

*Saturday,
10th March, 1894*

ABSTRACT OF THE PROCEEDINGS
OF THE
Council of the Governor General of India,

LAWS AND REGULATIONS

Vol. XXXIII

Jan.-Dec., 1894

ABSTRACT OF THE PROCEEDINGS
OF
THE COUNCIL OF THE GOVERNOR GENERAL OF INDIA,
ASSEMBLED FOR THE PURPOSE OF MAKING
LAWS AND REGULATIONS,

1894

VOLUME XXXIII



Published by Authority of the Governor General.



CALCUTTA
PRINTED BY THE SUPERINTENDENT OF GOVERNMENT PRINTING, INDIA,
1895

Abstract of the Proceedings of the Council of the Governor General of India, assembled for the purpose of making Laws and Regulations under the provisions of the Indian Councils Acts, 1861 and 1892 (24 & 25 Vict., cap. 67, and 55 & 56 Vict., cap. 14).

The Council met at Government House on Saturday, the 10th March, 1894.

PRESENT :

His Excellency the Viceroy and Governor General of India, P.C., LL.D., G.M.S.I., G.M.I.E., *presiding*.

His Honour the Lieutenant-Governor of Bengal, K.C.S.I.

His Excellency the Commander-in-Chief, K.C.B., G.C.I.E., V.C.

The Hon'ble Sir A. E. Miller, K.T., Q.C.

The Hon'ble Lieutenant-General H. Brackenbury, C.B., R.A.

The Hon'ble Sir C. B. Pritchard, K.C.I.E., C.S.I.

The Hon'ble J. Westland, C.S.I.

The Hon'ble Sir A. P. MacDonnell, K.C.S.I.

The Hon'ble Dr. Rashbehary Ghose.

The Hon'ble Sir G. H. P. Evans, K.C.I.E.

The Hon'ble Fazulbhai Vishram.

The Hon'ble C. C. Stevens.

The Hon'ble A. S. Lethbridge, M.D., C.S.I.

The Hon'ble Sir Luchmessur Singh, K.C.I.E., Mahārājā Bahádur of Durbhanga.

The Hon'ble Gangadhar Rao Madhav Chitnavis.

The Hon'ble H. F. Clogstoun, C.S.I.

The Hon'ble W. Lee-Warner, C.S.I.

The Hon'ble P. Playfair.

The Hon'ble Mahārājā Partab Narayan Singh of Ajudhiá,

NEW MEMBER.

The Hon'ble THE MAHARAJA OF DURBHANGA took his seat as an Additional Member of Council.

INDIAN TARIFF BILL.

The Hon'ble MR. WESTLAND presented the Report of the Select Committee on the Bill to amend the law relating to Customs-duties, and for other purposes. He said :—

“ The only alteration which the Select Committee have made in the substantive part of the Bill is to amend the section which relates to import from, and export

to, foreign European settlements in India. The section hitherto has applied only to those foreign settlements which lay upon the sea-coast, being intended to prevent the use of those settlements as untaxed ports of entry into India. In the more general form which we have now given to the section, Chandernagore will also be included, not that it is intended to take any active measures to erect a customs-barrier around it, but that the Government may possess the legal power to prevent the territory in question being used as a means of evasion of the duties imposed by the present Act.

"The tariff we have very carefully gone through in detail. The main alterations I shall mention in order. First, we have found it necessary to abandon the proposal I made when I introduced the Bill to impose the full five per cent. duty upon iron. Since the days of the tariff of 1875, at least four large businesses of machinery manufacture have been established in India. Now, imported machinery we all accept it as necessary to exempt; any other course would be a tax on capital, and would be a tax upon our own manufactures and a protection to competitors outside India. But, if we allow machinery to be imported free, it is obviously impossible to tax at five per cent. the materials out of which our own machinery manufacturers construct their machines. It seemed to us there was no way out of the difficulty but to reduce the tax on iron, and with it that on steel, to its old figure of one per cent.

"The next main alteration is that we have included paper among the articles that have to pay duty. This was recommended to us in more than one quarter, among others by the Calcutta Trades Association, and upon consideration we saw no good reason why this particular article should have a special exemption.

"We received a representation regarding that variety of petroleum which is used for batching, in which objection was taken to imposing upon it a special rate of duty. We admitted the objection and applied to it the general rate of five per cent.

"We have received some other representations regarding particular articles on the tariff. We have judged these matters solely from a revenue point of view—that is, we have not admitted as a ground for exemption the mere fact that it was possible to urge that the article taxed was, in some of its uses, applied as the raw material of an Indian industry. On the other hand, we have steadily

1894.]

