GOPAL KRISHNA GOKHALE
BIRTH CENTENARY LECTURES

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The Man and His Mission

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GOPAL KRISHNA GOKHALE (1866–1915)

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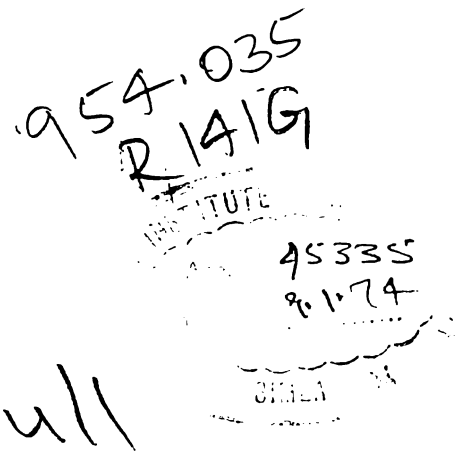

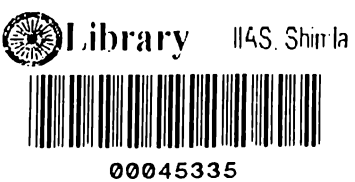

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PREFACE

A series of lectures was arranged by the Servants of India Society in May last at its headquarters in Poona in connection with the Birthday Centenary Celebrations of Gopal Krishna Gokhale, the founder of the Society. The lectures and the essay by Prof. B. N. Ganguli are now brought out in book form. It is hoped they will help in a better understanding of the great man by the younger generation.

Our special thanks are due to Shri V. D. Divekar, Assistant Librarian, Servants of India Society's Library, Poona, who has prepared the index to this book purely as a labour of love.

H. N. KUNZRU
President
Servants of India Society

Poona
June 20, 1966

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LIBERALISM OF GOKHALE

The following speech was prepared for delivery on Tuesday, May 10, 1966, *by Dr. C. P. Ramaswamy Aiyar. But as he was unavoidably prevented from personally participating in the celebrations, it could not be delivered by him.*

There is a clearly discernible cycle in political affairs and fortunes, as there is in many other secular phenomena. Revolutionary movements seek, from time to time, to overturn existing systems and construct new ones, " re-moulding the world to the heart's desire", in the language of Omar Khayyam.

The French Revolution produced a Mirabeau, a Danton and a Robespiere before the emergence of Napoleon Bonaparte and later, of Napoleon III and the Third and Fourth Republics. The American Revolution, stimulated by the French example and the writings of Rousseau and Thomas Paine, took a different turn and produced Jefferson and Hamilton after Washington and the War with Britain and culminated in the Civil War dominated by the personality of Abraham Lincoln. England, with her innate conservatism and genius for compromise, produced in Cromwell, a great revolutionary general who also became a calm and determined Ruler. During the succeeding centuries, feeble Rulers generated the Cabinet system and later, a Gladstone and Disraeli. The shock administered by the Radical parties was softened by the rise of the Fabians; but later, generated such political phenomena

as Bradlaugh, Dr. Besant and, finally, Harold Laski. Even the Suffragist movement, after the fiery campaign of Mrs. Pankhurst, ended up with the establishment of a comparatively peaceful recognition of women's rights. The only exception to the general British tendency was in the case of the Irish Home Rule Movement leading up to the Sinn Fein Movement and the appearance of De Valera's secessionist campaign.

Historical Ups and Downs

In India, history evolved through a series of ups and downs. The East India Companies of England and France started purely as commercial ventures; but, to strengthen and fortify their commercial monopoly, they had to resort to military and naval struggles which led, through mutual warfare between England and France, to the territorial supremacy of England, side by side with its economic aggrandisement. As time went on, during the eighteenth century and the beginning of the nineteenth, England created its Nabobs and its merchant-princes by a process of elimination of Indian industries and exports and the deliberate production of a feeder economy by which raw material was exported to Britain for her industries whose products were exported all over the world, in British ships and ancillary Railway organizations. There were, from time to time, lone voices of protest raised by statesmen like Burke and Fox and their successors in Parliament. There were also wise Pro-Consuls and English writers who realized that the political equilibrium in India was essentially unstable and could not last. This line of thought was intensified after the Indian Mutiny, when many of those classes on

whom Britain relied for support, revolted vehemently. In the first half of the nineteenth century, men like Digby and Wedderburn, and later, Dadabhai Naoroji, bitterly inveighed against what the last-named called " poverty and un-British rule "; but remarkably, the Indian National Congress was initiated through the active help and assistance of British leaders, both in England and in India, who had the vision to interpret the signs of the times.

First Task of the Congress

By 1885, when the Congress began its first session, Indian opinion had begun to assert itself, though its tone was conciliatory as the fact was not forgotten that British administration, especially after the transfer of Sovereignty to the British Crown, had developed a stable system of Government, had improved (though partially), the land revenue administration and had made what was perhaps the most beneficial contribution of England to India, namely, the legal and the judicial systems. The establishment of the Indian Universities was a logical result of the upheaval of 1857; and a system of education intended at first to bring into existence, the lawyer, the clerk and the subordinate administrator, emerged. Applied Science and Industrial and Technical training, entered the portals of learning much later and not without a struggle. The first task of the Indian National Congress was to demonstrate the imperfections of the educational and administrative machinery which had practically destroyed local initiative as well as indigenous industry, manufacture, and shipping. It is worthy of remark, however,

that, even a clear-sighted political economist and historian like Mahadev Govind Ranade, though fully alive to the economic imbalance in India and to the needless draining away of financial and economic resources, was quite moderate in his demands and was an exponent of the gradual substitution of Indian for British agency in administration and equally gradual economic rehabilitation. So much so was this the case that the British, in the early years of the National Congress, adopted a half patronising, rather than a hostile, attitude.

Ranade's Services

Ranade's conspicuous and never-to-be-forgotten service lay in his dedicated mission to bring into existence a group of thinkers and politicians who would accumulate material for economic and political studies with patience and diligence, and put forward the case for India in sober and reasonable language so as to carry conviction in the minds of the Rulers. It must be remembered that, at this time, liberalism was strongly established in England and, in the arresting language of John Morly in his *Compromise*, " what has become an inveterate national characteristic in England, is a profound distrust of all general principles, a profound dislike of any disposition to invest them with practical authority and a measurement of philosophic truths by political tests ". Further, " it is not at all easy to wind an Englishman up to the level of dogma ". Ranade, though deeply influenced by English writers and statesmen, was able — but only just able — to outgrow the dangerously seductive *laissez-faire* doctrine and to transcend the atmosphere generated by the system of education then in vogue.

Tilak — a Remarkable Phenomenon

Bal Gangadhar Tilak was a remarkable phenomenon who came into prominence during the latter half of Ranade's life and when Ranade was training an apt and like-minded disciple like Gopal Krishna Gokhale who shared the outlook of Ranade and implemented his doctrines and philosophy of life, Tilak, on the other hand, represented total rebellion against England stemming from the orthodox Hindu point of view and from an innate and fierce patriotism originating in the Mahratta's devotion to Sivaji's ideals and dreams of Swaraj, and the distrust of Muslim hegemony. There is no doubt that Gokhale, though he reacted against chauvinistic doctrines, was, at the same time, perhaps unconsciously, influenced by the onslaughts made by the Tilak group on British rule and its results and manifestations.

Ranade and Gokhale Transformed Indian Politics

Ranade was the prime factor in the growth of instructed Indian political and economic thought. He was himself a scholar-politician and he trained Gokhale to follow in his footsteps. At the same time, Ranade and Gokhale alike, transformed the politics of India and spiritualized it by insisting on self-surrender, complete dedication to the cause of the country, and purity of motive and action. The philosophy of Gokhale's life and career was summed up by himself in 1907 thus :

> We are at a stage of the country's progress when our achievements are bound to be small and our disappointments frequent and trying. It will, no doubt, be given to our countrymen of future generations, to serve India by successes. We, of the pre-

sent generation, must be content to serve mainly by our failures.

It was in this spirit that Gokhale, following Ranade and followed by Dinshaw Edulji Wacha and Srinivasa Sastri, worked for the political and social regeneration of our country. Although his ultimate ideals were identical, his procedure differed from the methods adopted by Tilak, Kelkar, and later on, by Mahatma Gandhi, Moulana Abul Kalam Azad, Jawaharlal Nehru, Patel, and the later leaders of the Congress. The mission of the former group, led by Gokhale, was to be masters of the 'possible', and they endeavoured to utilize the existing organs of legislation and administration to work for what may be called immediate objectives along with the programme of striving, after obtaining them, to go one step further. In other words, the school of Gokhale, of Wacha and of Sastri envisaged the goal of political progress through constitutionalism. It was their conviction that revolutionary action, even if successful in realizing their ideals, may produce a reaction and carry things backward. In the result, as a biographer of Gokhale has stated, "the followers of Mazzini hated Cauvour even more than they hated the Austrians; and it is, perhaps, true that some Indian politicians hated Gokhale worse than they hated the British."

Gokhale's Constructive Genius

Gokhale's career saw its supreme manifestation in a series of balanced, well-conceived, and constructive criticisms of British political and economic policy and in a remarkable *catena* of exposures of the outstanding defects of the British day-to-day administration,

including the fatally slow realization of the imperative need to replace British by Indian agency, in all departments of political and economic life. His crowning achievements were his budget speeches in which the financial errors of the British administration were exposed and constructive proposals adumbrated.

"*Political Testament*"

Just on the eve of his death in 1915, on the suggestion of Lord Willingdon, Gokhale produced a scheme which is usually termed "Gokhale's Political Testament" which he handed over to the Aga Khan. It was, more or less, on the lines of what was, later, outlined in the Montagu-Chelmsford Reforms. If that scheme had been adopted in 1915, the history of India might have been different; but the British Government, as in the case of Ireland, was slow to realize the logic of events; and the political evolution of India proceeded, through the efforts of revolutionaries and the Tilak school of politics and, ultimately by means of Gandhiji's passive resistance and non-co-operation movements, through a path uncontemplated by Gokhale and foreign to his innate love of order and his dislike of direct action and non-co-operation. Gokhale always used to quote the two Greek maxims: "Nothing in excess" and "Know thyself and maintain self-discipline."

It is always easy to be wise after the event; but it is worth noting that, even now, after the attainment of independence, the lessons of Gokhale's life are not obsolete nor outmoded. They are quite relevant when, as now, we are confronted by enormous economic and financial problems and crises of planning.

Grant of Indian Freedom

The events of the Second World War and the inevitable and rapid collapse of British Imperialism and of all types of colonialism were, at least, as responsible for the grant of Indian freedom as the belated realization by England of the necessity as well as the expediency of granting Indian self-rule. While the leadership of Gandhiji and his associates, following on and largely superseding the policies of Tilak and Savarkar and Subash Bose who all relied upon open and violent opposition, was the main contributing factor in creating the new national set-up, our lively gratitude for this leadership should not, however, render us oblivious to what lay at its root and contributed to its rise and influence, namely, the patient intellectual labour, the flaming patriotism and the self-abnegation and sense of discipline which Dadabhai Naoroji and Ranade fostered and which Gokhale manifested in the Deccan Education Society, in the work of the Fergusson College, and finally, in his spadework in relation to the Indian National Congress, in his labours on the Welby Commission and his propaganda tours in England and in his consummately skilful and persuasive debates and discourses in the Bombay Legislative Council and in the Imperial Legislative Council. For over a decade, Gokhale was the acknowledged and accredited leader of non-official Indian opinion. His avowed programme was not merely to oppose mistaken Government policies and actions but to put constructively before Government the Indian point of view and India-oriented policies. He followed the line of tolerance and comprehension of the adversary's view point. As the founder

of the Servants of India Society, he conceived, as its ideal, not only the creation of a deep and passionate love of the Motherland seeking its highest fulfilment in service and sacrifice, but also a careful and an impartial study of public questions as well as the promotion of goodwill and co-operation among the different communities co-existing with the maintenance of public as well as individual discipline as a *sine qua non* of public life. He became the trusted friend and adviser of the British Government, although his advice was only fragmentarily accepted. Gokhale himself expected that India would soon emerge from the period of agitation to the period of responsible association; but his advice was neither readily nor fully accepted; and, tragically, he was assailed by many of his countrymen as a temporizer. Some of his British opponents, at the same time, stigmatized him as making extreme demands. In his memorable concluding speech on his Elementary Education Bill, he stated: " I know that my Bill will be thrown out. I shall make no complaints, I shall not even be depressed ". The essential lesson of Gokhale's life is one of courage and faith in the ultimate destiny of the Motherland and his ineradicable belief in reconciliation and wise compromise. He said of himself, and justly, that his task was to show the way for needed reforms; and, he added in a great debate, " I cannot, perhaps, persuade you to accept my thesis, but I shall not pretend to accept your policy."

Basic Lessons of Gokhale's Life

We may perhaps summarize the basic lessons of the life of Gokhale and of many Indian Liberals as the incul-

cation of tolerance along with the fulfilment of national and personal ideals. We must always remember, in this connection, that one result of intolerance is too often to create pervasive hypocrisy. A man who is so silly as to think himself incapable of going wrong, is likely to be too silly to perceive that force and coercion may be the easiest path to going wrong.

Now that we have secured our independence and have begun to plan for a future of economic rehabilitation and social and educational fulfilment, it behoves us to beware of the perils as well as the potentialities of self-rule. Gandhiji had the prescience to foresee the dangers of political regimentation and of self-righteousness and intolerance of opposition. Would it be an exaggeration to point out that, today, there is seen, in some quarters, a smug self-satisfaction and a pervasive hypocrisy which takes for granted that, having won our freedom through the exercise, by our leaders and forbears, of limitless self-sacrifice and the renunciation of present advantage for the sake of future attainment, we are now entitled to plenary ' cashing in ' of the results and extensive reimbursements, without any trouble or effort on our part? An even more serious peril is to assume and assert that we are truly practising what we loudly preach to others in this country and beyond its borders. To guard against such dangers, nothing is so effective as the contemplation of the life and example, not only of Tilak and Aurobindo Ghosh and Subash Chandra Bose and Gandhiji, but also of Ranade and Gokhale.

MISSIONARY OF NATIONAL FREEDOM

The first of the series of three lectures organized by the Servants of India Society in connection with the Gokhale Birthday Centenary celebrations at its headquarters in Poona was delivered by Shri P. H. alias Rao Saheb Patwardhan. He spoke as follows on the occasion:

I am, as you know, a stop-gap. The lecturer of the evening, Dr. Ramaswamy Aiyar, was unable to come. I too feel disappointed that we have not been able to hear the address of an eminent jurist, savant and a contemporary of Shri Gopal Krishna Gokhale.

I was a little reluctant to accept this great honour. I do not happen to be Gokhale's contemporary. I must have been just a boy of ten or eleven when he passed away. I did not also happen to be in Poona when the historic controversies between Tilak and Gokhale took place. My only claim to be here today is, that like thousands of my generation, I belong to the band that had enlisted themselves for service during the last phase of our struggle for Freedom, that was fought under the leadership of Gandhi and Nehru.

Gokhale and Gandhi — Kindred Spirits

We believed that we were carrying forward the tradition that was handed down to us by Gokhale and Tilak. Moreover there was a romantic relationship of affection and regard between Gandhiji and Gokhale. We felt that in spite of the difference of technique between

the Gandhian movement and that of the Liberals, in spirit the two were akin.

Gokhale an Architect of Indian Freedom

I am happy the citizens of India are commemorating the memory of Gopal Krishna Gokhale. He was undoubtedly one of the great architects of India's freedom. It is a joy to see that names of Tilak and Gokhale are adored equally by all. A grateful nation is paying its homage to this great servant of India, who in the early days has laid the foundation on which the present superstructure has been raised. Men like Gokhale have worked in conditions which many of us can hardly imagine. They were difficult times. A hundred years have passed by. New generations have come. The country has changed out of recognition. The thraldom of foreign rule has ended. This ancient land of ours is once more free. We are the citizens of a sovereign democratic Republic. The freedom we enjoy today is the result of a century of strenuous and purposeful effort. Men have put in valiant effort, uncommon bravery, sweat, tears and blood in the cause of India's freedom for a hundred years. Our freedom has not fallen from the heavens. It has behind it the suffering and martyrdom of many generations.

Dr. Tarachand in his history of the freedom struggle of India, of which only one volume has been published so far, says, " that the achievement of freedom by India is a unique phenomenon. It is the transformation of a civilization into a nationality. It is throughout its course a movement directed against the violence of the other as against the unreason of the self. In essence

it is an ethical struggle both in relation to the foreigner as well as the members of its own body. And whereas similar struggles have been accompanied by bloodshed, the movement in India, though intense and accompanied by much suffering, has been mainly nonviolent." He says further that the whole struggle for freedom in India was essentially ethical.

Messengers of India's Renaissance

As we look back today, we see that this country has been blessed from the very early days with an unbroken chain of leaders of prophetic vision, deep feeling, and stout heart. They had a religious faith in the future of this country. From Raja Ram Mohan Roy and Justice Ranade to Gokhale, Tilak, Gandhi and Nehru, we had a succession of men who came to us as messengers of India's Renaissance. They gave the clarion call and tried to awaken the people from the inertia and stupor in which they had sunk deep. They wanted to create a radical change in the minds and hearts of the people. They wanted to bring about a radical change in the social conditions. They took up religious and social reform first, then they took up New Education and went on to create a political consciousness amongst the wide mass of people. The dream of our Pioneers is still unrealized. Political freedom was only a part, a means to the total transformation they wanted to bring about. Self-government was the first priority because it was the only remedy to stop the ruthless exploitation of our millions. People who lose their liberty lose their virtue. Indian social order had collapsed completely. Political slavery was the result. Winning poli-

tical freedom became the main objective. The other equally important tasks in the field of religion, social conditions, and education were subordinated and even neglected.

Beginnings of National Awakening

It is a wonder that after the great mutiny which was crushed in blood,and fear of the English rulers had spread throughout the length and breadth of the land, the spirit in the hearts of the brave was not dimmed. Even in the dark night of slavery there were a few souls all over the country who felt deeply unhappy and who were trying to find a way to end the thraldom of the foreign yoke. Within twenty years of the mutiny the foundation of the Indian National Congress was laid. Gopal Krishna Gokhale was one of the architects of the National Congress.

Missionaries of National Freedom

English education created an awakening. The first two generations of university graduates specially in Bengal and Maharashtra were remarkable. They brought men of great intellect and character on the horizon. Like Ram Mohan Roy in Bengal, Justice Ranade was a great pioneer. He was a man of towering intellect, religious fervour and prophetic vision. He came to Poona in 1870 as a judge. He applied himself to the task of social education side by side with his governmental function of a judge. Between the years 1870 to 1880 Justice Ranade was the undisputed leader of Maharashtra. Gokhale had just graduated and taken up work in the New English School that was started

by Vishnushastri Chiplunkar, Apte and Tilak. He must have been only twenty years old then. He was good in Mathematics. But he taught English, History and Economics when he joined the Deccan Education Society afterwards. He was attracted to the educational work by the example of Tilak and Agarkar. The founding of the Deccan Education Society is a landmark in the history of Indian Nationalism. Men who took up work in this institution were missionaries of national freedom. These men had turned their backs on positions of power, pay and influence. Service of the people had become their avocation. Slavery and degradation of foreign rule, they felt, was a challenge to their manhood. They felt that true joy in life consisted in dedication to a cause that is noble. Men of vision like these create a ferment in society. I think it was Lord Rosebery who said that men of vision live on a mount Sinai of their own, and when they come down to the earth, they come with the decrees and terrors of the Almighty himself. Gokhale and Tilak belonged to this class. We revere Gokhale today because he showed an example of what life should be. He showed a new way of living. There were very few at that time anywhere in India who had a glimpse of such a vision. The minds of generations that have come after them have been influenced by these Pioneers. They kindled a divine discontent in the hearts of the people. Poverty and slavery began to appear a living challenge to young men who were coming to maturity.

