exceptional and transient cause—the sensationally high price of opium. Apart from this there was a saving of £811,600 on expenditure, and an increase of £1,912,900 in the yield of heads of revenue other than opium. On the side of economy the most important feature was a saving of £358,000 in military expenditure, partly due to decline in prices. The improvement of £1,912,900 in the yield of heads of revenue other than opium was mainly the result of increased net receipts from Customs, and from commercial undertakings such as railways and canals; £494,300 occurs under Customs. I will only mention two items—silver, which showed an increase of £450,000, and tobacco, which showed a decrease of £225,467. When the former duty was being increased last year

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a cautious estimate was naturally framed of its probable yield, since it was necessary to allow for the possibility of some dislocation of trade consequent on the increase. But, as a matter of fact, the importation of silver in 1910-11 showed only a very small falling off from the very high level of the preceding year, and the revenue gained accordingly. It may be added that the fear expressed during the discussions in 1910 that the increased duty might depress the price of silver outside India and thus cause some disturbance of international trade has not been realised. The London price of silver just before the increase of the Indian duty was $23\frac{7}{16}d$ per ounce; the present price is $24\frac{3}{8}d$.

PROFIT AND LOSS.

The effect of the increased duties imposed on tobacco last year has not been so satisfactory. The duties were fixed at the rates that were thought likely to be most productive, and the Government of India hoped that they would bring in £420,000. They affected the trade to a much greater extent than was anticipated; in fact, imports during the year showed a reduction of 75 per cent. in quantity and nearly 50 per cent. in value. Railways accounted for £1,272,000 of the surplus, irrigation £91,000, and telegraphs £104,000. The