[Mr. Westland; the President; Mr. Playfair.]

refused to listen to exhortations to regulate duties so as to produce some particular effect in changing or influencing the course of trade.

"As regards the tariff valuations, we addressed enquiries by telegram to the Chambers of Commerce and Trades Associations. All or most of them have responded by stating that after examination they had no exception to take to them—a remarkable testimony to the judgment and carefulness of Mr. O'Connor, to whose charge were committed the enquiries upon which these valuations were drawn up. In a few cases we have accepted the suggestions of merchants who preferred an *ad valorem* rate to a tariff valuation. But in not a single instance have we found reason to alter the valuations originally entered.

"Tariff values are things that necessarily fluctuate and require periodical correction; but power is given by the Sea-customs Act to the Governor General in Council to alter tariff values from time to time by notification, and it is understood that this power will be used by having them periodically examined by a competent committee.

"I do not think there is any other point in the Select Committee's Report to which it is necessary for me to call the attention of the Council."

The Hon'ble MR. WESTLAND moved His Excellency the President to suspend the Rules of Business to admit of the Report of the Select Committee being taken into consideration.

His Excellency THE PRESIDENT declared the Rules to be suspended.

The Hon'ble MR. WESTLAND moved that the Report of the Select Committee be taken into consideration. He said that he would reserve any remarks which it might be necessary for him to make till after Members of Council had had an opportunity of expressing their views.

The Hon'ble MR. PLAYFAIR moved as an amendment to the Hon'ble Mr. Westland's motion that the Bill be recommitted to the same Select Committee. He said:—"My Lord, the statement laid before this Council on Thursday, the 1st instant, by the Hon'ble Member in charge of this Bill discloses an estimated deficiency in the Budget of 1894-95 of 3½ crores of rupees, while the provisions for increased taxation under this Bill do not amount to more than an estimated income of 1 crore and 40 lakhs. Speaking for myself, I am wholly in the dark as to how the Government intend to meet the balance amounting to over two crores, and without a more complete statement it is difficult to grasp the situation. I invite the Hon'ble Member to disclose his entire programme and ex-

plain how the balance to make up the large sum of Rs. 3½ crores is to be met : and, with regard to the rate of exchange calculated at 1s. 2d. per rupee, to declare the amount of Council bills the Secretary of State contemplates selling, and his intentions regarding the adjustment of arrears. Meanwhile I confine my remarks to the income to be provided from custom-duties.

"I have no desire, my Lord, to add to the harassment that besets the Government of India in connection with the present position of its finances, but I felt it to be my duty to record my dissent in the Report of the Select Committee as to the exclusion of duties upon cotton piece-goods, yarns and threads from the tariff schedule attached to this Bill. If taxation upon imports has become a necessity, I am strongly of opinion that this should be levied without any exception or favour to any particular branches of trade. It was stated in this Council some years ago that the arguments in favour of abolishing the general import-duties were even stronger than those which could be adduced in respect to the abolition of the cotton-duties; that the maintenance of the general import-duties, if the cotton-duties were abolished, would, from every point of view, be open to great objection. It was further admitted that the general import-duties involved an amount of friction, scrutiny and interference with trade incommensurate with the revenue produced at that time, and that their maintenance was inadvisable if cotton-duties were abolished. I hold, my Lord, that the same arguments apply to-day, and I go further and maintain that friction may grow into an angry controversy, arising from what may have the appearance of an antagonism of interests between this country and England, if a preference is now shown to the cotton manufacturers by exempting their goods from import taxation at a time when this country finds difficulty in discovering ways and means to meet its financial engagements. It is inexplicable, from purely fiscal considerations, why woollens from Bradford, iron from Stafford, hardware from Birmingham and umbrellas from Glasgow should become subject to tariff, while cottons from Manchester pass in free.

"The present taxation, we have been told, is necessitated by the fall in the value of silver, which we know England has declined to attempt to arrest. India's difficulties will be aggravated if she is forbidden to use the means most suitable to extricate herself from them. The position that the Government of India now occupies is one of some delicacy as well as of difficulty, for the taxation now proposed will do little more than enable them to pay compensation to their officers and servants on account of the fall in the value of their incomes. I recognise this charge to be a burden which our finances have to suffer in connec-

1894]

[Mr. Playfair.]

tion with the depreciation of silver, to retain for the Empire all the advantages of intelligence, strength and energy, on which good administration and commercial prosperity depend. This compensation is not to be grudged to an overworked and self-sacrificing body of public servants. But I can quite understand that a feeling of dissatisfaction may arise if the payment of this compensation becomes unduly onerous through the system of taxation adopted to provide the amount required.