Apprenticeship under Ranade

Gokhale came under the influence of Ranade when he had just joined the Deccan Education Society.

He visited Ranade's house every day after finishing his college work. From 1886 to 1893 he apprenticed under Ranade. In politics this should have become a common tradition. Study and apprenticeship are necessary in politics. The school of Liberals in India emphasized the need of systematic study for a political worker. In our days mere jail-going has come to be a passport for leadership. The tradition of apprenticeship and study has almost disappeared. Men of the Liberal school were ardent nationalists and set no limit to the aspirations of the people. But they chose the path of moderation. They said often that they would serve the country by their defeats and failures. Gokhale worked in humility and did not bother about temporary unpopularity. After the great unpopularity that came to him after the Apology Incident he said: " I have no doubt about the ultimate verdict on my conduct. Under the most trying circumstances, I had taken the only course that was consistent with duty and honour. All that is necessary for me to do is to go on doing my duty, whether it be sunshine or shade. " This attitude of real inner courage was due to Justice Ranade's guidance and influence.

Gokhale — Ranade's Greatest Legacy

Justice Ranade had started the Sarvajanik Sabha in Poona some years before the advent of the Indian National Congress in 1885. Similar organizations had come into existence in some other provinces. But the Sarvajanik Sabha was more vocal and effective. Shri G. V. Joshi and Gopal Krishna Gokhale were the two lieutenants of Justice Ranade. They had started

a political quarterly. The intention was to educate the common people and awaken them to their rights as citizens. These men studied deeply and criticized the Government whenever necessary. If there was scarcity or famine they sent workers to rural areas and made inquiries on the spot and prepared reports on the condition of the people. Gokhale worked hard under Ranade. He collected facts, tabulated them, consulted blue books, prepared drafts which were approved or disapproved by the Master. He worked with devotion for ten long years, without the least desire to come into the limelight. It has been rightly said that Gokhale was the greatest legacy that Justice Ranade had left for the country. It was because of this apprenticeship that Gokhale could become such a formidable parliamentarian.

Gokhale's Legislative Work

He soon became a member of the provincial legislative council. Two years afterwards there was a vacancy in the Imperial Council due to the illness of Sir Pherozeshah Mehta and Gokhale was elected to the Imperial Council. A volume of Gokhale's speeches on the Budget has recently come out. Another volume of his speeches has also been brought out. Both the volumes should be studied by our politicians. They show how he worked hard for the all-sided development of the country. From free and compulsory primary education to co-operation, salt tax, and agriculture, he was thoroughly conversant with our economic and social difficulties and was ever trying to better the lot of the common man. They were days when the executive was irresponsible.

British Government was autocratic. Gokhale knew well that he will not succeed in getting the Government to change even a comma from their proposed drafts, yet he burnt mid-night oil and created a formidable case for his view point. His work in the legislature was so effective that even an arrogant Imperialist like Lord Curzon said, "Mr. Gokhale, your work will do honour to any member of the legislature in any country of the world." He proposed to honour him with the title of C. I. E. Gokhale accepted it. Men of our generation would naturally wonder why Gokhale should have accepted the title. He should have, we feel, rejected it. But men of Gokhale's persuasion had faith in the ultimate sense of British justice. And as a parliamentarian he was anxious to have a dialogue with the ruling power, however irresponsible it may be. Gokhale took up a moderate line because he felt that the interest of the country could thus be served better. Gokhale has laid down a norm of parliamentary ability and demeanour. Our M. L. A.s and M. P.s can learn much if they study what Gokhale had done in the Imperial Legislature of those days.

Training School for Legislators

It would be nice if a refresher course is started for our elected representatives to the State and Central legislatures. Such a training is necessary. Some such school may be started in memory of Gokhale. I do not want to criticize any one or be hyper-critical. All that I am suggesting is that the capacity to work parliamentary institutions is not a "birth-right." It has to be acquired. It needs training, discipline, sense of fair-play and all that. Gokhale would have felt happy to

see that this country has a democratic constitution and is working a system of parliamentary government so efficiently and smoothly in spite of a hundred and one handicaps and difficulties. There is no doubt, as Morisson has testified, that the working of democratic institutions in India is exemplary in many ways. Countries of Asia and Africa which have attained freedom recently could learn much from India.

But when we are celebrating the Centenary of one of our great Architects of freedom we must look within and ask ourselves if the formal working of democratic institutions has not brought to light some inherent shortcomings. Is our democracy hollow? Would it stand the economic and social challenge it is facing? Ultimately a system of government is only a means. It has to justify itself by fulfilling the basic needs of the people. Unless our intellectuals and politicians ask some fundamental questions to themselves and find out how a system of government could be made more effective and meaningful, this Centenary celebration will have very little significance. It will be a form of mere idolatry. I think it is Toynbee, who has said that intellectual and moral idolatry consists in worshipping the creature instead of the Creator. Unless we revive the creative and dynamic thought that inspired Gokhale, this celebration will be meaningless. The method of elections, the colossal expense that is involved, the state of political parties, relationship between the electors and the elected, all these need some radical change. If Revolution cannot be carried in a portmanteau from one country to another, democratic institutions also cannot take root unless the sail is made favourable. If a caste-ridden,

feudal society like ours has to work democratic institutions some arduous social effort and training are essential. A birth-right merely creates an opportunity, but the capacity to use it has to be acquired by discipline and hard work. We have not yet understood this sufficiently. Liberals like Gokhale were emphasizing this fact all their life.

Evidence before Welby Commission

When Gokhale gave evidence before the Welby Commission, the British people were amazed at the mastery of facts he displayed. Like the great Dadabhai Naoroji, he proved by facts that the British Rule was the root cause of India's poverty and degradation. Veterans like Wedderburn, Subramanyam Iyer, Surendranath Bannerji, Dadabhai, R. C. Dutt and others congratulated Gokhale on his wonderful performance. In his memorandum he has said: "A kind of dwarfing and stunting of the race is going on under the present system of government. We must live all the days of our life in an atmosphere of inferiority and the tallest amongst us must bend in order that the exigencies of the system may be satisfied...till at last our lot as hewers of wood and drawers of water in our own country is stereotyped."

Requisites for Successful Democracy

No radical could have expressed his burning sense of aversion to the foreign rule more eloquently. Gokhale set no limit to India's aspirations. His patriotism was as fervent as that of any extremist. But the Liberals had a deep faith in the sense of justice of the British

people. They felt that there would be a gradual devolution of power to the people of India. They did not give enough importance to forging sanctions. The Tilak school emphasized that fact day in and day out. They were right. But the need for preparing the country for democratic freedom was equally true. We realize this more today. If you will allow me, I should like to read to you a small passage from a speech that Gokhale delivered in the Deccan College on the 13th February, 1909. He said: " It was only fair to recognise that the present peace and order in the country has been the work of the British Government....The India of the future must belong equally to all classes and races inhabiting this country. That meant that their progress must depend upon the degree of unity, which is the feeling of National Unity and which is capable of bearing considerable strain on occasions. Unless such a feeling is consolidated it will not stand the test of circumstances. For this we need spread of education and a growth of true public spirit." Every day we realize that we have neglected this sane advice of the great Servant of India at our own risk. *Without a true public spirit based on tolerance,* democracy will degenerate into mobocracy. The division of the country into Pakistan and the Indian Union and the growing regionalism, linguism and casteism in our land must awaken us to the reality. Democracy does mean the rule of the majority. But it means something more. The majority must represent a general consensus of opinion. In a village panchayat where the Harijans are a permanant minority we shall have to devise some method to make them feel that they have a say in the

general decision. Majority rule must not assume a form of brute majority. Something has to be done to break up the isolation of small castes and minorities. There is no easy remedy. But we have to experiment and build up conventions which will help to create a general consensus. It would be worth while to examine how local self-government institutions are functioning in our country. They will awaken us to our capacity or incapacity to work democratic institutions. Serious thought and effort are necessary if we have to change the sorry state of affairs. In the field of local self-government at least we must accept the compulsion of facts and work together, in a team-spirit, without bringing in party-politics.

Gokhale has long ago reminded us that "patriotism by itself is not enough. It is a noble powerful exalted emotion. It needs to be directed into useful fruitful channels. That can be done only if every worker prepared himself by arduous study, by patient survey of the realities of Indian life, and by appreciation on the spot of the varieties of factors involved in each particular case." Like Burke he believed that order was a prerequisite of progress.

When we celebrate the birth centenary of one of our great Architects of freedom it gives us an assurance that the foundations of our freedom have been laid by such noble souls. They have given their lives for this cause. So whatever our difficulties and perils, the edifice they have built cannot perish. If the tradition that has been laid down by the Servants of India Society can be revived, if our young engineers, scientists, doctors, teachers enlist themselves in some such society

the country is bound to prosper. A climate of dedicated co-operative effort has to be created in the country. Pursuit of power politics cannot do this. The Society must enlist thousands of young men who have a vision and capacity of service.

The memory of this great patriot and Servant of India ought to inspire us and open our eyes to the reality of the situation. I salute Gokhale and pray that hundreds like him may be found to serve this great land of ours.

GOKHALE AS A STATESMAN

The following is the text of the speech made by Shri P. N. Sapru, M. P. *on Wednesday, May* 11, 1966, *the Governor of Maharashtra, Dr. P. V. Cherian, presided.*

I am grateful to you for affording me an opportunity to speak on Mr. Gokhale as a Statesman. Before dealing with the subject matter of my talk I would like to say how important it is that posterity should remember with gratitude those who have built up the India of today. One feels attracted towards Mr. Gokhale, for he was a rationalist who wanted all the communities and groups that inhabit this vast land to attain to the full height of their stature. I am reminded in this connection of what a Christian friend told me about Mr. Nehru. At an important church function Mr. Nehru was the guest of honour. The church dignitary who was presiding over the banquet asked Mr. Nehru if he would not consider it impertinent on his part to ask him whether Mr. Nehru had any faith. Mr. Nehru thought for a while and said he was prepared to answer the question. He said that socially he was Hindu, culturally a Muslim, philosophically a Buddhist, and ethically a Christian. The point about this story is that Mr. Nehru had a broad and tolerant mind.

Gokhale's Secularism

In this respect Mr. Gokhale was like Mr. Nehru and while not professing to be an agnostic, he was about

one of the few secular politicians we have had in this country. No doubt, the methods that he advocated were constitutional, but constitutional agitation as he conceived it included passive resistance and even non-payment of taxes. He stood for purity in public life. His view was that politics cannot be divorced from ethics and if this country was to achieve freedom she must be prepared to make sustained sacrifices. It is on the basis of sacrifice that the Servants of India Society was built up and it is for his love of the greater India which represents the spirit of adventure in our race that Gandhiji described him as his Guru. I had opportunities as a youth of seeing Mr. Gokhale in or about 1908 when he was staying as a guest of my father and I vividly remember his animated conversation and the impression that he created on young minds of being a dedicated person. The Servants of India Society which he founded has given to this country many men of distinction and it is a matter of peculiar satisfaction to me to speak in this hall with which the life of Maharashtra is bound up. For Maharashtra gave to this country many statesmen and scholars of great distinction. Agarkar, Tilak, Bhandarkar are among many other names that we can never forget.

"*A Subject Race has no Politics*"

May I now go on to the subject matter of my talk which is Gokhale as a statesman. An Indian politician of pre-independence days is reported to have said that a "subject race has no politics". What he exactly meant by it is not clear, for one's experience is that a subject race is even more preoccupied with politics

than advanced democracies. For a subject race the struggle for the acquisition of political power is all-absorbing. The governmental machinery of a country affects its entire life. The urge to be free to order the national life of one's country has led its great men and women to heroic action. For races which are subject to colonial rule feel deprived of the rights which they hold they ought to enjoy. It is inevitable that colonial peoples should yearn for that freedom from the thraldom of their colonial masters which they regard as essential for the " good life ".

The remark of the Indian politician, who was incidentally also a jurist of eminence, is understandable on the basis that for subject countries party divisions on political, social, and economic issues have little meaning, for their one objective is the attainment of political power. It is only after that has been achieved that they can think of political alignments on the basis of economics. Politics in a subject country has to be directed to a ceaseless mass propaganda calculated to make the paramount power yield authority to colonial people under its control so that they may be able to order their life in their own way.

Realities of the Indian Scene

Gopal Krishna Gokhale lived in an age when the hold of imperialism was at its height in this country. It was just not possible for the Britisher who had come to possess vast interests to visualize the possibility of his ever having to relinquish the authority he possessed. It took two great wars for Britain to realize that it was not possible for her to maintain her hold over India.

The problem before the pioneers of the national movement which was not strong enough to try conclusions with British authority in this country was to evolve a consciousness by means, which appear to us to be far too gradual, which would make the British realize that they could not run their administration in this country without the support of the Indian intelligentsia. In pursuing this objective, Mr. Gokhale can hardly be blamed for not ignoring the realities of the Indian scene. India was a country which had no doubt achieved an administrative unity, such as it had hardly ever known. But administrative unity, though a powerful factor in developing a common civic consciousness, could not by itself weld the people into the unity called a nation.

Political Difficulties Facing Gokhale

Gokhale's task was not that which faces the political leader of a free country. Administration was not in his line. He did not belong to the Civil Services. The Indian politician was considered unsuitable for holding any political office involving administrative functions or, for that matter, any political office involving the framing of political, economic or social policies. The Legislative Councils of the days in which Mr. Gokhale functioned were purely advisory bodies which too could advise only on legislative measures that were placed before them for consideration. They could offer observations of a general character on the annual budget in regard to which even resolutions of a recommendatory character could not be moved. In fact, the constitutional system of those days did not permit even resolutions of a recommendatory character to

be moved in our Legislatures. It was open to members appointed on the recommendation of State Legislatures or certain other specified bodies representing class interests to put questions to the executive government in Legislatures presided over by the heads of provinces or, in the case of the Viceroy's Council, by the Viceroy himself. But supplementary questions were not permitted and it was not possible for any member, howsoever able, to put to test, by cross-questioning, statements made on the floor of the House.

Gokhale's Lasting Contributions

The limited functions assigned to our legislatures under Lord Cross' Act of 1892 afforded no opportunity to men of real talent and an independent turn of mind to subject the administration they were living under to any searching criticism in the so-called Legislatures which were functioning. It was under these conditions that Mr. Gokhale made his mark in Legislatures dominated by official members who outnumbered substantially the few recommended members who could be called elected. And yet it is amazing how, with these limited opportunities and functioning within the framework of the rules framed for these Councils, Mr. Gokhale made contributions of a lasting character on almost all aspects of life affecting the community. His criticisms were of a searching character. They could neither be ignored nor ridiculed for there was, at all events, a press free to publish or comment upon them. There is no doubt that had Mr. Gokhale the opportunity of functioning as Cabinet Ministers do in countries which have democratic constitutions, his

contributions would have marked him out as a Gladstone or Harcourt or Asquith or Loyd George in the British House of Commons. The only real equal he had in the Council in which he functioned was the Viceroy, Lord Curzon himself. Who that has read the story of the years, in which Mr. Gokhale was acting as a member of the Legislature, can deny that his contribution as a debater was superior even to that of Lord Curzon ? It must have been a depressing atmosphere for a politician-thinker of Mr. Gokhale's stature to work in such an atmosphere. What is remarkable, however, is that Mr. Gokhale never deviated from the line which he had chalked out for himself and thought in terms of adopting a strategy of an extreme character to make himself felt. It was not that Mr. Gokhale was lacking in normal fibre and certainly he did not care for the odium which was his lot to have in an abundant degree in those Legislatures. The fact is that Mr. Gokhale's firm faith was that in the situation that existed in this country, Indian Nationalism, which was in its infancy, was not in a position to get itself involved in a clash with the British Government and that in a straight fight between it and British imperialism it was likely to suffer a defeat which would break its very backbone.

Reflecting in the light of all that has happened between 1895 and today, it is possible for us to take the view that Mr. Gokhale carried caution too far. The difference between a politician and a statesman is that the latter is supposed to have vision, imagination, and foresight. Temperamentally, Mr. Gokhale belonged to the latter category. He was the inheritor of a tradition which had a firm faith in the view that it was pos-

sible, through constitutional channels, such as they had in this country, to appeal to what they thought was the better mind of Britain. That country had given the world a lead in representative institutions. It had traditions of judicial independence and was supposed to regard the rule of law as sacred. India had had many British friends of a liberal bent of mind. They had on occasions such as those that marked Mr. Dadabhai Naoroji's efforts in the British House of Commons when he carried through a resolution on simultaneous examinations shown a capacity of dealing fairly with this country. Incidentally it may be mentioned that effect was never given to that resolution. Some of the members had, on important occasions, shown that they had a liberal conscience. The father of the Indian National Congress, Allen Octavian Hume, had been a civil servant in this country. There were men like Sir William Wedderburn and Sir Henry Cotton who could be regarded as friends of India. There was Mr. Yule, a representative of the British commercial community who was friendly to this country. In the ranks of British parliamentarians there were statesmen of the stature of Henry Fawcett and Sir Charles Dilke and valiant fighters of freedom of thought such as Charles Bradlaugh, who had been consistently friendly to this country. Like his Guru, Mahadev Govind Ranade, possibly one of the clearest thinkers that this country had had, Mr. Gokhale believed that it was possible to get things done by appealing to the nobler instincts of the British which lay dormant but were being capable of being roused even in an imperialist Britain. It was this psychology that made Mr. Gokhale welcome

John Morley's appointment as Secretary of State for India after the great Liberal victory of 1905.

It may be mentioned that Mr. Gokhale's evidence before the Royal Commission on Indian expenditure presided over by Lord Welby was a memorable one. He had been trained by Mr. Ranade who knew all the intricacies of Indian finance for the purpose and little wonder that he made a great show before that Commission.

Gokhale and Islington Commission

Mr. Gokhale's faith in the fairness of the British people stood shaken particularly after his experience as a member of the Islington Commission on the services in India. It was painful for him to listen day in and day out to the many calumnies to which our race and our character as a people were subjected by many Britishers who gave evidence before it. Other events such as the partition of Bengal and the many measures of repressive legislation that disfigure the Indian Statute Book made him further feel depressed in his outlook on the future of Indian-British relationship.

Supporter of Boycott and Passive Resistance

On the economic side there could be no doubt that the role that the British had reserved for themselves was that of exploiters. He was a strong critic of their land revenue policies and he had come to feel that generally their financial policies were opposed to the development of industries in India. He was well aware of the methods by which the British had entrenched themselves in this country and there were occasions,

on which while warning his countrymen not to do so, as they would not succeed in their attempt, Mr. Gokhale went to the length of saying that Indians would be justified in revolting against British rule. Though a constitutionalist, it must be remembered that his definition of constitutional agitation even included non-payment of taxes. As one who had great respect for the rights of the individual, he gave his support to the passive resistance movement launched by Mahatma Gandhi in South Africa. The boycott of British goods, to which Bengal had been forced to commit itself, had his entire support and blessing.

Life of Struggle and Sacrifice

Mr. Gokhale had begun his life as a teacher of English and Mathematics in the Fergusson College, Poona. That institution had been built up on the basis of sacrifice and the emoluments which were paid to teachers serving in that institution were meant just for their mere sustenance. He had also been associated with the Deccan Education Society which had as its prominent workers such highly respected scholars as Agarkar and Tilak. His subsequent contacts with the bureaucracy and the then Governor-General of India, Lord Curzon, made him realize that the path to freedom in this country was beset with many difficulties and required a spirit of sacrifice and dedication on the part of India's young men. He knew what the meaning of struggle and sacrifice was in the life of a people. The Servants of India Society, which he founded, had thus its basis in the spiritual or, if you prefer the word, ' the ethical impulses' which had become a part of his nature.

Members joining the Servants of India Society were expected to live on a small pittance hardly sufficient to meet their daily needs and devote themselves, after undergoing a period of training lasting as many as five years, to the service of the country, in various aspects of our national life. Mr. Gokhale had come to realize that there was an intimate connection between politics and social reform. Even the latter was impossible of achievement without an improvement in the living condition of our people. The British case, as put forward by Lord Curzon and other Englishmen of his way of thinking, was that the educated classes represented a microscopic minority, which had no claim to speak for the great mass of our people. It became incumbent, in his view, on the educated classes by displaying a capacity for sustained sacrifices to identify themselves with the great mass of the people of the country. In other words to put it in more modern terms, Mr. Gokhale's thinking led him to the view that this country must work for a casteless and classless society. He found India divided into many religious communities and castes of diverse cultures. He felt that there was a feeling of separation between the two great communities which inhabit this land. Hindu-Muslim unity and the uplift of the downtrodden classes, which had come to be regarded as untouchable, had to be achieved if this country was to attain the goal of freedom.

Servants of India Society's Services

Many and varied are the services which the Servants of India Society, first under Gokhale's leadership and

thereafter under that of the great Mr. Srinivasa Sastri, orator, thinker, and statesman of the highest order and now of that of Dr. Hriday Nath Kunzru, had rendered to this country. The initiative in organizing Trade Unions was taken by Mr. N. M. Joshi. I had the privilege of knowing him intimately and I know how devoted he was to the cause of our working classes. In 1944 when I was acting as Chairman of the Industrial Health Committee attached to the Bhore Committee on health survey and development, I wrote a personal minute for circulation among our members in which on health grounds I recommended that the hours of work for our workers should be reduced from 54 to 48 hours. I used to be the spokesman of Joshi's viewpoint on labour questions in the then Council of State. Joshi was greatly disturbed at the suggestion that the hours should be as high as 48. He came to me and told me that he was unhappy at the attitude that I had adopted. He wanted the hours to be reduced to 40 but ultimately after a great deal of discussion I was able to go as far as 45 hours and pursuaded Joshi to be content with indicating his preference for 40 hours.

Then the Society had Thakkar Bapa (Amritlal V. Thakkar) who rendered memorable services to the cause of down-trodden castes, Shri G. K. Deodhar who did social work of an intensive character, Shri Shri Ram Bajpai who played an important role in organizing the scout movement and in inspiring the youth with an enthusiasm for social service. Nor must I omit a reference to Dr. D. K. Karve, who, though not a member of the Servants of India Society, was yet closely associated with it and did great work for the cause of women's

education. It was appreciated that a country's progress depends upon the place that women occupy in its social organization. Movements for the uplift of women as also those of the youth of the country were taken up in all seriousness by the Society. Mr. Gokhale, moderate as he may seem to us to have been in political methods, realized, even as Gandhiji did later, that freedom demanded sacrifices and the Servants of India Society was a means to him for developing a spirit of dedication to the Motherland in members joining it.

Linguistic problems had not, at that time, assumed any marked importance and yet it must not be forgotten that Mr. Gokhale had seen his birth in an age in which Swami Dayanand Saraswati had visualized Hindi as the *lingua franca* of India. Mr. Gokhale had started his career as an educationist and to education he remained devoted all his life. He opposed strenuously the attempt, in the name of efficiency, to officialize the character of our university bodies. Not less important than higher education was elementary or primary education. He pleaded, in the Minto-Morely era, for its being free and compulsory. But his voice, though supported by some members of the Council, was a voice in the wilderness. British officialdom was not prepared for any rapid move towards elementary education and it disapproved the creation of a class which would clamour for equality of opportunity. For be it remembered that as Prof. Galbraith has remarked in a memorable passage in his *Affluent Society*, education is essential for the real equality which we seek in both affluent and non-affluent societies.

Morley-Minto Reforms

Between 1905 and 1910 Mr. Gokhale's efforts were devoted to securing for this country a measure of constitutional reform which would enable it to secure, as he put it, ' responsible association ' with the Government of the day. The Minto-Morley Reforms, as they emerged, constituted a landmark in the constitutional development of this country. They provided it with legislatures which, though indirectly elected and in some cases constituted on a class and community basis, provided the people of this country with opportunities of ventilating their grievances in Legislatures where they could move resolutions of a recommendatory character. The non-official majorities provided for the provincial legislatures were of a farcical character. In the Indian Legislature there was a permanent official majority. No element of responsibility to Legislatures was introduced by the reforms and indeed Lord Morley declared that a parliamentary system was not the goal to which he aspired for this country. And yet as matters stood, they gave the people of this country some opportunity, howsoever inadequate, of acquainting themselves with parliamentary forms and procedures and influencing, in matters of a minor character, the Government of the day.

The India Council, for whose abolition the Congress had stood since its birth, was not abolished but two Indians of a non-political character were added to it. In the Viceroy's Executive Council as also in those of the three Presidencies, Indians were added as members of the Executive Council. Executive Councils with Indian members were contemplated for other

provinces too. Mr. Gokhale thought that with the presence of Indians in the Executive Councils, racial questions would recede in the background. The Councils, as brought into existence by the Morley-Minto Reforms, worked creakily until they were reformed and an element of dualism, in the shape of dyarchy, was introduced in our Constitution by the Act of 1919. By that time Mr. Gokhale was dead, for he lived only a year or so after the outbreak of the first World War. He left a "testament", in which he pleaded for provincial autonomy and a statement of the goal of British policy as freedom for this country.

Differences had arisen between the two wings of the Congress in 1907 and though things were moving in the direction of unity it was not until after Mr. Gokhale's death that his followers and those of Mr. Tilak, who had been reinforced by the dynamic personality of Dr. Mrs. Annie Besant, came together and presented what came to be called the national demand. One marvels at the moderation of the demands put forward, but it is interesting to note that it had the support of nineteen members of the then Imperial Legislative Council.

The situation in India was becoming increasingly serious. Khudiram Bose had thrown a bomb and there was definitely a party which worked underground and which did not believe in constitutional or non-violent methods. As a thinker of no mean order, Mr. Gokhale must have appreciated that the young men and women, who had come to adopt terrorist methods, howsoever wrong he may have thought them to be in the methods employed, were guided by patriotic impulses. He could

do little to arrest the growth of this new trend in Indian politics and it was left to Gandhiji to evolve the method of non-violent non-co-operation and Satyagraha to provide the youth of the country with an alternative programme which made them feel that they were working for the overthrow of an imperialist order which was injurious to the interests of the country.

Special Electorates for Muslims

One of the mischievous features of the electorates devised by Lord Morley against his better judgment was the creation of special separate electorates for Muslims. The seeds of the two-nation theory were laid in 1906 when a deputation of Muslim leaders headed by the Aga Khan waited on Lord Minto and demanded separate electorates. Lord Minto, as is clear from what his biographer has written, was quite happy with this development. Mr. Gokhale was not unalive to the evils of separate electorates, but the question before him, as a statesman, was either to accept them temporarily or to engage himself in a fight which might have assumed a communal colour and made matters worse. Who can say with certainty that the line adopted by Mr. Gokhale was a mistaken one? Certainly we can, in retrospect, trace many of our difficulties to the acceptance of the principle of separate electorates by the Congress-League Pact of 1916. Situations arise in the life of a country which leave it little option to do what it conceives to be right. The question of Indian States had not assumed importance in his life-time. But there is little doubt that he believed in a greater India which would also find a place for Indian States, whose admi-

nistration had to be modernized and democratized. His work for the Indian States was carried on by my friend, the late S. G. Vaze, whose articles in the *Servant of India* can be read with profit by future generations. Incidentally I may mention that Mr. Gokhale gave support to the Maharaja of Baroda for an unfortunate lapse on his part at the Delhi Durbar, but there is no doubt that Mr. Gokhale's sympathies were with the subjects of Indian States, and he could not conceive of a self-governing India without them.

Gokhale and the Press Act

Finally reference may be made to the attitude adopted by Mr. Gokhale towards the Press Act, in 1910. He refrained from casting his vote against it though he did everything else open to him to express his strong opposition to it mainly for the reason that Lord Sinha who was the first Indian member of the Executive Council was determined to resign if the measure was passed as originally conceived by the Government. Mr. Gokhale was vehemently criticized by public opinion for his attitude towards a repressive measure of that character. But those who have got used to the emergency and the Defence of India Act can hardly find fault with Mr. Gokhale for acquiescing in a measure which would be regarded as comparatively moderate with the repressive legislation which we have witnessed in recent years. Nevertheless it is difficult for those who believe in civil liberties not to feel disappointed that Mr. Gokhale, who holding the convictions that he did and notwithstanding his desire to ensure success to the experiment of Indian appoint-

ments to the Executive Council, should have felt himself compelled to abstain from voting against a measure which was repressive in character. It was, however, in Mr. Gokhale's view, clear that the situation was one which was fraught with danger to the peaceful progress of the country.

Advocate of Social Justice

In economic matters, he was opposed to British vested interests and wanted a rapid industrialization of the country. His aim was the banishment of poverty and he stood, fairly and squarely, for an economic order which would give our men and women an opportunity to rise to the full height of their stature. Steeped in the thought of mid-Victorian Liberalism, he was not, however, a believer in *laissez-faire* economics, for backward countries. Social justice in the sense of a fairer distribution of the national dividend and social security were articles of faith with him.

Mr. Gokhale died in February, 1915 and there is no doubt that he was one of the greatest men ever produced by this country. He spiritualized politics even as Jefferson and Abraham Lincoln did; he worked for communal harmony and the achievement by this country of full self-freedom as understood at that time by all parties. He had a pride not only in his country but also in Asia, for he was a warm admirer of Japan of those days. His memory will ever remain green and the people of India will continue to look upon him as one of the builders of the edifice of Indian freedom.

GOKHALE AS AN ECONOMIST

The third and last lecture in the series was delivered by Prof. D. R. Gadgil, ex-Director, Gokhale Institute of Politics and Economics, Poona, and Vice-Chancellor, Poona University, on Thursday, May 12, 1966. *Dr. H. N. Kunzru, President, Servants of India Society, presided. Prof. Gadgil spoke as follows* :

An appreciation of the work and ideas of Gokhale can be undertaken only against the background of the new thinking relating to Indian economic problems formulated by leading thinkers in India during the last quarter of the nineteenth century. The rapid growth and crystallization of thought in relation to the Indian economy during this period must be considered as a very remarkable phenomenon. The leaders of this movement of thought were Dadabhai Naoroji, M. G. Ranade and R. C. Dutt. There were, however, a large number of other collaborators in the field and the vigour of thinking and the extent of writing was truly remarkable. Gokhale himself was closely connected with all the three leaders of thought and with other important specialists and collaborators like Dinsha Wacha and G. V. Joshi. The very brief span of Gokhale's life was so fully occupied with a large number of public responsibilities that he never had the time and leisure to sit back and formulate a theoretical system or even a consistent frame for all his economic ideas. Gokhale has, therefore, to be considered not so much as an original economic thinker on his own account, but as one who

exhibited most clearly and effectively the practical application of the ideas of his predecessors to economic problems facing the Government and the country, as they emerged.

In an assessment of Gokhale's work in this field, another feature must be noticed. It is that the vast bulk of his writings available to us is in the form of reports of speeches delivered by him and such items as the written and oral evidence before the Welby Commission or the Royal Commission on Decentralization. The very form and occasion of these required focussing attention on a consideration of immediate practical problems and exposition of proposals for reform or criticisms of policy in relation to them. There was little scope here for getting down to fundamentals, for an analysis in depth, or for broad generalizations. It may also be that Gokhale was by nature and inclination more of an acute analyst of current problems and not interested in theoretical formulations.

Reasons of Indian Poverty

The pattern of activity into which circumstances seemed to have led or forced Gokhale made it natural for him to begin by an acceptance of the structure of ideas very recently evolved by his immediate predecessors. Gokhale regarded Ranade as his Guru and Ranade was the main theoretician of the emergent school. On this account also Gokhale might not have thought it necessary to devote much attention to further theoretical explorations and concentrated attention on the practical applications of the formulations made by his Guru. As indicated above, the work of

this formulation is to be mainly attributed to three great men, in chronological order — Dadabhai Naoroji, M. G. Ranade and R. C. Dutt. Dadabhai identified the basic problem of Indian economy as that of poverty and in his analysis the main responsibility for the continued poverty of India was held to be that of the peculiar organization and operation of British rule in India. The main elements that Dadabhai identified as being responsible for the then existing conditions were heavy expenditure on such unproductive items as military operations and the maintenance of a large Indian army especially for the purpose of strengthening and extending the British empire; the non-participation and non-employment of Indians in Government and in the services and the employment instead of highly paid British personnel and the home charges associated with the entire administrative and financial system : all these taken together led to a drain of resources from India to England which maintained the country in an impoverished condition.

This initial analysis of reasons of Indian poverty and its connection with the system of British rule in India was extended much further and given a theoretical basis by Ranade. Not only on the political plane but also on the economic, he emphasized the evils of the establishment of an unregulated connection between the strong and the weak. With economies in different stages of growth, and an unequal state of development, contact under *laissez-faire* conditions leads to imposing special disabilities on the weak, such that the weak can never get stronger. This thesis Ranade establishes not only with a wealth of reference to the writings of wes-

tern economists, but also by drawing attention to actual developments within the Indian economy. The ruin of Indian indigenous industry, the process of what he called the ruralization of India, flowed directly out of unregulated operation of economic forces after the establishment of India's close connection with the most adavanced industrial economy of the period, that of England. As long as the effects of this were not neutralized there was no way of stopping the continued deterioration of Indian economic conditions. Ranade was not a revivalist or an anachronistic thinker. He accepted as inevitable the trasition from an older type of economy to a modern industrialized society. He was aware that certain changes in the internal balance among social classes and economic interests were inevitable concomitants of this process. However, he emphasized that without proper regulation or guidance of external relations or of internal evolution, the process led not only to unnecessary distress but even to retardation of the desired progress.[1] He was, therefore, in favour of the adoption of a policy of active management by Government with clearly defined objectives.[2] Apart from

[1] " The Advanced Theory concedes freedom where the parties are equally matched in intelligence and resources ; when this is not the case, all talk of equality and freedom adds insult to injury. "

[2] " The State is now more and more recognised as the National organ for taking care of National needs in all matters in which individual and cooperative efforts are not likely to be so effective and economic as National Effort. " Ranade : Lecture on Indian Political Economy.

making these broad general formulations for not only explaining what was currently happening in the Indian economy, but also for providing the base on which the approach to proper State policy in India could be framed, Ranade provided a number of illustrations of concrete applications of these generalizations in the context of the rise of modern industry, internal movements of population, external migration, etc.

Dutt's Historical Studies

Dutt, whose most important studies were historical, gave a detailed account as to how the forces identified by the earlier thinkers had in fact operated through the previous century. In his major work on the economic history of the British period, Dutt drew attention to the continuing expansion of British political rule and the burden imposed by it on Indian revenues and to the continuous ruination of established Indian industry. However, Dutt was also specially concerned with some other aspects of the problem of Indian poverty. During the last four decades of the nineteenth century, India was subject to such a large number of widespread famines and epidemics that every student of public affairs was forced to attempt to understand and explain the frequent incidence of these recurrent calamities. As a result of this attempt a number of special problems were identified. Perhaps the most important among these was the level of the land revenue demand, its system of administration and the relation of both to the economy of the cultivator. The high incidence of land revenue and rigidity in its collection were held responsible for the chronically weak financial position of the

cultivator and, especially in the tracts where the crops were insecure, for landing him into high indebtedness with a number of disastrous consequences which were evident more and more in many parts of India. The disastrous consequences of many of the revenue settlements of the early period of British rule in India and the impropriety and unsuitability of the systems evolved later formed an extremely important theme of Dutt's classic economic history. Dutt himself starting from a relatively mild position in this regard went on to advocate universal permanent settlement of land revenue as the only remedy. Others were content with less radical proposals. However, all were agreed that the pitch of the assessment as well as the mode of its collection required drastic change and that the existing systems were responsible to a very large extent for aggravating and perpetuating the effects of the incidence of recurrent scarcity conditions on the bulk of the small cultivator class.

Problem of Capital Expenditure

Another concrete problem highlighted by Dutt was that of the relative merits of capital expenditure on railways and irrigation. Expenditure on railways led only to the opening up of the country without a regulatory and development policy on the part of Government merely exposed larger and larger areas of the country to exploitation by the stronger economy and interests representing it. Irrigation, on the other hand, led to increase of production directly through more intensified agriculture and through its stabilizing effect by affording protection against variations of seasons; it thus basically

strengthened the economy. Whereas the latter had a direct developmental effect making for greater and more secure production, the former merely opened and integrated a backward economy and the effect of this was not necessarily good. These were the important strands of a powerful unified system of thought developed by constant contacts among the leading thinkers and by continuous application in relation to practical problems by them and their followers. The system was almost universally accepted by Indian thinkers and publicists in the last decade of the nineteenth century. This was the decade during which Gokhale first emerged as an important public worker.

Gokhale's Contribution

On Gokhale, with his special position in the Legislative Councils, fell the responsibility of applying to practical day-to-day problems the system of thought built up by his predecessors. The major contribution of Gokhale was to establish the validity and cogency of this system by demonstrating its utility and efficacy in providing appropriate answers to varied economic problems arising out of developing circumstances. In doing this he elaborated and refined many parts of it, made adjustments in it and, when necessary, even set aside, at least temporarily, some of the minor formulations or emphasis. I shall be concerned today with a review of this aspect of the contribution of Gokhale.

Gokhale's contribution was made over a relatively short period. His first major piece was the evidence given by him before the Welby Commission in 1897. His last important public work was in relation to the

Islington Commission which had not completed its labours when he died. We do not have any detailed authentic record regarding Gokhale's work in relation to the Islington Commission. Sir Abdur Rahim in his minute of dissent to the Report of the Commission states that he had consulted Gokhale on the subjects under reference and that the main proposals contained in Sir Abdur Rahim's minute had Gokhale's entire approval. However, in the absence of detailed supporting testimony it is not possible to state what views Gokhale would have expressed, if he had been with the Commission till its end.

Among his published writings the last speeches relate to the sessions of the Imperial Legislative Council held in 1912. The record before us, on which to base an estimate of the nature of Gokhale's thought, thus relates to the short period between 1897 and 1912. As indicated earlier, almost everything that has been preserved in relation to the expression of views by Gokhale is in the nature of evidence before Commissions or speeches in Legislative Councils. It is natural, therefore, that the view one gets is that of Gokhale as a political economist. The description given above of the views of his predecessors and their origin makes it clear how this school of Indian economists was necessarily one of political economists. They were concerned primarily with the cause of Indian poverty, but in analysing these causes they took a comprehensive view and gave equal attention to political, administrative, and social factors along with the economic. Gokhale followed this tradition and on account of the very nature of his activities, had not the leisure to indulge

even in such partially theoretic work as Ranade undertook.

Evidence Before Welby Commission

In most of his speeches the general approach of Gokhale is clear. One may appropriately begin its exposition by recapitulating the analysis made by Gokhale of the origins of the then existing Indian financial situation in the evidence he gave before the Welby Commission. His summary of the whole position refers firstly to the elimination of the buffer of the Company's Government which to some extent previously protected Indian interests. Gokhale held that there was afterwards no effective constitutional safeguard against misapplication of the revenues for extra-Indian requirements; that the Government of India as then constituted could not be much interested in economy, and that neither in England nor in India was there a salutary check of public opinion on financial administration. The remedies, he suggests, following this analysis, relate largely to constitutional and political arrangements and the bulk of the evidence is devoted to a detailed analysis of expenditure to prove how there is no check on its growth or against its misapplication for extra-Indian requirements and how in relation to expenditure, which would be specially helpful to Indian interests, such as that on education, there is very inadequate discharge by Government of its duties towards the people. It is interesting to see how this point of view persists throughout. For example, in moving, in 1911, his resolution regarding the institution of a public enquiry by a mixed body of officials and non-officials

into the causes which led to the great increase in public expenditure in recent years, Gokhale surveys recent fiscal history and prescribes the following main remedies : (i) spirit of economy in place of spirit of expenditure, (ii) substantial reduction of military expenditure, (iii) larger employment of Indians in Public Services, and (iv) provision for independent audit. Gokhale's analysis throughout the period is thus informed by a specific point of view relating to the situation in India.

Undoubtedly, during the course of time the situation changed and special circumstances arose which made it necessary for him to give particular attention to different subjects. Thus, in the early years of his career in the Imperial Legislative Council, the emphasis of his criticism was different from that in the evidence before the Welby Commission, because of greatly changed circumstances. Already, the financial position of the Government of India had eased and a substantial surplus had begun to emerge. Gokhale attributed these surpluses mainly to the appreciation of the rupee as a result of the recent policy regarding the management of the currency. The appreciation had resulted in a considerable lessening of the burden of home charges and yet the burden of taxation which was imposed in the previous decade not only because of the adverse exchange rate but also because of the extra expenditure in relation to famine, plague, etc. remained unchanged. The result was a series of surpluses whose existence and utilization, Gokhale emphasized, did a double wrong to the country. Firstly, the burden of taxation continued at a level which was very difficult

for a poor country to bear. Secondly, the surpluses were used in ways which were not appropriate and which did not directly benefit Indians or the Indian economy. He also added that the very existence of surpluses continued to encourage further increase of wasteful and unproductive expenditure.

Taxation and Expenditure

It is in this context that Gokhale carried forward in detail a concept which had been formulated by the earlier economists. This was the close connection between the collection of revenue and its utilization. This intimate connection between taxation and expenditure had been earlier emphasized in statements such as that the British were non-resident conquerors and that, therefore, the tribute taken away by them did not benefit the country even as much as the wasteful expenditure of the Moghuls. The continuous opposition of the earlier writers to increase of revenue was related either to its wasteful use or to its use in directions which did not serve Indian interests. This point of view Gokhale elaborated in his speeches in the Council year after year. He vehemently denounced surpluses and, in the first instance, he asked for the abolition of the most unfair impositions such as those of the salt duty. He described the Indian tax system as highly regressive and pleaded for relief in directions which would benefit the poorest classes such as by reduction of the salt duty and by lowering the pitch of the land revenue assessment or by limiting increment of land revenue at periodic revisions. Equally, he was against the use of surpluses for abolition, or for reduction of debt or for use

in capital expenditure such as those of the construction of railways or for building the new capital of Delhi.

Eye on Benefit to Poorest Classes

These fiscal views of Gokhale have a surprisingly modern ring. He took a comprehensive view of the whole operations of government and subjected them in toto to the criterion of benefit to the public; especially to the poorest classes. Thus in discussing individual measures of taxation we see him on the one hand, asking for a complete abolition of the salt duty as early as possible and abatement of the burden of land revenue but, on the other, opposing reduction of the income-tax exemption limit below Rs. 1000 and contrasting the relative effects of the import duty on sugar and on petroleum. He is not keen on lowering the import duty on sugar and because, he states, the poorer in the country do not consume sugar. On the other hand, petroleum, a term used instead of the term kerosene now in general vogue, is employed, he points out, in the remotest hamlets and by the poorest. He took a similarly discriminating view of what may be termed the political imports. While speaking, in 1911, on a resolution recommending the abolition of the cotton excise duties, he surveyed the fortunes of the Indian cotton industry in the recent past and felt not quite sure that there was such a strong case for the abolition of these duties from the standpoint of the condition of the industry. However, he went on to point out that except in abnormal times, the burden of the duties fell on the consumer and that as the consumers of the roughest counts are the poorest of the poor, the cotton excise

duties were a most objectionable impost and should be done away with. As usual he followed this insistence on abolition with a concrete practical proposal of limiting the duties to the higher counts only. We thus have a constant and detailed criticism of individual items in the light of the general criterion adopted by him and his predecessors.

Elaboration of Positive Proposals

In one respect the changed circumstances made it possible for Gokhale to go on to elaborate a set of positive proposals. Because of the opportunity of discussing the budget in the Imperial Legislative Council, it was now possible for Gokhale not to remain content with a negative view and to advocate merely reduction of taxation and curtailment of expenditure but to talk positively of directions in which it would be possible and beneficial to undertake new expenditure. For all the ten years that he was a member of the Imperial Legislative Council, the continuous emphasis of Gokhale is on measures for the uplift of the people. In his famous budget speech of 1906 there is an elaboration of what one may call the programme of beneficial expenditure, or in modern terms, welfare expenditure. The first item was a reduction of the State demand on land; next, a resolute attempt to rescue the Indian agriculturist from the load of debt; thirdly, the provision of facilities for encouraging thrift and the provision of credit to the agriculturist; fourthly, promotion of irrigation and scientific agriculture; fifthly, promotion of industrial and technical education; sixthly, primary education: in

which the first step was to make primary education free throughout the country, the next step was to make it compulsory, initially, for boys in presidency towns, the area of compulsion was to be gradually extended till at last in the course of twenty years, a system of compulsory and free primary education is spread throughout the country and that for both boys and girls. Lastly, the pressing need of works of sanitary improvement such as good water supply and drainage. It has to be remembered that this is perhaps the first programme of development expenditure that a responsible Indian politician put before Government as a practical proposal; in the light of later developments it is remarkable how comprehensive it is and how it foreshadowed substantially the steps that later Indian ministers and independent thinkers were to advocate.

Capital Expenditure: Irrigation vs. Railways

In relation to capital expenditure, it is remarkable how Gokhale at the time insisted on not using revenue surpluses for wiping out debt. He maintained that the unproductive debt of India was negligible and its further reduction unnecessary. He further maintained that all large capital expenditure could and should be financed by borrowing and that all the surpluses should be used for expenditure for the welfare of the people or for developmental expenditure. As regards capital expenditure we find him preferring protective irrigation to the railways in the manner of his predecessors.

Developmental Expenditure

In the matter of channelization of development expen-

diture, Gokhale elaborated his ideas as circumstances changed. During the earlier years, we find him advocating the use of surplus for welfare schemes by giving grants out of the surplus, for the purpose, to provincial governments. To the objection by the Finance Member, that such surpluses were in the nature of windfalls and entirely uncertain and that to make allotment subject to arbitrary factors would involve wastage on works or of the work being delayed after being undertaken, as a result of one surplus not being followed by another surplus, Gokhale retorted that the difficulties could be met by funding the amounts with provincial governments. He suggested that different provincial governments would receive allotment which they might temporarily hold as part of provincial balances. They will have before them a programme of projects and they will offer assistance to such of them as appear the most urgent. It should be laid down that no assistance should be offered unless the whole of the money required to meet the liability is there in the balance. When a second surplus is realized and fresh allotments are received other projects can be taken up for assistance in the same way. This was in 1908. At this time it is clear that Gokhale was thinking merely in terms of surpluses which accrued or which emerged not through deliberate action but through historical reasons. In 1912 his ideas had advanced much further. He was now thinking of fully adequate resources being made over to local bodies and in doing this he was willing to take much bolder steps. His changed point of view is brought out in his reply to the debate on his resolution for the appointment of a committee to

enquire into the resources at the disposal of local bodies. He said : " Then the Hon. Member says that recently grants have been given for sanitation. Yes, but they are nonrecurrent grants. You may give nonrecurring grants from time to time whenever you are in a mood to do. What I want is large recurring grants regularly provided out of the budget for local bodies. The provision should be independent of what the state of the finances may be — prosperous or otherwise. I shall not object to additional taxation if necessary in order that this provision might be made. Education, sanitation and communications are services that require to be looked after quite as well as those that the Imperial Government has taken charge of." [3]

Federal Finance

Another important subject on which Gokhale developed his ideas and was in advance of the position of his predecessors was that of federal finance. Gokhale was always greatly concerned with the position of local bodies and with their financial resources. He was so concerned because he felt that it was these bodies which in the ultimate analysis bore the burden of carrying out most of the activities that were directly beneficial to the people at large. He was continuously referring to what he called unfair distribution of revenues between the imperial and the local services. In one of his speeches he compared this distribution in England and France with that in India, and summarized the position as follows :

[3] *Speeches and Writings of Gopal Krishna Gokhale*, Vol. 1 - Economic Ed. Patwardhan and Ambekar, 1962, p. 383.

> In India it will be found that even including government expenditure on police, education, and medical relief in local expenditure — I include the police among ' beneficial ' service with considerable hesitation — we still find that the central government took last year about 40 millions out of a total of 50 millions for its own purpose, i. e. four-fifths. Of the remaining 10 millions, too, more than half, nearly two-thirds, was administered by the State itself, only a little less than one-half being administered locally.[4]

In his evidence before the Royal Commission on Decentralization, Gokhale submitted an elaborate scheme of provincial devolution of finance. It not only contained ideas which had been sponsored earlier by Indian economists such as that there be a clear separation of revenue heads between provincial and the imperial governments instead of the current quinquenium settlement of provincial grants but also went so far as to suggest that the major increasing sources of revenues should be given over to the provinces and that the deficit in imperial finance thus created be met by contribution from the province. In a similar manner he suggested that the available resources for local bodies be made over wholly to taluka boards, as he considered that village panchayats and taluka boards were the really important organs of local government. Gokhale thus tried to secure that provinces and taluka boards be vested with own funds and be not dependent on *adhoc* or periodic grants from the imperial government. This interesting scheme was connected with a

[4] *Ibid.*, p. 378.

series of checks and balances which throw considerable light on the political philosophy of Gokhale also. It is obvious that the plan of financial devolution presented by Gokhale to the Commission was an elaborate and bold scheme of federal finance in which the balance was deliberately tilted in favour of the lower level authority in a manner that was exceptional and unprecedented.

Co-operative Credit Movement

Membership of the legislative council made it possible for Gokhale to elaborate his ideas in other direction also and the most remarkable feature of this elaboration is the attention to detail and the highly practical down to earth attitude exhibited by Gokhale in all matters of economic policy. It is, for example, remarkable how in a number of ways he anticipated a great many future developments in his speech in 1904 on the bill to provide for the constitution and control of co-operative credit societies. He insisted here as elsewhere that the liquidation of existing debt was a necessary precondition for the success of co-operative credit societies. He expressed the apprehension that unless safeguards were introduced, money lenders may come to control the societies. He went on to point out that the unlimited liability may deter people from joining such associations. Further, he emphasized that the weakest part of the scheme related to the provision of funds. He pointed out that societies were allowed to receive deposits from their members and borrow from outsiders and that no other financial resources were provided for them. " In India, as regards deposits,

looking to the condition of economic exhaustion and material resourcelessness which at present prevails in the rural parts, such deposits from those who might join these societies cannot be expected to flow in either fast or in any large volume." [5] He therefore suggested that the societies should not be left to shift for themselves as isolated units, but might be allowed to be federated into unions linked to a central bank. Further, the district central banks might be linked on to the Presidency Banks, one for each presidency or province. "Some such scheme of filiation might materially help these societies and to a large extent remove the difficulty of financing them." [6] Lastly, he pointed out that the absence of some summary procedure to recover the debt due to the societies was also likely to interfere with the success of these societies. That Gokhale should have anticipated these difficulties and developments at this early stage is a tribute to his power of analysis and his mature and realistic thinking.

Agricultural Credit and Tenure

In the same way he took an integrated view of problems of agricultural credit and of tenure. His opposition to the Bombay Land Tenure bill was, as he insisted, based on two grounds. In the first instance, he did not agree that prevention of alienation could be of any use unless other steps had been taken. On the other hand, he found specially objectionable the discretion given to the collector under the bill. This integrated view that he took of the total agricultural debt problems is brought out in the following sentence from the

[5] *Ibid.*, p. 274. [6] *Ibid.*, p. 274.

note written by him and Mr. Chhatre.

> The real remedy for the chronic difficulty of the ryot must be sought in the promotion of non-agricultural industries to relieve the pressure of surplus population on the soil, a better organisation of rural credit, and abatement of the State demand where it is excessive and a statutory guarantee, in the absence of a permanent settlement of this demand, that the assessment will not be raised at the time of revision unless there has been a rise in prices and that the increase will not be more than a certain proportion of the rise in the latter.[7]

Relief and Rehabilitation of Agriculturists

Even more remarkable is the proposal made by Gokhale for a pilot experiment in relation to the relief and rehabilitation of agriculturists. This he put forward in his budget speech in 1906. He said :

> The best plan will be to take in hand an experiment on a sufficiently large scale over a selected area in each province. Thus take the Deccan Districts in the Bombay Presidency. It is the opinion of competent authorities that quite one-third of our agriculturists, if not more, have already lost their lands, and they are remaining on them merely as the serfs of their money-lenders. Now I would take the cases of such men first, and I would appoint a special tribunal to go round and look into each case, going behind the bond where necessary, and I would have a composition effected, either by amicable arrangement, or by exercise of legal powers,

[7] *Ibid.*, p. 424.

with which the tribunal may be armed. I would place, say, a million sterling at the disposal of the tribunal, out of which advances should be made to clear the debt, to be recovered by adding about $4\frac{1}{2}$ per cent on them to the land-revenue demand of the State — $3\frac{1}{2}$ per cent for interest and about 1 per cent for repayment of capital, the repayment being spread over fifty years or so. Having helped to free the man in this manner, the Government may then fairly claim to impose restrictions on his powers of alienation. [8]

This shows equally close analysis and clear grasp of the real situation and ability to frame in detail a practical proposal to tackle with it.

Currency Management

Perhaps the best illustration of the deliberate, realistic, integrated, and independent thinking of Gokhale is the position he took on the problem of the management of the economy and in relation to free trade. In apparent contradiction to the position of Ranade, Gokhale preferred automatic adjustment mechanism in a number of actual contexts. His approach may be exemplified by what he has to say in relation to the management of currency:

Situated as India is, you will always require, to meet the demands of trade, the coinage of a certain number of gold or silver pieces, as the case may be, during the export season, that is for six months in the year. When the export season is brisk, money has to be sent into the interior to purchase

[8] *Ibid.*, p, 103.

commodities. That is a factor common to both situations, whether you have an artificial automatic gold currency as now or a silver currency. But the difference is this. During the remaining six months of the slack season there is undoubtedly experienced a redundancy of currency, and under a self-adjusting automatic system there are three outlets for this redundancy to work itself off. The coins that are superfluous may either come back to the banks and to the coffers of Government, or they may be exported, or they may be melted by people for purposes of consumption for other wants. But where you have no self-adjusting and automatic currency, where the coin is an artificial token of currency such as our rupee is at the present moment, two out of three of these outlets are stopped. You cannot export the rupee without heavy loss, you cannot melt the rupee without heavy loss, and consequently the extra coins must return to the banks and the coffers of Government, or they must be absorbed by the people. In the latter case, the situation is like that of a soil which is water-logged, which has no efficient drainage, and the moisture from which cannot be removed. In this country the facilities for banking are very inadequate, and therefore our money does not swiftly flow back to the banks or Government treasuries. Consequently the extra money that is sent into the interior often gathers here and there like pools of water, turning the whole soil into a marsh.[9]

[9] *Ibid.*, p. 386.

Protection and Free Trade

Gokhale's views on problems of protection and free trade were largely determined by reference to the political situation and the condition of the masses. In supporting a resolution in favour of the abolition of cotton excise he referred to the interests not of the industry but of the general consumer. It was while supporting this resolution that he made a remarkable statement regarding free trade "reasonably applied" as being the best policy for India. He argued the case as follows :

> Now, Sir, most countries have adopted protection as their economic policy. It is, however, necessary to remember that there are two kinds of protection, the right kind and the wrong kind. The right kind of protection is that under which the growing industries of a country receive the necessary stimulus and encouragement and support that they require, but under which care is taken that no influential combinations, prejudicial to the interests of the general community, come into existence. The wrong kind of protection, on the other hand, is that under which powerful influences and combinations and interests receive assistance to the prejudice of the general community, the general taxpayers of the country. And I believe that the right kind of protection, if available, will do good to India. But, Sir, situated as India is, I fear there is no likelihood of that kind of protection being available to us; and it is my deliberate conviction that, in our present circumstances, a policy of Free Trade,

reasonably applied, is after all the safest policy for us.[10]

Sugar Industry

That he was never dogmatic and had not a closed mind was made clear by the position he took in relation to a resolution moved by Pandit Malaviya in favour of affording protection to the sugar industry. To this resolution he moved an amendment suggesting the appointment of a Committee of Inquiry. He argued that there should be an inquiry before any protective action is taken, that in view of the existing political situation help should be given to the industry without prejudicing free trade principles, and that in any scheme of protection the first concern should be with safeguarding the interests of the cultivator. He was also apprehensive that the high protective duty needed to stabilize the position of the mainly English manufacturers of sugar in India would impose a heavy burden on the most numerous class of Indian consumers of sugar; this he defined as being those with an annual income between Rs. 100 and Rs. 1,000.

Essentially a Political Economist

Finally, I would return to illustrate and emphasize the point made initially that Gokhale was essentially a political economist; he took a total view,— political, administrative, and economic,— of every problem and arrived as a result at a firm and an integrated position. A remarkable instance is the scheme he presented to

[10] *Ibid.*, p. 331.

the Decentralization Commission relating to federal finance. The proposals regarding division of heads of revenue in this were linked with a number of other original proposals such as the denial of the right of taxation to provincial governments and local authorities. Moreover, his proposals were subject to basic conditions relating to the reorganization of the provincial governments providing for a modicum of popular participation. In his oral examination he stuck with tenacity to the position that there should be no material delegation of powers to the local governments as long as the present official system continued. To the following question put to him by a member of the Commission who was an I.C.S. officer, " I understand that unless you can get reform exactly in the way you want, though you admit the existing system is hopelessly ill-adapted to the present needs of the country, you would prefer it to go on ", he replied with a firm "Yes".

The paramount importance attached to political aspects and to Indian interests in the consideration of every economic problem may be further brought out by reference to his views on railway management. His elaborate argumentation in favour of Government management of railways is supported by many political and administrative considerations related to the economics of the problem. He says :

> I would now like to make a suggestion, and that is that I think it would be very desirable if State railways were managed by the State instead of their being managed by companies. I know this is a question about which there is a difference of opinion, but apart from other things — whether

the thing would be immediately more costly or less costly, on that I have heard two opinions — there is one distinct advantage which I claim for this, and that is that in the end State management will be more economical. You compare the ordinary public works list — the personnel of the Public Works officers with the personnel of Railway officers. Throughout you will find a practical exclusion of Indians from the higher ranks of the railway service. Whereas in the Public Works Department a considerable proportion consists of Indians, in the Railway service it is only here and there that you find an Indian; for the most part Indians are carefully shut out. Now, if all these railways were managed by the Government the Government would, in the first place, be more sympathetic with our aspirations than Boards sitting in London, and secondly, the Government would be more responsive to any pressure of opinion put upon it. The Boards being in London, we may say what we like, they go on doing what they please, and the agents here must obey their directors there. Therefore, as long as the management is in the hands of Companies, the exclusion of Indians from the higher ranks of the railway service must continue, whereas if the management were to pass over to the Government, there would be a more steady employment of Indians in the higher ranks of the service, and this in due course is bound to lead to greater economy in the management of railways.[11]

[11] *Ibid.*, pp. 182-83

Lastly, I may refer to Gokhale's stand in relation to Indian indentured labour abroad. He refused to countenance the system and fought continuously for its abolition. He found the system inherently wrong and objectionable; he was appalled by the human misery and frightful immorality associated with it and he thought its continuance degrading to the nation. As compared with these features, he found the alleged advantages of remittances received and the surplus population removed as utterly negligible. In this as in other matters, though his approach remained that of his predecessors, he did not hesitate to differ from them, if on a close examination of the question he came to different conclusions.

The political circumstances within which Gokhale laboured exist no longer. We are faced today with an entirely different set of poltical and economic problems. However, Gokhale's example, his method, and his approach continue to be relevant in the present. His was an example of unremitting methodical study, of careful, elaborate, logical exposition, of lucid, fearless yet circumspect statement. He presented relevant data with great elaboration and was keen on adducing quantitative information to the fullest extent possible. In view of his position vis-a-vis the rulers he found it necessary and desirable to furnish comparative data from other countries and he used international comparisons with great effect. However, transcending his deep and methodical study and full presentation in importance, were his breadth of vision, the maturity of his judgement, and the realism of his proposals. There is little doubt that the deeply reli-

gious, widely sympathetic, and essentially philosophic nature of his Guru Ranade had profound influence on Gokhale. At the same time, I feel that the maturity of judgement and the realism of his approach to problems was a unique feature of Gokhale himself. There is little doubt that all these qualities are required in a large measure in the present. The successful operation of a constitutional democracy can be based only on a deep study of problems, a constant and full exposition of their various facets, and moderation in the statement of opposing views; and the operation of a development plan in a poor country has to be closely linked to a sympathetic view of the condition of the masses and a bold, imaginative and yet a highly realistic approach to the preparation of plans and their implementation. It is thus extremely appropriate that we should attempt, at this stage, a fresh study of Gokhale and his methods and try to learn from his life and example.

GOPAL KRISHNA GOKHALE: HIS ECONOMIC THINKING

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In this essay[1] I propose to dwell on Gopal Krishna Gokhale's economic thinking as part of his broad humanistic political philosophy that informed his speeches on the momentous public issues of his times.

Those were stirring times. The challenge of an alien rule with its levers of remote control had evoked a response in terms of a searching inquiry into the character of the British rule in its political and economic aspects. It was remarkable that in this process Political Economy became a matter of serious public concern in India. The impact of liberal economic thought on informed economic thinking was unmistakable. But it did not consist merely in uncritical acceptance of alien ideas. Ranade, the mentor of Gokhale, and G. V. Joshi, a remarkable economic analyst with a rare economic insight, who also deeply influenced Gokhale, were intellectuals who not only possessed a wide-ranging knowledge of economic affairs, but were also essen-

[1] Throughout this essay the author has quoted the *Speeches and Writings of Gopal Krishna Gokhale*, Volume I – *Economic* published by the Deccan Sabha, Poona, and Volume II – political published by Asia Publishing House, Bombay.

tially pragmatic in their perception of economic reality. They had an awareness of the economic conditions of the masses of the Indian population. Gokhale and Dadabhai were born in the villages. R. C. Dutt studied India's agrarian problems as a perceptive district officer who combined imagination with broad human sympathy. Since they knew what they were talking about they did not merely repeat what the western economists wrote. They tried to understand their teachings in the context of Indian conditions. In the case of Ranade, this process yielded a conceptual framework which still remains to be analysed and absorbed, although one may not today accept everything that he said or wrote. G. V. Joshi, a schoolmaster, was of course, a phenomenon. His economic writings show a remarkable amalgam of shrewd commonsense, down-to-earth awareness of economic reality, rare statistical sense (which he shared with both Dadabhai and Gokhale) and a wide background of knowledge. All of them were not economists in the modern sense, but they debated the current issues of Indian political economy with a rare mastery of facts and a sound sense of logic. Their findings might not have always been correct in terms of sophisticated economics, but there was sense in what they wanted to convey, not always in a theoretically impeccable way and sometimes in a seemingly contradictory manner.

Gokhale acknowledged Ranade as his *Guru*. In the course of a speech delivered in Bombay on December 13, 1912 he described Ranade as his "late master", who, along with Gandhi and Dadabhai, "affected him spiritually." (Vol. II, p. 445). Much earlier in the course

of his speech on the Bombay Land Revenue Bill at the session of the Bombay Legislative Council on May 30, 1901 he had said : " it was my privilege to receive my lessons in Indian Economics and Indian Finance at the feet of the late Mr. Justice Ranade. " (Vol. I, p. 432). G. V. Joshi, the schoolmaster, who perhaps excelled most of his contemporaries by his vast knowledge of administrative, economic and financial problems, was the other preceptor. The tribute that Gokhale paid him is now well known. Referring to the great impact of his first budget speech on the public mind, Gokhale wrote to G. V. Joshi : " Of course it is your speech more than mine — and I almost feel I am practising fraud on the public in that I let all the credit for it to come to me. " Many of the seminal ideas contained in this speech will be analysed briefly in the present paper. Gokhale's humility was no doubt characteristic and touching, but I need hardly say that his speech was not decked out in merely borrowed plumes. It bore the stamp of his own intellectual acumen and incisiveness. Its remarkable impact was due not only to the fact that his approach to the economic problems facing India was a product of the prevailing nationalist economic thinking shared by publicists and politicians all over the country. It was also due to the calm, rigorously logical and dispassionate way in which he gave expression to it in the course of his first confrontation with the Government of the redoubtable Lord Curzon.

To my mind, Gokhale's distinctive economic outlook and economic philosophy deserve special attention during this centenary year. The form of many of his

exercises in economic analysis was determined, as I said, by the prevailing climate and temper of Indian nationalist opinion. But what I consider more significant is his integral vision of contemporary India and its future economic destiny as a progressive nation. It will be my endeavour to show that Gokhale's economic ideas form an essential link that connects early nationalist economic thinking *via* Gandhi with the later ideas of economic reconstruction that are still taking shape as the guide-lines of social and economic democracy. It is well known that Gokhale and Gandhi were kindred spirits, that Gokhale was Gandhi's guide, philosopher and friend during his epic struggle in South Africa, and also that they found spiritual strength and solace in each other. Should we not expect that Gandhi might have absorbed many of Gokhale's ideas of nation-building, with modifications, but also with a remarkable degree of faithfulness in many respects ?

It is not possible, in a brief essay, to review all aspects of Gokhale's economic thinking as reflected in his ceaseless advocacy of nationalist economic causes. I shall concentrate only on certain broad segments of the great economic debate that agitated the public mind during the last decade of the 19th and the first decade of the 20th century — a debate in which Gokhale was one of the most distinguished participants.

II

On India's poverty and low *per capita* national income Gokhale made a few pertinent points, the validity of which would be conceded by presentday national income experts. Dadabhai Naoroji was pre-

occupied with the phenomenon of low *per capita* income which he computed with great statistical skill. On the other hand, British administrators computed a higher figure and their finding was stated by Lord Curzon when he said in 1901 that " movement is, for the present, distinctly in a forward and not in a retrograde direction ". Gokhale pertinently pointed out in his budget speech of 1902 that the essence of the debate was not whether the *per capita* income was Rs. 18, or Rs. 20, or Rs. 27, or Rs. 30. the issue was whether the movement was retrogressive. His position was picturesquely stated in the phrase " deep and deepening poverty. " Indian poverty was "deep ", whatever the figure of average income, and, what was more, it was "deepening". He referred to the conjectural character of the estimates of the components of national income and thought that "satisfactory" estimation was an "impossible task ". It is significant, however, that he said : "when these calculations are used for taking a dynamical view of the economic situation the method is open to serious objection. " Gokhale was more concerned with the "dynamic view of the economic situation", with national income formation over time. The question had been posed by Lord Curzon. Gokhale considered it in the context of economic dynamics. What this context was, was not made explicit. There is no doubt, however, that Gokhale and others were aware of this context. Indeed, Gokhale did refer to the "evidence of another kind" which showed that Indian poverty was not only "deep" but was also "deepening". He produced this evidence in terms of certain dynamic variables : population statistics including vital statis-

tics; *per capita* salt consumption; 16-year trend of agricultural output; area under cultivation; area under more remunerative crops; exports and imports in so far as they had a bearing on the increase or decrease of national income. He was able to show that population had not increased at a normal rate — in some Provinces there was a decline —, that salt consumption, the bare pre-condition of health, did not keep pace with population, that there had been a severe agricultural depression accompanied by a decrease in the net cropped area in the older Provinces, that the area under superior crops was declining and the declining trend was reflected in foreign trade returns, that there was loss of cattle population, exhaustion of soil fertility through lack of manure, and a heavier incidence of agricultural indebtedness. Gokhale's ' indicators ' would be considered today to be quite relevant to what is called the "inter-temporal comparison " of national income in respect of underdeveloped countries. Paul Studensky in his *Income of Nations* (New York University Press, 1961, pp. 84-85) has pointed out that until recently in the case of the under-developed countries of Asia, Latin America and Africa, the national income "either remained unchanged, while their population increased, or it barely kept up with their population increase. Consequently their standards of living either sank even farther below the sustenance level, or at best, remained the same." He quotes, in this connection, Dr. V. K. R. V. Rao's finding that this was the Indian situation as late as the 1930's. Gokhale, Dadabhai and their other contemporaries had in mind an earlier situation where the "standards of living sank even farther below the

sustenance level". Studensky has mentioned the factors that produce an increase in the *real* national income : (1) increase in population or the labour force which makes effective organization of work possible when a country has abundant natural resources; (2) increase in foreign trade which is profitable; (3) increase in the proportion of men engaged in production; (4) capital investment for higher productivity of labour; (5) spread of technical education; (6) shifts from less productive to more productive occupations; and (7) better use of existing production potential. There is evidence that Gokhale was familiar with these basic factors of economic progress.

As an able exponent of public finance which he made his own, Gokhale was an indefatigable advocate of lessening the burden of taxation, which was essentially regressive in character in a poor agricultural country and was, according to him, the most important single cause of Indian poverty, because in a colonial economy the burden of taxation (heavy in relation to low *per capita* income) was not compensated for by even the minimum amount of welfare expenditure. The economic overheads (railways, irrigation works, road development, etc.) financed by current taxation to an inordinate extent, created, in Gokhale's opinion, favourable conditions under which the bulk of the increases in productivity went to swell the incomes and profits of foreigners, leaving little incidental advantages, if at all, to be shared by the vast masses of the rural population. Taxation was thus part of the mechanism of the "drain" of wealth, which had both an internal and external character, and tended to depress

the already low standards of living and also prevented capital formation and increases in productivity based on better utilization of resources for the benefit of the nationals of the country. In the course of his budget speech in 1904 Gokhale quoted (Vol. I, p. 53) Sir Edward Law's Financial Statement for the year 1903, in which it was said : "it is true that our expenditure is necessarily increasing with the increasing development of the country and some of our present sources of revenue do not show much sign of elasticity". The relevant question was why the existing sources of revenue were inelastic in spite of the "increasing development of the country". Where the economic overheads yielding returns in the long period were financed by means of regressive taxation (assuming that the beneficiaries were principally the tax-payers, whcih was not the case) the sources of revenue were bound to show an inelastic character. This was the point Gokhale made in his budget speeches time and again, whenever he had an opportunity.

On the subject of 'drain', Gokhale's ideas, though conforming to the broad pattern of Dadabhai Naoroji's formulation, showed a considerable degree of refreshing originality. One catches a glimpse of his awareness of the 'drain' in his oral evidence tendered before the Welby Commission in 1897. Gokhale complained that the "free trade policy thrust on the country" had killed Indian industries, that almost one-half of the rural population was "kept on land, because they had nothing else to do", and that fresh employment to remove the glut could not be created because of lack of resource development, which again could be traced to lack of

capital formation. He did not concede that lack of capital was due to lack of economic enterprise or improvident private expenditure, as British administrators often said. Lack of capital formation was set down to the 'drain'. The argument began with the need for protection for fostering industries. "India needs protection very badly", Gokhale said. He was asked why Indian enterprise did not flow into industries like the tea industry which the British had developed. At this point Dadabhai, a member of the Commission, asked a leading question, viz. whether this was not due to the fact that Indian capital was "carried away from the country". Gokhale replied that this was "the root of the whole thing" and that, were it not so, and "if we were able to preserve what we produce, we should be able to compete on equal terms" with foreigners (the words were Dadabhai's. Gokhale said : "yes, exactly"). The Chairman of the Commission observed that the English Government would be only too glad if Indians bought their own railways. Dadabhai again put a leading question : "Is it not the case that we cannot buy them, because our capital is taken away by somebody else ?" Gokhale's reply was characteristic : "Yes, what would otherwise be our capital."

This particular aspect of the 'drain' formed the core of the thinking of Indian public men in those days. It was upheld by Dadabhai Naoroji, Dinshaw Wacha, Ranade and G. V. Joshi. Gokhale also absorbed this idea. By 1905 he seems to have accepted much of Dadabhai's thesis on the 'drain', although his formulation was on the lines of his mentors, Ranade and G. V. Joshi. But in my opinion his manner of presentation was

original in so far as he presented it in the context of the *Swadeshi* movement which assumed a militant character by 1907.

On three occasions during the last three months of 1905 Gokhale laid emphasis on the phenomenon of 'drain'. At the Fabian Society in London on October 9, 1905, Gokhale said, in answer to a question at the end of his lecture, that the responsibility for the terrible poverty of India undoubtedly rested very largely with the system of administration under which between Rs. 20 and Rs. 30 millions were annually drained from India, thereby depriving it of the capital which was so necessary for the promotion of industrial development. (Vol. II, p. 332). In the course of his speech at the National Liberal Club in London on November 15, 1905, he said : " during the last forty years the net excess of our exports over imports has amounted to about 1,000 millions. No country — and least of all a poor country like India — can stand so large a drain; and steady impoverishment has been the natural consequence " (Vol. II, p. 347). In his presidential address at the session of the Indian National Congress in Dec., 1905 he developed the same theme : " for a hundred years and more now India has been for members of the dominant race a country where fortunes were to be made to be taken out and spent elsewhere. As in Ireland, the evil of *absentee landlordism* has in the past aggravated the racial domination of the English over the Irish, so in India what may be called *absentee capitalism* has been added to the racial ascendancy of Englishmen.[2]

[2] In my *Dadabhai Naoroji and the Drain Theory* (Asia 1964),

A great and ruinous drain of wealth from the country has gone on for many years." (Vol. II, p. 203. Italics mine).

It was in his speech on the *Swadeshi* movement at Lucknow in February, 1907 that Gokhale gave a systematic exposition of the 'drain', which had a certain positive content. He started on a theme presented earlier by Ranade in 1893 at an industrial conference in Poona : "the political domination of one country by another attracts far more attention than the more formidable, though unfelt domination, which the capital, enterprise and skill of one country exercise over the trade and manufactures of another. The latter domination has an insidious influence which paralyzes the springs of all the varied activities which together make up the life of a nation ". (This passage had been quoted by Gokhale in his Congress address in 1905). Gokhale was conscious of the advantages of the British rule as also its disadvantages. "I am not prepared to say ", he said, " that the balance is not, on the whole, on the side of the advantages". But he did not minimise the " steady deterioration " in India's economic conditions. "When the Mohammedan rulers came they settled in this country and there was no

I have analysed in detail the parallel development of economic thinking on the Irish economic drain, which had an important significance for the development of economic thought. So far as I am aware, no other Indian, not excluding Dadabhai Naoroji, compared the Irish and the Indian economic drain in the way Gokhale did and implied that its fundamental character was the same. The passage I have quoted had not attracted my attention when I wrote this book.

question of any foreign drain". The British rule established the "industrial domination" which worked in a "more insidious manner". Gokhale distinguished between (1) the political drain, and (2) the "industrial drain". The Home charges standing at Rs. 27 crores a year in 1907 were, in his opinion, very largely of the nature of "political drain". Gokhale's opposition to the Home charges had been articulated in a speech he delivered in Bombay in July, 1893. He had protested against the military portion of the Home charges — both "effective" and "non-effective"—, and said that "since the amalgamation of the armies in England and India, i.e. during the last 30 years and more, these Home Military charges have been increasing from year to year...only because English Ministers try to relieve English budgets at the expense of India". He referred to the following items of expenditure : (1) the recruitment expenses of the British forces in India; (2) stores purchased at excessive prices so that the War Office made large profits; (3) Indian Troop Service — maintenance of transport ships for the movement of British troops back and forth; (4) payment of retirement pay and pensions, the amount of which had doubled itself in 30 years prior to 1893 and stood at a figure of Rs. 2·75 crores; (5) payment of ordinary expenses of British troops borrowed from India for expeditions subserving British imperial interests abroad. Gokhale estimated that "we shall not be far wrong if we put the annual drain due to political causes, directly or indirectly, at about Rs. 20 crores." (Lucknow speech). Amongst the indirect causes Gokhale included the dominant position of Englishmen in India which

gave certain classes of Englishmen in the trade and professions "special advantages which their Indian competitors did not enjoy".

Gokhale was not disposed to treat as 'drain' the payment of interest on the railway loans (Rs. 375 crores) and the interest (not perhaps the profits) on British capital invested in indigo, tea, and other industries.

Gokhale's comments on the "industrial drain" are illuminating. Foreign capital, skill, and enterprise inhibited the development of local counterparts of these elements of productive power, as Ranade (following List) had pointed out in 1893. There was, therefore, the "industrial drain"—"due to the fact that we depend *so largely* for our manufactures upon foreign countries" — which Gokhale estimated Rs. 10 crores a year, i. e. one-third of the total annual "drain". One may say that this line of argument involved a narrow mercantilist view of national economic self-sufficiency. But there was sense in what Gokhale wanted to say. He was arguing against *so large* a dependence on the imports of manufactures which inhibited even rudimentary industrialization. He said : " entire dependence upon yourselves for industrial purposes is a dream that is not likely to be realized in the near future". Since the foreign rulers were not likely to encourage industrial development by means of Protection *Swadeshi* was the key to a break-through. It was calculated to "furnish a perpetual stimulus to production by keeping the demand for indigenous things largely in excess of the supply". Whoever could help in the development of Indian capital, enterprise, and skill was a worker in

the cause of *Swadeshi*, according to Gokhale. This conception of *Swadeshi* evidently transcended the militant view of it as a political weapon.

III

Gokhale's thinking on India's industrial development deserves more elaborate treatment, in view of its link with Gandhi's ideas and also with nationalist economic thinking on this subject down to comparatively recent times. Gokhale had an economic philosophy which richly deserves re-appraisal by the present generation.

This part of my essay should begin with Gokhale's view of the decay of Indian industries. Gokhale's assessment followed the traditional nationalist line but with a high degree of sophistication. "The object aimed at by the East India Company", he said, "was to reduce India to the level of a merely agricultural country producing raw material only, without factories to manufacture the same. This was the first stage in our industrial decay." (Vol. II, p. 226). Gokhale expounded, on the lines of List's *National System of Political Economy*, the theory of relativity of trade policy. Having developed her manufactures on the basis of protection for centuries, England adopted free trade to cheapen her imported food and raw materials and to find free markets abroad. Such a policy forced on India was disastrous. "Steam and machinery were unknown to us". We had handicrafts, and we did not have "anything like the combination, skill and enterprise of the West". Gokhale, however, made a sensible point that he "should not have deplored even this destruction of

our indigenous manufactures if the Government had assisted us in starting others to take their place."

In this connection, Gokhale explained List's theory as to "how the State can help an old-world agricultural country suddenly brought within the circle of the world's competition to build up a new system of industries. . . . The State by a judicious system of protection should ensure conditions under which new infant industries can grow up till they can stand on their own legs". 70 per cent of India's exports were raw material which "came back as manufactured commodities, having acquired a much higher price in the process of manufacture". There would have been many flourishing industries in the country "if we had the skill, enterprise, capital, and organisation" (Vol. II, p. 227). This was said in 1907 in the hectic days of *Swadeshi* and *Boycott*.

On many occasions Gokhale expressed his admiration for Japan's economic development. He noted several factors in Japan's economic transformation : (1) a "tremendously strong national feeling"; (2) adoption of Western methods 40 years earlier; (3) "leaders of thought in that country laid down lines of work and the bulk of the people willingly accepted them and patiently and quietly proceeded to do their part;" (4) "great concentration of effort which enabled Japan to cast off, so to say, its ancient dress and to put on new habiliments" (Vol. II, p. 178). Gokhale thought that India must imbibe these lessons of Japan's economic development and that for concentration of effort we must expect "disciplined obedience and single-minded leadership". "There must be more discipline in our

public life". "The day has gone by", he said, "when politics could afford to be amateurish in this land". After more than half a century, if Gokhale had been alive today he could, in all fairness, have made exactly the same comments.

As a student of Japanese history Gokhale had noted the role of the State in Japan's economic development and said : " While in Japan the whole weight of the Government has been thrown on the side of popular progress, in India the whole weight of the Government has been against popular progress " (Vol. II, p. 338). Gokhale admitted that " an oriental country cannot hope to advance on western lines except by cautious and tentative steps. But what Japan has been able to achieve in 40 years, India should certainly have accomplished in a century " (Vol. II, p. 355). Gokhale said this in 1906. Have we accomplished in 1966 more than what Japan had achieved by 1906? An economic historian may have an answer to test Gokhale's interesting statement.

Gokhale's generation had definite notions of the obstacles in the way of India's industrial development. Gokhale's comments in this connection are very incisive. He said that there was general ignorance about the industrial conditions in the West. "Very few of us understand where we are, as compared with others, and why we are where we are and why others are where they are". Secondly, there was dearth of capital which was also shy. Thirdly, "confidence in one another in the spirit of co-operation for industrial purposes was weak". Fourthly, there was lack of facilities for higher scientific and technical education. Fifthly, new things

Indians succeeded in manufacturing found themselves exposed to foreign competition and, in view of their poorer quality and higher price initially, had difficult access to the domestic market.

Unlike Gandhi, Gokhale was a believer in machine production. He drew our attention to an important handicap which we have not overcome to this day. "Machinery has to come from England, and by the time it is set up here, there is already some improvement effected in England. The problem, therefore, is a vastly difficult one" (Vol. II, p. 232). Gokhale understood the significance of the technological progress in advanced industrial countries. He could only fall back upon *Swadeshi* to meet this difficulty, but he laid repeated emphasis on the urgency of technical and higher scientific education as well as mass education as instruments of modernization and technological progress. He pleaded for co-operation with Government in the initial stage of India's industrialization. He said : "We have to depend, for the present at any rate, upon foreign countries for our machinery. If in pursuing our object, care is not taken to avoid causing unnecessary irritation to others, there is nothing to prevent the Government from hitting back and imposing a heavy tax, say of 20 or 25 per cent, on machinery". (Gokhale was talking about the Indian cotton textile industry).

It is easy to understand in this context Gokhale's insistence on education as a basic factor of economic development. As a teacher, he understood more than any one else the importance of education. But he looked at education, particularly technical education, as an

instrument of 'modernisation', which was, for him, an article of faith. In his budget speech of 1903 he pleaded for the "advanced notions of the functions of the State in matters of popular education and of national industries and trade." His argument for the diffusion of education rested "not only on moral, but also on economic grounds". He quoted a Berlin Professor's essay on popular education and economic development in which he had said that "general education is the foundation and necessary antecedent of increased economic activity in all branches of national production", and that education ensures "more equal distribution of the proceeds of labour", "the development of all the powers of a nation" and "a larger capacity for social advance". In his budget speech of 1906 Gokhale said that "the promotion of industrial and technical education is also an urgent necessity as a remedy for the extreme poverty of the people. The country requires at least one large, fully equipped Technological Institute in the different Provinces". Gokhale was as insistent on scientific agriculture as on modern machine industry. He pleaded for the training of Indians abroad so that they could "take the place of imported experts"; otherwise expert knowledge of agriculture would "never become part and parcel of the possession of the community".

While Gokhale subscribed to the Infant Industry Argument of Protection on the lines of List's *National System of Political Economy*, as is evident from his utterances from 1893 down to 1907, some of which have been quoted above, he was far-sighted enough to argue later that the interest of the community as a whole should not be sacrificed for the sake of the narrow

interests of the protected industries. It seems that the euphorbia of the *Swadeshi* movement had been dissipated and Gokhale saw, as many others perhaps did, that indiscriminate protection of industries by means of either sentiment of *Swadeshi* or tariff duties was liable to enrich the few at the expense of the many. In his Lucknow speech on the *Swadeshi* movement in 1907, he had referred to the imports of foreign sugar to the extent of Rs. 7 crores a year. The foreign sugar industry was assisted by an export bounty and the discovery of new methods of production which had greatly reduced the cost of production. On the other hand, India still "adhered to old-world methods of production". Gokhale said that Indians should encourage Indian sugar as far as possible and should have "nothing to do with foreign sugar". "We should be able, with the co-operation of the Government, in a brief time to produce all the sugar we want." In 1911 Gokhale took a different, but more objective, view of protected industrialization. Madan Mohan Malaviya had moved a resolution in the Imperial Legislative Council recommending that the duty on imported sugar be so raised as to enable the *indigenous* sugar industry to survive foreign competition. Gokhale moved an amendment asking for an enquiry : he cast doubts on the course of action proposed. Sugar made in factories by foreign methods required a protective duty of 40 per cent, whereas it had to be 80-100 per cent to protect sugar manufacture by indigenous methods. Gokhale quoted List to say that the State should "foster such industries as are capable of being fostered". He said : "I certainly would advocate that the Government of India should

follow the advice of List; but, as things are, for a long time to come this will not be practicable" (Vol. I, p. 335). He pleaded for such assistance as the Government could give to the sugar industry without violating its free trade principle. He went so far as to say that this principle "is the least harmful, it is the safest, and *till we are stronger* I should not like to see it change. (italics mine). If the Government of India or the Secretary of State had the power to grant protection in the present circumstances I am not sure that it would be employed in the best interests of the country. I, therefore, do not personally ask for a high protective duty". Gokhale employed a number of unassailable arguments in favour of his position. First, he favoured positive ways of assisting the development of the sugar industry, rather than a high protective tariff, viz. by providing expert chemists, making land available for cane cultivation on favourable terms, and by providing irrigation and other facilities. Secondly, he was not certain whether the substitution of other crops for sugarcane, which had occurred due to the depression in the sugar industry, injured the cultivators. It should be the subject of an inquiry. Thirdly, if this issue is uncertain the only result of the protective duty of 30 to 40 per cent would be "so to raise the profits of the manufacturers in India as to enable them to remain in the industry". Finally, the beneficiaries of such a level of protective duty will be not the indigenous manufacturers using indigenous methods, but factories run on European lines. The sum of Rs. 2 crores (the burden of the duty) will thus be "transferred practically to the pockets of English manufacturers of sugar."

During the same year (1911) speaking in support of the abolition of the countervailing excise duties on cotton goods, Gokhale developed a similar theme. "I approach the question", he said, "not from the standpoint of the representatives of the mill industry, but from that of a member of the general community". When these duties were imposed 15 years earlier imports from Lancashire were almost entirely of higher counts, whereas domestic production was restricted to lower counts. In the interval "a great wave of prosperity" had swept over the Indian cotton textile industry. It had also started producing finer counts and, therefore, faced Lancashire's competition. Gokhale, therefore, suggested a fresh look at the new situation and made certain extremely pertinent and valid analytical points. He argued that "revenue duties must not be judged by the standard by which ordinary protective duties may be judged"—a very sound fiscal principle, but too often violated in the course of our tariff history. If the import duties on cotton goods were revenue duties, where was the point in having a countervailing excise duty? The incidence being on the poorest classes of the country, an alternative way could have been found for raising the revenue yielded by this excise duty. If it was argued, as it actually was, that the abolition of the excise duty was needed in the depression because the incidence was on the producer, Gokhale raised the question as to why the abnormal profits of 30-50 per cent during the period of prosperity could not be partially a cushion for the losses in the depression. In this connection he raised the entire issue of the rationale of Protection. " It is neces-

sary to remember", he said, "that there are two kinds of protection, the right kind and the wrong kind". Under the "right kind of Protection" the growing industries of the country receive the necessary stimulus and support, but "influential combinations prejudicial to the interests of the general community" are not allowed to grow. Protection is of the "wrong kind" when "powerful influences and combinations and interests receive assistance to the prejudice of the general community" (Vol. I, p. 331). Gokhale favoured free trade, because it was the "safest policy" in the existing circumstances. Why? Because foreign 'influences', 'interests', and 'combinations' "will not fail to take the fullest advantage" of protection and to use the "huge engine of protection, which is a vast power". That "protection is the mother of trusts" was true enough. He did not live to witness the generation of "influences, interests and combinations" *within the country* to the detriment of general welfare. He was concerned about foreign influences, interests and combinations. Hence in the course of his speech on cotton duties, he welcomed the suggestions appearing in the Conservative press in England about India's fiscal autonomy. He said : "I do not regard the question as within the pale of practical politics". India attained fiscal autonomy of a limited kind within a decade, but Gokhale's misgivings about protection as an instrument of general welfare became relevant to another setting and a new economic dimension.

Apart from the thesis that without 'fiscal autonomy' protection would be detrimental to general welfare, Gokhale was well aware, as I have explained, of the

need for the protection of young industries. In the case of the cotton textile industry, as he said in his presidential speech at the session of the Indian National Congress in 1905, "even strict Free Traders should have nothing to say against the encouragement which the *Swadeshi* movement" gave to this industry. It was not State protection but voluntary action on the part of the consumers. Manufacture of cotton goods was in conformity with the principle that "a commodity should be produced where the comparative cost of its production is the least". *Swadeshi* sought to overcome the impediment to the operation of this free trade principle. "Cheap labour and supply of cotton at her own door" were the main source of comparative advantage. Already, in spite of artificial handicaps, the cotton industry was the largest industry next to agriculture in Indian hands, accounting for a paid-up capital of Rs. 17 crores, 200 mills with 5 million spindles and 50,000 power-looms, consuming 60 per cent of Indian raw cotton and producing 58 crore lbs. of yarn.

Gokhale's observations on the significance of the hand-loom sector of the cotton textile industry deserve close attention, in view of Gandhi's subsequent *Khadi* movement, the economics of which was cogently expounded by Gokhale in his Congress speech of 1905. Gokhale called attention to the fact that, according to the census of 1901, about a quarter of a million persons were engaged in hand-loom production. Handlooms consumed 3 crore lbs. of yarn imported from Britain, as against 19 crore lbs. of yarn produced in Indian mills. The quantity consumed by power-

looms was one-half of what was used on the hand-looms. Gokhale commented that " this was a most interesting and significant fact". The amount of *Swadeshi* cloth consumed in India was about 130 crore yards, of which handlooms accounted for 90 crore yards. One-third of the total amount of cloth consumed was *Swadeshi* cloth; but imported cloth (two-thirds) was "almost all superior cloth". The main handicap in respect of the quality of cloth was the inferior quality of Indian cotton. Gokhale referred to the introduction of strains of long-staple Egyptian cotton. But, according to Gokhale, the main difficulty in the way of import-substitution was lack of capital. As D. E. Wacha estimated, additional investment of Rs. 3 crores per year was needed where it had been Rs. 3 crores in the past ten years. If such an acceleration of the rate of investment in the mill industry was not to be expected it was only sensible to look to the development of the hand-loom sector. Thus Gokhale said : "the hand-looms are likely to be of greater immediate service". In this connection, he quoted the testimony of Vithaldas Damodardas Thackersey (1873-1921), a big textile millowner and distinguished public man (Vol. I, p. 200). Vithaldas had said : "the village industry gives means of livelihood not only to an immense number of the weaver class, but affords means of supplementing their income to agriculturists, the backbone of India —who usually employ themselves on hand-looms when field-work is unnecessary". A great millowner could not, however, be expected to support the continuance of the crude and primitive handloom. He referred to the attempts of some Englishmen, of whom

Havell was one, to "supply economical and improved apparatus to the hand-loom weavers." Indeed, Havell was satisfied that "the greater portion of the imported cotton cloth could be made in the Indian handlooms with great profit to the Indian community. The question of the immediate revival of the handloom weaving industry on a *commercial basis* demands the most earnest consideration" (italics mine).

I believe I have brought out a remarkable trait in Gokhale's economic philosophy, viz. his deep concern for the general welfare of the community, the supreme test, according to him, of economic transformation that he desired in his country. He judged the character and direction of possible industrial development by this test. It was the same deep concern for the general welfare, particularly that of the poor and downtrodden, that led him to plead the cause of the working class. He was not a socialist in a partisan sense, but he was certainly one of the earliest nationalist leaders who used to raise his voice against the lack of humane treatment of labour in mills and plantations.

At the session of the Imperial Legislative Council in 1911 Gokhale moved an amendment to clause 23 of a bill to consolidate and amend the law regulating factory labour. The amendment was as follows : "every factory in which more than 20 children between the ages of nine and twelve are employed, shall maintain an elementary school in proper condition for their benefit, and attendance at such school for not less than three hours every working day shall be compulsory. No fees shall be charged for the instruction given in such school." Gokhale said he "urged this amend-

ment on the broad grounds of justice and humanity". These children by the very nature of their working hours could not attend ordinary schools even if they wished to do so. Under the "split shift" system children's working days used to be divided between the morning and the afternoon, but they had to be in or near the factory premises for longer hours than their normal working period. During this period of idleness they were not looked after by their parents. The employers had no responsibility towards these children. Gokhale insisted that "factory-owners should be made responsible for the education of these children, because they make money out of the children, make money also out of the children's parents", and also because, when the parents are working, they cannot look after their children's education and morals. He pleaded that "humane considerations must apply most to that section of the labouring population which is least able to take care of itself." Although the factory owners must be made directly responsible for the education of child-labour, he suggested that the cost could be shared between them and the local body and the Government.

Gokhale's quiet eloquence used to acquire an edge when he talked of the sufferings of indentured labour. He condemned a system under which ignorant villagers were recruited under indenture to serve in unknown and distant lands on plantations of employers whom they did not know, had to do whatever tasks were assigned to them no matter how difficult they were, and could not leave their employers' estates without a special permit. This was virtual serfdom for a period

of five years during which the labourers could not escape from hardships however intolerable, had to work for a fixed wage lower than the wage of free labour and were under a special law (explained to them before they left their homes in a language they could not understand), which made them criminally liable for the most trivial breaches of the contract. Gokhale described it as a "monstrous system", "iniquitous in itself, based on fraud and maintained by force, wholly opposed to modern sentiments of justice and humanity" (Vol. I, p. 350). He rightly said that indenture labour took the place of slave labour which had been abolished by 1834. He was shocked that while the emancipated Negroes refused to accept the indentured system, because it was a thinly disguised return to slavery, Indians were victimized by this system. The consequence was that in Jamaica, for example, since the emancipated Negro labour demanded wages higher than those paid to indentured Indian labour the planters refused to employ local Negro labourers who had to emigrate. Gokhale exposed the evils of the system of indentured labour with his masterly marshalling of facts. In the name of 'freedom of contract' the ignorant Indian labourer was lured by unscrupulous or ignorant recruiters, who cared only for their own gains, into a contract which was "not a fair contract", because it was a contract "between two parties that were absolutely unequally matched, a contract vitiated by the fact that most important facts in connection with it were kept from the knowledge of one party". Gokhale referred in this connection to the special penal law in the colonies, rather than

the ordinary civil law, by which the indentured Indians were governed. The so-called Protector of Immigrants, being of the same class as the planters, was generally in sympathy with the latter. Gokhale quoted a Protector of Immigrants to say : "We tell them if they do not choose to do their work they will have to do work for Government for nothing in jail; and it is left for them to choose either the one or the other." He referred to the heavy incidence of mortality and of suicides under this system, to the pathetic tragedy of men and women trying to return home on foot, imagining that there was some land route to India, and either getting caught and brought back or being devoured by wild animals on the way. Under the law every 100 indentured males were to be accompanied by 40 females. Since women were not expected to migrate to distant lands the contingent of women usually consisted of women of loose morals. The frightful immorality inherent in the system could be easily imagined. It was argued that the indentured Indians brought home considerable savings. Gokhale said that the savings could not be more than Rs. 150 per head in five years and that "mill-hands in Bombay could save much more than that".

A vicious aspect of the system exposed by Gokhale was "re-indenture" in the three colonies of Mauritius, Fiji, and Natal. By means of repeated indenture the workers could be subjected to perpetual servitude. In Natal the Government had imposed an annual £3 tax on all ex-indentured labourers who wanted to live as free labourers. This tax had to be paid by males above 16 and females above 13. One-half of a family's income had to be spent in paying this tax; besides

there were other taxes and house-rent. The tax drove men and women to crime and immorality. It was a device to force persons into re-indenture or to force them out of the colony (this was not a practicable alternative, because persons who had left their homes in India could not be received back).

If it was argued that there was serfdom in India also, Gokhale's answer was that if there was serfdom by all means it should be abolished, that, in other words, two wrongs do not make a right. He also asked if there was in India the "right of private arrest or imprisonment with hard labour for negligence, carelessness, impertinence or things of that kind."

IV

On careful reflection after a close scrutiny of Gokhale's speeches, I have come to the conclusion that Gokhale tried to give a content to his idea of a " Welfare State", around which his economic ideas seemed to cluster. To my mind, in this we discover his link with the present generation.

Indian nationalists of Gokhale's generation belonged to the educated middle class. On the one hand, it has become a fashion to describe them as bourgeois nationalists who were the unconscious instruments of the aspiring middle-class that felt frustrated and cramped by the alien rule and alien economic domination. On the other hand, British rulers have posed as champions of the masses of the population who were the victims of a feudal economic and social system, particularly in the rural areas of the country. Their gibes at the middle-class nationalists took on a complexion of

'class' approach to the political and economic issues of the times.... Thus there is a strange congruence between the approach of the British rulers and that of some of the commentators of the present generation who look at the unfoldment of history in terms of the 'classes' and the 'masses'. We would, however, be nearer the truth if we look at the ideas and aspirations of the nationalists of the earlier generation of Dadabhai Naoroji and Gokhale from a more eclectic angle. They *were* 'progressive' intellectuals who thought of the 'masses' rather than the 'classes', and of a 'welfare state' in which the masses can acquire the strength and the capacity to win freedom from want through simple and cooperative ways of ordering their community life under the fostering care of the State. One may say that this was utopian, but there can be no doubt about the sincerity of their conviction.

I have already illustrated how Gokhale had a deep concern for the masses of the population and looked at problems from the angle of the community as a whole. Indeed, this kind of commitment was a common trait of such nationalist economic thinking as was not frankly partisan in its approach to specific economic issues. It is irrational to assume that nationalist thinking was necessarily partisan, by and large. What has already been said in this essay is sufficient to demonstrate that at least Gokhale thought and spoke and worked on a different plane on which he and a person like Gandhi could meet and establish *rapport* and collaborate for common ends.

As an expert on public finance, Gokhale commented that "our poorer classes contribute, relatively to their

resources, much more than their fair share to the revenues of the State. These classes consist *almost entirely* of a broken and exhausted peasantry, without heart and without resource, and sunk hopelessly in a morass of indebtedness" (Vol. I, p. 109, italics mine). In his budget speech of 1908 he referred to the plight of these classes. These included not merely the tillers of the soil, but also the "great class of day labourers and the least skilled of the artisans", in the words of the Famine Commission of 1898: "It is true", he said, "that certain sections of the community — those engaged in textile industries, for instance — have recently had a brief spell of prosperity, and the newly awakened enthusiasm for industrial development in the country has also had a beneficial effect. But this, I fear, has not made any difference to the bulk of those who go down the precipice at the first touch of famine, barring probably weavers, mill-hands and other workers in factories, and certain classes of small artisans " (Vol. I, p. 126). Again, in the course of his oral evidence before the Welby Commission (Vol. I, p. 593), when asked what class of persons suffers first during a famine, Gokhale replied that it was the class of small agriculturists. The day labourers also feel the first impact of a famine as well as the weavers. The farm labourers also share the same fate. In 1912 speaking on a resolution moved in the Imperial Legislative Council to raise the minimum taxable income to Rs. 1,500 a year, Gokhale opposed it on the ground that "the upper and the middle classes of the country contribute really much less to the Exchequer than our poor classes relatively to their resources" (Vol. I, p. 341). Indeed, he proposed

the principle of ' graduation ' and 'progressiveness,' specially in the case of companies and individuals with an annual income exceeding Rs. 50,000. Gokhale thus had the democratic sense to understand what 'general interest' meant in a poor country like India and what a ' welfare state ' should mean in such a context.

In his budget speech of 1903 Gokhale pleaded for the re-orientation of the functions of the State towards the welfare of the masses. "I venture to hope", he said, "that the commencement of the new century will be signalized by a great and comprehensive movement for the industrial and educational advancement of the people" (Vol. I, p. 39). He drew the attention of the Government to the "measures which can and must be taken to secure for this country those moral and material advantages which the Governments of more advanced countries think it their paramount duty to bring within the easy reach of their subjects". He said that the Government of India should "conform more and more to those advanced notions of the functions of the State which have found such wide, I had almost said, such universal acceptance throughout the Western world". He added that in these countries military preparedness "does not come in the way of a Government doing its utmost in matters of *popular education* and of *national industries and trade*" (italics mine).

Although Gokhale was an unsparing critic of Curzon's rule, he appreciated some of the welfare activities which Curzon had initiated in the fields of irrigation development, improvement of the police service, educational progress, State scholarships for industrial education

abroad, development of agricultural education at Pusa and encouragement of cooperative credit. His opposition to the use of budget surpluses for railway development was based on the lack of balance between expenditure on 'economic overheads' and the 'social services'. " Are Railways everything, is mass education nothing, improved sanitation nothing? " he asked. His main complaint which he repeated so often was that, while budget surpluses piled up, "no advantage of the financial position had been taken to inaugurate comprehensive schemes of State action for improving the condition of the masses" and to combat the "three evils in connection with the *raiyats*' position — his fearful poverty, his ignorance, and his insanitary surroundings " (Vol. I, p. 102).

The "fearful poverty" of the *Raiyat* was due, among other things, to the high incidence of land revenue, as Gokhale, like others, always maintained. But Gokhale had also in mind the evils of the Indian agrarian situation, which, he thought, must be removed in a welfare State. He thought of a 'package deal' comprising three sets of measures. First, he pleaded for a reduction of the land revenue demand in Bombay, Madras and U. P., where it was excessive and a " limitation of the demand all over India". In the face of the exhaustion of the soil, declining crop yields and the expansion of the acreage under inferior crops, the farmer could not bear an increase of the land revenue demand by the State and of rent by the private landlord. Gokhale argued that, unless the peasant had a larger share of the net produce, investment of capital in land and possible agricultural improvements would be impos-

sible. He thought that "whatever loss of revenue such a measure" (reduction of land revenue demand by 25 to 30 per cent) "may cause directly to the State will be indirectly more than made up by a material improvement in the condition of the people". Secondly, the Indian farmer has to be "rescued from the load of debt". In the Deccan districts one-third of the peasants had lost their lands and remained on them as the "serfs of the money-lenders". Mere restrictions on the alienation of land did not serve any purpose. Thirdly, thrift had to be encouraged and it should be possible for peasants to borrow at a low rate of interest. Special institutional arrangements had to be devised to meet their credit needs. Lastly, agricultural improvements depended upon irrigation and scientific agriculture, both of which required positive State enterprise.

Gokhale's specific suggestions on this integrated programme would be briefly reviewed later. Here I have sketched out the bare outline of his programme to show the breadth of his vision of the pre-conditions of the material well-being of India's teeming millions.

It is interesting to note that Gokhale's conception of the agrarian problem was formulated in terms of the test of productivity as well as the welfare criterion. Gokhale's teacher, Ranade thought that, while the British came from a "country where private property in land was most absolute", on their arrival in India they "developed a taste for socialistic doctrines". (*Essays in Indian Economics*, 1898, p. 3). Similarly, their "love for capitalistic farming on a large scale gave way to a taste for *petit culture* by poor tenants". Ranade thought that agricultural progress depended upon abso-

lute private property in land and upon the acceptance by the Government of the principle of land tax in place of the rent concept. Absolute property in land meant freedom of transfer of land as a capital asset. Restriction on alienation of land was, therefore, futile. Ranade went so far as to say that " in all countries property, whether in land or other goods, must gravitate towards that class which has more intelligence and greater foresight and practises abstinence, and must slip from the hands of those who are ignorant, improvident and hopeless to stand on their own resources. As long as the difference in the habits and education of the saving few, represented by the *Bania* and *Brahmin* classes, and the spending many who count by millions among the military and the cultivating classes, remains good, property will gravitate from one class to the other, notwithstanding all prohibitory legislation. The utmost that the Government can do is to *regulate the inevitable transfer, to temper the change so as to avoid all immediate hardships*" (*Essays*, pp. 325-26, italics mine). Ranade, of course, had a solution : " a permanent *Ryotwari* Settlement fixed in grain which the land produces, and commuted into money values every 20 or 30 years, can alone furnish a solution to the Agricultural Problem" (*Essays*, p. 327). Gokhale followed the broad trend of Ranade's logic, but not quite. Gokhale contested the theory of state landlordism. Speaking on the Bombay Land Revenue Bill (1901), he quoted the Secretary of State's despatch in 1880, which said : " we do not accept the accuracy of the description that land is the property of the Government held by the occupier as tenant in hereditary succession so long

as he pays the Government assessment". He protested against the proposal of "nationalization of forfeited lands" under the Bill. Gokhale examined the Government's theory that "the power of free transfer which the *ryot* enjoys under the existing tenure puts him in possession of a large amount of credit which he uses in so reckless a manner that he ends by becoming practically the serf of his money-lender" and argued that if the peasant could not borrow on the security of his land he was bound to borrow on the security of his annual crops and remain a serf anyway. Moreover, he feared that in years of great distress the peasants would not approach the Government for assistance out of fear of losing their proprietary rights over their holdings. He also thought that the degradation of peasants to the status of mere tenants of the State would "take away their sense of independence and responsibility". Gokhale's position was that the peasant had to be protected, on the one hand against serfdom to money-lenders and, on the other hand against his subordination as a mere tenant of the State landlord. Such protection could be ensured in a Welfare State in two ways. First, by strengthening the economic position of the peasant against the money-lender, and, secondly, by eliminating the heavy incidence of land revenue assessment and rent by suitably reforming the system of land tenure and settlement.

Gokhale's ideas on the organization of rural credit as a corrective to the money-lender's usurious practices will be reviewed below. In the present context let me bring into sharp focus Gokhale's reflections on the agrarian problem.

His ideas crystallized in the context of the operation of the *Raiyatwari* system of tenure in a part of India with which he was most familiar. Ranade's reaction against it and his advocacy of the inalienable right of peasant proprietorship as a condition precedent to modernized capitalistic agriculture were also explained by his experience of the unsatisfactory working of the *Raiyatwari* system. In his budget speech of 1902 Gokhale referred to "the mischievous effects of the present policy of periodical revision"—"how improvements are taxed", in spite of statutes and rules, "how lands which leave no margin for the payment of assessment are assessed all the same" (Vol. I, p. 17). Ranade had put it more trenchantly in his Deccan College address in 1892 : "there is only one true landlord, and the so-called Land Tax is not a tax on Rents proper but frequently encroaches upon the Profits and Wages of the poor peasant, who has to submit perforce to a loss of status and accommodate himself to a lower standard of life as pressure increases" (*Essays*, p. 30).

What was the solution? As already said, Ranade's solution was the freezing of rent in kind to be commuted into money-values every 20 or 30 years. This implied a kind of Permanent Settlement, in the interest of agricultural progress. Some have interpreted this as a plea for private landlordism, the base of which was sought to be strengthened by leaving the poor peasant to be exploited as before by capitalist farmers. In the course of the controversy the argument in favour of the Bengal Permanent Settlement was used to build up the case. This was unfortunate from a tactical point of view, in spite of clarifications. Ranade's position was

relentlessly logical, as is evident from an extract from one of his essays quoted earlier, in which he spoke of the inevitability of land transfer from the impecunious many to the "saving few". But it created the impression that he spoke for the rising middle class in the framework of capitalistic agriculture.

Gokhale, while following his teacher's lead, took a more humane view of the peasantry as a class. He believed in a rural society consisting of a numerous class of peasant proprietors who retained their sense of independence and responsibility as solvent operators and who could be independent of the pressures exercised by landlords, irrespective of whether the landlord was the State or the private individual. In his budget speech of 1902 Gokhale made it clear that "permanent settlement in *Raiyatwari* tracts cannot be open to the objection that it is asking the State to surrender a prospective revenue in favour of a few individuals", as in Bengal. At the same time, according to the practice of nationalists in those days, he defended the Bengal Settlement. Gokhale said that the Permanent Settlement in Bengal was introduced on the initiative of Pitt who had made the land-tax permanent in England. The inference was drawn that what was good for England was also good for India. In spite of Gokhale's clarification that permanent settlement in *Raiyatwari* areas did not stand on the same footing from the point of view of agricultural productivity and the welfare of the masses of the population, the introduction of the issue of Bengal Settlement into the debate made it easy for British administrators and their latter-day admirers to confuse the fundamental issue on which

Gokhale and many others of his way of thinking were trying to build up a very plausible case and which, I believe, can be well appreciated by the present generation in the modern setting of India's agrarian problem. It is interesting to note that Gokhale, as a practical statesman, did not anticipate that permanent settlement in the *Raiyatwari* areas, as advocated by Ranade, was possible. He, therefore, urged that there should be a reduction of the State demand and that, "in the absence of a permanent settlement of this demand", the assessment must not be raised at the time of revision, unless there was a rise of prices, and that the increase should not be more than a certain proportion of the rise of prices (Vol. I, p. 424).

With his keen practical sense, Gokhale was, however, fully aware of the fact that neither restriction on 'land alienation' nor a permanent settlement in the *Raiyatwari* areas could be a real solution to the economic problem of the agricultural masses, unless steps were taken by the State to deal with the problem of agricultural indebtedness. Gokhale expressed his convictions and his concrete ideas on this subject on a number of occasions.

In his budget speech of 1905 Gokhale suggested "a great scheme for the composition of debts, similar to the one for buying out the landlords in the Irish Land Purchase Act of 1904". How could composition of debt be effected? Gokhale gave a concrete answer in his budget speech of 1906. He said : "I would have a composition effected, either by amicable arrangement, or by exercise of legal powers, with which a tribunal may be armed". The special tribunal "could go round

and look into each case, going behind the bond where necessary". He proposed that a sum of £1 million be placed at the disposal of the tribunal, out of which "advances should be made to clear the debt, to be recovered by adding about $4\frac{1}{2}$ per cent to the land-revenue demand of the State—$3\frac{1}{2}$ per cent for interest and 1 per cent for repayment of capital, the repayment being spread over 50 years or so". After the farmer was released from the bondage of debt the "Government could fairly impose restrictions on the alienation of his land. If the experiment succeeded in the Deccan Districts where the problem was most acute it could be extended to other parts of India. Gokhale, of course, assumed that such an experiment had a meaning only when the Government's land revenue demand was reduced by 25-30 per cent. If the two measures just mentioned synchronized there could be a permanent improvement of the situation, if subsequent supplementary measures were taken to encourage thrift and to meet the normal credit needs of the peasants. It is interesting to note that, to complete his analysis, Gokhale took care to mention that "the real remedy for the chronic difficulties of the *ryot* must be sought in the promotion of non-agricultural industries to relieve the pressure of surplus population on the soil" —a remedy that shows the sophistication of modern economic analysis.

Let me now briefly summarize Gokhale's sound observations on the organization of agricultural credit - particularly cooperative credit - in his speech in the Imperial Legislative Council in 1904 on the occasion of the consideration of a Bill to provide for the consti-

tution and control of co-operative credit societies. Gokhale advised caution, because he thought that "help and relief from outside" was not enough : it was necessary to strengthen in the Indian agriculturist "the qualities of prudence, thrift, self-reliance and resourcefulness", without which adventitious aid was of no permanent consequence. Gokhale criticized, most sensibly, the principle of unlimited liability underlying the formation of a cooperative society on the lines of the German Raiffeisen societies. As he said two years later in his budget speech of 1906, "the communal spirit is now very weak over the greater part of India and the unlimited liability principle will keep substantial men from these societies, and any number of paupers brought together will have neither the cash nor the credit to help one another" (Vol. I, p. 104). In his budget speech of 1904 he had mentioned three classes of peasants : (1) those who were free from debt so far; (2) those who were in debt, but not hopelessly involved, so that they were making honest efforts to maintain their solvency; and (3) those who were hopelessly involved in debt. Cooperatives would not mean anything to the first and third categories. The first category would not join cooperatives because of unlimited liability. Cooperatives would be beyond the reach of the third category, unless their past debt was liquidated through 'composition'. It was the second class of people who were expected to benefit by cooperative credit societies. But cooperatives could not be of much help to them also if their existing debts were not liquidated. The resources of the cooperative societies would, however,be too limited for the liquidation

of old debts. Gokhale, therefore, advocated limited liability providing for "*pro rata* contributions to the repayment of a society's debts". According to him, loans and deposits - the two sources of finance permitted to cooperative societies — were inadequate for the purpose of cooperative finance. In poor rural communities one could not expect that deposits would "flow fast or in large volume". The cooperative societies would, therefore, be "mainly more or less borrowing associations". How correct Gokhale proved to be was demonstrated by the subsequent history of the Indian cooperative movement even down to recent times. Under the Bill, the cooperative societies could borrow from non-members. Gokhale thought that the money-lender with his usurious loans would step in, and in times of famine or general agricultural distress the cooperatives would get into the clutches of money-lenders. In this connection he advocated a plan which subsequently became the basic structure of cooperative credit organization. He suggested that primary units should be free to "federate into unions for mutual support and help, and these unions should be linked to a Central Bank, which might serve as an intermediary between them and the money-market and also help to equalize funds by lending the surplus of some to meet the needs of others". He thought in terms of District Central Banks (affiliated on joint-stock basis with "rural unions"), the District Central Banks being linked on to the Presidency or Provincial Banks. Gokhale also proposed that the capital at the disposal of cooperative societies could be augmented by attaching to each a Savings Bank that mobilized local small savings, as

in Germany and Italy.

Gokhale was a strong advocate of scientific agriculture. As early as 1904 he called attention to the low agricultural yields — 9 or 10 bushels per acre, as against 20 to 35 bushels in Western countries. "Under a system of generally unmanured cultivation the soil was undergoing steady exhaustion". He, therefore, saw clearly that agricultural development depended upon investment of capital and better agricultural practices. In 1902 he had suggested an enquiry into the condition of a few typical villages with the "cooperation of the non-official students of the subject". In his speech on the *Swadeshi* movement in 1907 we catch a glimpse of his precise ideas on agricultural improvements. He said : "you have got to abolish old methods as much as possible and effect improvements by introducing the methods of the West. You have got to introduce agricultural science and improved agricultural implements. The question is complicated by the fact that our agricultural production generally is on what is called a small scale. Land is divided and subdivided, and most of the holdings are so small as not to lend themselves to the use of advanced appliances. The ignorance and resourcefulness of the people also stand in the way". These ideas would be unexceptionable even today. Similarly the substance of the following remarks would be appropriate even today : "instead of scrambling for Government service or overcrowding the already crowded Bar, let a few at least among you acquire agricultural education abroad, acquaint yourselves with the use of advanced agricultural appliances and then settle down to agricultural work in this

country. You will thereby improve agriculture for yourselves and show the way to others" (Vol. II, p. 230). It is obvious that Gokhale's ideas of modernized agriculture were a far cry from Gandhi's conception of tradition-bound agriculture.

Gokhale thought that irrigation development held the key to agricultural productivity as well as agricultural security. Throughout his brief public life he never lost an opportunity to press for the construction of public irrigation systems. He followed the lead of the Irrigation Commission of 1901-3 which had recommended the "undertaking of a comprehensive programme of irrigation works", to which he made his earliest reference in his budget speech of 1904. During the discussion on the budget in the Imperial Legislative Council in 1910-11 he raised the great public controversy of the times, viz. the lack of balance between railway development and irrigation development. Gokhale showed that in 1883, 30 per cent of the total expenditure on public works was on irrigation and that by that year Rs. 23 crores had been spent on irrigation, as against Rs. 54 crores on railways. In 1910-11 irrigation accounted for only 15 per cent of the public works expenditure. The Irrigation Commission had no doubt recommended irrigation schemes costing Rs. 44 crores, but they had also recommended that the investment should be spread over a period of 20 years, because the departmental agency was too slow-moving to achieve quick results. Gokhale suggested that in order to speed up the process, construction of large irrigation works might be entrusted to contract agency, as in Egypt in Lord Cromer's time. He went into the econo-

mics of this plan and said : "I recognise that probably it will cost more, but there is a margin for additional expenditure, because we find that the net return for irrigation works is about 7·1 per cent, as against 6 per cent for railways. Gokhale's object in recommending the contract system was two-fold : to speed up the process of irrigation developments and to induce the Government to spend more on irrigation by making it feasible to do so.

Gokhale was dissatisfied not only with the slow expansion of irrigation in India but also with the high level of irrigation rates. Referring to the situation in the Bombay Presidency, he pointed out that less than 30 per cent of the irrigable area was actually irrigated. Rates varied from Province to Province, depending upon the values of the irrigated crops, but Gokhale suggested that the serious lag in the utilization of the irrigation potential in the Bombay Presidency could be due to the high irrigation rates. He added that "lower rates might temporarily lead to a diminution of revenue, but in the end such a policy is bound to succeed even financially."

Gokhale was concerned not only about poor peasants but also about the poor communities living in forest areas. He suggested that "in view of the great depletion of agricultural stock that had taken place as a result of successive famines, the specially high fees which were levied for grazing from professional graziers should for a time at least be lowered". Gokhale had urged before the Welby Commission that the manner in which the Forest Code was applied caused great discontent and irritation among the rural classes,

gradually leading to outbreaks of lawlessness in some parts of India. In the course of his oral evidence he was asked whether this was not due to the fact "that the local inhabitants resented any interference with their power to waste forest resources". Gokhale replied that people were not used to the discipline involved in judicious forest management. The complaint was that forests were treated only as a revenue-yielding asset. "The poorest classes, the lowest tribes, who lived a nomadic kind of life in the forests, who gathered fruit and small branches of trees that fell down and sold loads of small wood in bazaars, were being restrained from doing these things. Their ordinary source of livelihood was thus being stopped to them and they were taking to assaulting Government officers (Vol. I, p. 628).

I have already referred to Gokhale's passionate solicitude for mass education as a basis of economic development and general welfare. In 1902 he said on the floor of the Imperial Legislative Council : " it is a melancholy fact that, while with us nine children out of every ten are growing up in ignorance and darkness, and four villages out of every five are without a school, our educational expenditure has been almost marking time for many years past." Next year on the same forum he urged that "a scheme of mass education should now be taken in hand by the Government of India, so that in the course of the next twenty-five or thirty years a very appreciable advance in this direction might be secured". Gokhale pointed out that the liberal intentions of Lord Ripon's Government to expand educational opportunities were frustrated by the exigencies of military expenditure. Indeed, in 1888 the Govern-

ment said that its duty was to "pioneer the way" and since pioneering had already been over its expenditure on education should diminish! Gokhale contrasted this policy with that of making primary education compulsory and even free in Western countries. He, therefore, impressed upon the Government the "necessity of making education an Imperial Charge", like Army Services and railway expansion. He explained the deplorable conditions under which Local Boards were expected to finance primary education in the rural areas. The one-anna cess (inelastic in *Raiyatwari* areas during the long periods of settlement) was the source of finance for providing education, sanitation, and roads. With the Government aid of one-third of the expenditure on education, the resources were not only inadequate but also inelastic. No wonder that four-fifths of India's $5\frac{1}{2}$ lakhs of villages in British India were without schools. In 1907 Gokhale, therefore, suggested a plan by which municipal corporations in bigger cities, to begin with, should introduce compulsory primary education for boys, the Government finding the funds required. "The area of compulsion might then gradually be extended till at least in 20 years or so, primary education could be compulsory in the country for both boys and girls" (Vol. I, p. 121). The first step, according to him, was to make primary education free in all schools throughout the country. This could be done immediately, because in 1901-2 the total income from fees was only Rs. $30\frac{1}{2}$ lakhs. In 1911 Gokhale said : "no one will rejoice more than I if Government is able to remit fees and make education free. It is a matter of Rs. 30 lakhs a year to begin with. This would

mean making it free first and compulsory afterwards, or it might be made compulsory first and free afterwards." He also suggested that municipal and local boards be empowered to make primary education free within their jurisdictions and that the largen on-recurring grant distributed amongst the Provinces must be backed by a recurring grant to support it.

Nothing shocked Gokhale more than the lack of elementary sanitation in India's cities and villages. In 1906 he said : "there is the pressing need of works of sanitary improvement, such as good water-supply and drainage." These costly works were beyond the reach of cities without generous State assistance. And yet in the context of the incidence of plague and the generally high death-rate, insanitation was a serious menace. In this case also Gokhale condemned the lack of a sense of proportion in Government's investment priorities. He said in 1907 : " the claims of sanitation are at the present day infinitely stronger and more urgent than those of railway construction." While "next to nothing" was spent on sanitation, not less than Rs. 400 crores had been spent on railway development. What a difference it would have made to the country if the budget surpluses of the past nine years - Rs. 37 crores — had been spent on sanitary works instead of railway construction. In 1908 Gokhale had the satisfaction of noting that the Government had placed Rs. 30 lakhs at the disposal of the Local Governments for assisting Municipal Boards in undertaking works of sanitary improvement and had also promised to make it an annual recurring grant. This was a small sum, but Gokhale considered it as a token of recogni-

tion of the principle that the State has welfare functions. During the period 1902-3 to 1906-7 the grants-in-aid to municipalities had been only Rs. $3\frac{1}{2}$ lakhs a year for the whole of India. Gokhale said : " contrasted with this, Rs. 30 lakhs a year is almost a liberal provision". In this connection, he countered the argument that budget surpluses being "in the nature of a windfall and entirely uncertain", allotments out of them towards sanitary projects would involve wastage, as they had to be suspended after being undertaken if one surplus did not follow another. He suggested that it could be laid down that no assistance would be given, unless the entire amount required to meet the liability was already in hand either as an allotment from the Government of India, or partly as a grant out of Provincial revenues. There would not be any difficulty if the allotments out of the budget surplus were in addition to the regular annual grant. During the discussion on the Financial Statement for 1910-11 Gokhale carried his advocacy of public health expenditure to the point of moving a resolution to the effect that "all surpluses that are annually realized, whenever they are realized, should, instead of going into the cash balances, and from there going into the construction of railways and indirectly to the redemption of unproductive debt, be placed at the disposal of Provincial Governments and be earmarked to assist municipalities in the promotion of sanitation." In the course of the discussion on his resolution he pressed the point that to deny the local bodies sufficiently productive sources of revenue and to expect them to finance costly sanitary projects was " almost cruel ".

On the drink evil Gokhale shared Gandhi's passion. Speaking in 1904, he explained that during the period 1882-83 to 1904 excise revenue had increased by 100 per cent, whereas the population had increased by 15 per cent. Part of the increase was due to the rise in excise-duties and stricter measures against illicit distillation. But there was no doubt about the fact of increased consumption. Gokhale looked at the problem not from the angle of the oppressiveness of excise duties (emphasized by Dadabhai Naoroji at least in one context), but from the moral angle. He said : " all things considered, there is the clearest evidence to show that the curse of drink is on the increase, especially among the lower classes and the wild aboriginal tribes, spreading ruin and misery among them". Gokhale suggested that the sites of shops selling intoxicants should be carefully regulated and the " minimum guarantee " system (under which the contractor undertook to pay the Government not less than a fixed sum and make up the balance if the proceeds fell below the guaranteed minimum) should be modified. His condemnation of opium revenue was almost exactly similar to Dadabhai Naoroji's emotional reaction against it. He said : " I have always felt a sense of deep humiliation at the thought of this revenue, derived as it is practically from the degradation and moral ruin of the people of China ....We must be prepared to give up this unholy gain without any compensation from anybody" (Vol. I, pp. 116-17).

In my judgment, one of Gokhale's most enduring contributions to Indian Political Economy at the turn of the present century was his constructive proposals

for democratic decentralization at the level of local self-government in the rural areas of the country. What he said more than half a century ago has its bearing on what is being sought to be achieved in recent years in India's countryside. Some of the operational principles which have come down to us through the Gandhian tradition seem to be, in retrospect, associated with Gokhale, although Gokhale probably reflected the informed thinking of the times on this important question. If there was any emphasis that could be identified as characteristic of Gokhale, it was his emphasis on village self-government not only as an instrument of democratic freedom for the masses, but also as an instrument of rural welfare and local resource development. Gokhale had developed a wide-ranging interest in this basic problem of nation-building and his ideas await full examination by an enterprising researcher. Within the limits of my essay I can only briefly set down some of his constructive ideas which have seemed to me striking.

In 1912 Gokhale said in the Imperial Legislative Council that "the district administration continued to be where it was 100 years ago and local self-government too continued to be where it was 30 years ago". He approved the recommendation of the Decentralization Commission that village *Panchayats* should be created in selected villages throughout India, and that "Sub-District Boards" should be constituted in those Provinces in which they did not exist. Gokhale believed in the 'grass-roots' of self-government formed by the basic units. Local self-government could succeed, in his opinion, when those who participated in such

government had knowledge of the area they served or could acquire that knowledge without much difficulty. Thus he made a most significant observation which has subsequently formed the core of Gandhian notions of a viable polity, viz. that "our real local self-government should start with villages and stop with sub-districts; the District Boards may exercise only general supervising and co-ordinating functions, and then, if the Government chose, the other functions of an advisory character" (Vol. I, p. 370). Earlier in his presidential address at the 1905 session of the Congress, Gokhale had suggested the formation of Advisory Boards at the district level " whom the heads of districts should be bound to consult in important matters of administration concerning the public". These Boards were, however, meant to be different from the District Boards. This was, of course a suggestion which Ranade used to propound most emphatically.

Between 1905 and 1912 Gokhale's concrete ideas about local self-government as an instrument of welfare were formulated in great detail in the course of his evidence before the Decentralization Commission of 1907. I may summarise some of his suggestions which are of great interest in the light of presentday developments. He suggested that in all villages with a population of 500 and above a *Panchayat* should be constituted by statute and that villages with smaller population should either be joined to large adjoining villages or grouped into unions. The *Panchayat* should consist of the headman, the police *Patel* wherever he existed separately, the village *munsifi* and the village debt conciliator. It should have the functions of disposing of monetary

claims not exceeding Rs. 50 in value, "administering on the spot a simple kind of justice", trying trivial offences, executing and supervising village works, managing village forests, distributing *Takavi* loans, carrying out measures of famine and plague relief, controlling water-supply and sanitation, supervising school attendance and managing cattle-pounds. Gokhale thought that above the village *Panchayats* there should be *Taluka* Boards. He pleaded for elected *Taluka* Boards. In his opinion, these Boards could not function with the meagre share of the one-anna cess and small grants. He proposed that they should get the entire proceeds of the one-anna cess, without which, with their fairly large area of operation, they could not enjoy a real chance of self-government combined with a fair degree of efficiency. At the District level, Gokhale thought, the Boards should have officials like the Collector, the Executive Engineer, the Civil Surgeon and the Inspector of Schools, apart from both elected and nominated non-officials. He also proposed the constitution of District Councils with advisory functions, which should permit discussion and consideration of important questions affecting the interests of the people, so that the evils of bureaucratic administration with its departmental delays could be mitigated.

In the course of his oral evidence Gokhale had to answer questions bearing on what is still a serious problem in the countryside, viz. the faction-ridden character of the village community. He was asked : "are not the factions the real stumbling block in the way of village self-government?" Gokhale answered that these factions are not confined to the villages and

that, according to his scheme, power would be " handed over to a body four of whom would be ex-officio men, and only two or three elected". Besides, the Collector should have power to suspend a factious *Panchayat.* Gokhale also added that "perhaps the very fact of their discharging civic duties jointly might temper those factions".

As a reformer with a keen practical sense who also had a flair for public finance, Gokhale realized that local self-government can neither succeed nor contribute to human welfare in a poor country, unless it had a sound financial base as determined by rational principles of public finance and grants-in-aid. He was fond of expounding these principles whenever he had an opportunity. Let me illustrate by a few examples.

Gokhale drew the attention of the Government of India to the unfair distribution of revenue between Imperial and local services, as the result of which local welfare services were starved. Including the Government expenditure on police, education and medical relief in local expenditure — Gokhale included the police service among 'beneficial' services with considerable hesitation — he estimated that the Central Government used four-fifths (40 million) for its own purposes and that of the rest more than one-half was spent by the State itself and a little less than one-half by the local bodies. Gokhale said : " it is not that we pay less for imperial and local purposes than in other countries, but what we pay is distributed unequally between imperial and local services in this country". Taking land revenue, Gokhale pointed out that sixteen-seventeenths went to the State and only one-seventeenth

to local bodies. He quoted Bastable's *Public Finance* to say "that land is pre-eminently a source from which local taxation must necessarily be largely drawn", and pleaded for possible assignment of revenues to local bodies, for increasing recurring grants-in-aid and for the revival of octroi in Bengal and Madras. A certain proportion of one-anna cess (not even the whole of it) provided a ridiculously low base of income for the discharge of responsibilities recognized to be wide in range. Gokhale had no difficulty in pointing out (in 1905) that "successive visitations of famine and plague had in many places so far crippled the finances of the Municipal and Local Boards that they had the greatest difficulty in averting a complete breakdown". He pointed to a strange paradox that, while the Government of India and the Provincial Governments had plethora of cash, "these Local Bodies whose work concerns the health and comfort of the public far more intimately than that of either the Supreme or the Provincial Governments, should be in a state of bankruptcy". In his budget speech of 1906 Gokhale pleaded for the "discontinuance of certain appropriations from the funds of District and Local Boards for Provincial purposes". Local Boards had to bear the loss as the result of the suspension and remission of land revenue by Government during the years of famine, because the principal part of their income was derived from the one-anna cess on land. They also had to bear the responsibility for famine relief, which the Famine Code imposed on them as well as the cost of plague measures. Gokhale thought that it was only fair that the burden of this kind of emergency expenditure should

not be thrown on the impecunious local bodies.

In the context of the exigencies of welfare expenditure in a desperately poor country, Gokhale suggested fiscal expedients based on sound principles of public finance. Let me illustrate, instead of trying to present an exhaustive review of his ideas.

In his budget speech of 1906 Gokhale said that if the expensive Army Reorganization scheme were held up, or if its initial cost was met by loans, a sum of the order of £1 million to £ 2 millions per year would be released for a "vigorous extension of primary education". The "profits of coinage" averaging about £ 2 millions a year could be used for the relief of agricultural indebtedness. The famine grant that stood at £1 million could, after deducting the expenditure on actual famine relief, be devoted to industrial and technical education. The deposits in Savings Banks could be made available for cooperative credit societies. The budget surpluses, as already said above, could be used for assisting local bodies in the construction of works of sanitary improvement.

Gokhale exposed the unsoundness of the administration of the head of expenditure known in those days as Famine Relief and Insurance, the total charge under which was £1 million per year. This was split up under three sub-heads : (1) actual famine relief; (2) expenditure out of revenue on 'protective works', both railways and irrigation, but for all practical purposes irrigation; (3) "Reduction or Avoidance of debt". Not more than one-half of the annual allocation could be used for protective works, so that when there was no expenditure on actual famine relief one-half of the

allocation was used for the reduction or avoidance of debt. As the result of a number of famines during the period 1874-1878 the loss of revenue and the cost of famine relief had amounted to Rs. 16 to Rs. 17 crores, and the Government of India had to levy additional taxation yielding Rs. 15 crores over the period of next ten years. On the basis of the probability of occurrence of two famines in ten years, a sum of £1 million was earmarked each year for expenditure under the three sub-heads mentioned above. The economics of this insurance plan was that sums allocated from current revenue could be used for ' protective works ' which would obviate famines and mean reduced expenditure on famine relief, or for repaying past loans, presumably incurred for meeting unforeseen famine relief expenditure, so that budget surpluses of normal years could meet the liabilities incurred in famine years. Gokhale pointed out that this fund was sometimes used for purposes other than those for which it was designed. His main contention, however, was that since the unproductive debt of the country had been reduced quite considerably (by £ 30 millions between 1895 and 1910) due to budget surpluses, there was no point in using the allocation of £ $4\frac{1}{2}$ millions out of the Famine Relief Grant for the reduction of debt. This amount could appropriately be used for the development of welfare services. Railways were earning a very fair rate of interest, and as the Government enjoyed a very high credit in the market, why could not railway development be financed by loans rather than by taxation? On the other hand if the current revenue, instead of being used for railway construction "was made available for

agricultural education, for the organization of rural credit and other measures connected with the material improvement of the peasantry, that would benefit the peasantry far more than the present practice of Government and would enable it to resist the onslaught of famine better than the course which the Government adopts". In this connection, Gokhale pointed out that a Sinking Fund was a necessity where there was a large public debt. Where the public debt was small — a mere £ 40 million as in India — he thought that the Sinking Fund was an absurdity and that liquidation of debt at the expense of urgent welfare expenditure was a financially unsound policy.

In his budget speech (1911-12) Gokhale emphasized the claims of welfare expenditure in his own incisive manner on the ground that such expenditure was likely to increase the people's power of resistance against famines. Protective railways and irrigation "were only an indirect form of 'relief' ". They need not be the only indirect form; there were other indirect forms which might do as well". Gokhale mentioned some of them such as agricultural education. I have already quoted Gokhale to say that the real solution to the peasant's economic problem was the development of "non-agricultural industries to relieve the pressure of surplus population on the soil". While mentioning the indirect ways of fighting famines, he argued that " if you help the agriculturists to acquire industrial education and if small industrial occupations are promoted you can enable them to better resist and tide over the effects of a famine".

V

This essay, however inadequate it may be, may, I dare say, serve one purpose I have kept mainly in view, viz., to present Gokhale's economic ideas in a context that would be readily understood today. Understanding is possible when his ideas are seen in the context of the fundamental economic and political problems of a country like ours in which mass poverty, mass illiteracy, lack of modernization of attitudes and motivations, which are the causes as well as the effects of the lack of economic and social development, co-exist with the urge for building up a democratic society and polity, that animated Gokhale and his generation. This essay may perhaps have served the purpose of suggesting that the range and complexity of the economic problem of the masses of India's population and at any rate its fundamental character have not changed since Gokhale's times. The problems of mass poverty, agricultural backwardness, rural industrialization, land tenures, irrigation development, scientific agriculture, drinking water, sanitation and public health; the role of public enterprise in social development; the issues of loans *vs.* taxes as sources of development finance, of capitalist agriculture *vs.* small-scale agriculture, of the relative priority of 'economic' and 'social' overheads of development; the machinery of democratic decentralization — these were as much Gokhale's problems as ours in the present generation. There is, therefore, much in his economic speculations that should grip our attention. Indeed there are, as I have endeavoured to show, many links between them and the economic ideology that took shape in the Gandhian era and has

influenced policy-making in recent decades. One discerns a thread of continuity in economic thinking, which, if it is clearly perceived, should enable us to understand Gokhale and his generation in a correct perspective. It need not be necessary, for lack of perspective, to repudiate the past in order to glorify the period of history in which we happen to live. Also, one need not be a traditionalist or an obscurantist to be able to pick up the thread of continuity, however tenuous it may seem at first sight.[3]

[3] I wish to recall with gratitude my long interview, before this essay was written, with Pandit Hriday Nath Kunzru, a worthy pupil of Gokhale's, whose valuable comments helped my own understanding of my theme.

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