“ The volume of trade in cotton goods and yarns, imported into this country and which under this Bill are exempted, amounts to fully 28 crores of rupees, which is equal to about one-half of the total imports from abroad. The Hon'ble Member has admitted that a five per cent. duty upon the cotton-imports, would probably yield about Rx. 1,350,000, and if, therefore, the Government decide to limit taxation on all imports to a fixed sum of 1 crore and 40 lakhs, the duty upon total imports, excluding salt and liquor but including cotton goods, would not exceed two and a-half per cent. of the value. Such a tariff, or even a tariff of double this amount, namely, five per cent., cannot be considered a protective tariff to Indian manufacturers, nor can it be classed as an objectionable duty when raised solely for the purposes of revenue. Therefore there is to hand, without prejudice to any special interests, an income from imports sufficient to meet the prospective wants of the State during the coming financial year, and without endangering the progress and efficiency of the Empire. The amount of import-duty would be so moderate that merchants and dealers in cotton fabrics have frankly said it would not affect trade, and some have stated that the repeal of the duties on cotton goods in 1878 and in 1882 made no difference whatever in their volume of business. I do not say that the tax is desired by importers and dealers, for all people are averse to taxes, and to quote Burke's famous saying : ‘ It is as difficult to tax and to please as it is to love and be wise ; ’ but I maintain that the trade will not object to the imposition of such duties if the income is required for the purposes of the revenue. And I take it that these merchants—who in many instances are agents for the manufacturer—find, as was stated in this Council Chamber thirty-four years ago by no less an authority than a previous Finance Minister, the Hon'ble Mr. Wilson, that an import-duty adds to the cost and is a tax on the consumer, and so long as it is not unduly high to limit trade it is of no inconvenience to the trade. The consumer is not likely to take exception to such a moderate rate of taxation as I have referred to, when the perfect equity of the system of taxation becomes known, and when it is understood that every member of the community from the Governor General downwards to the humble raiyat will con-

tribute equally his share to these taxes. The incidence of taxation at five per cent. *ad valorem* on cotton-imports would not amount to more than nine pies or three farthings per head per annum, an infinitesimal amount which could be raised with ease and accuracy and would be based on that fundamental principle that the tax which each individual in this country is bound to pay ought to be certain and not arbitrary and should not leave the tax-payers in doubt as to the true amount due from them and thereby facilitate arbitrary and illegal exactions on the part of the tax-gatherer. My proposal now before this Council provides a system of meeting the liabilities of the Empire that the general body of tax-payers prefer, who after all are the parties chiefly interested, and who not only deserve consideration but demand it, and whose grievance will not disappear until they get it. Surely, my Lord, it would be unfortunate to place a measure on the statute-book which runs counter to the wishes of the people and to the public sense of justice, and which in such conditions must prove untenable.

"My Lord, I am aware, as quoted by the Hon'ble Member in charge of the Bill, that the opinion was expressed by the Hon'ble House of Commons many years ago that the duties then levied upon cotton manufactures imported into India were protective in their nature and should be repealed so soon as the financial condition of India permitted; and that Lord Salisbury then impressed this upon the Government of India, hoping that so soon as the finances permitted a reform would be made in this branch of the tariff. This we are aware was given effect to whenever the finances permitted, but it was not to be supposed that the action taken was irrevocable, and that when circumstances altered recourse might not be had to this system of supplementing revenues. Since that date the report of the Indian Famine Commission, amongst other suggestions, urged upon the Government of India the necessity of encouraging diversity of occupations through which the surplus population might be drawn from agricultural pursuits and led to find the means of subsistence in manufactures or some such employments. It was further pointed out that weavers in this country are the most numerous class among artisans who in the event of famine habitually require relief. If it were possible to extend help to this class, it would but be assisting a section of the community that have suffered much by the introduction of powerloom manufactures, through a foreign occupation of the country, which relief should not be grudged. I also consider that the supposed benefit that a moderate import-duty would give to mills working in Native States is entirely mythical, for these mills, chiefly engaged in spinning and not in weaving, do not now number more than nine, and there is no evidence to show that

1894.]

[*Mr. Playfair.*]

their number is likely to increase. The advantages that have been gained by the people of this country through the introduction of industrial enterprise have been fully admitted, and I need not occupy the time of this Council with a recapitulation. But after all the number of operatives employed in the cotton and jute factories of India, returned at 187,000, is a mere fraction of the vast population of this Empire. With regard to the suggestion that a countervailing excise should be placed upon the outturn of mills situated in British India, I think it would be quite possible to levy such; but if Manchester, with the help of the economic appliances suggested for her benefit by the leading scientists of the world, cannot compete with manufacturing India at a difference of $2\frac{1}{2}$ per cent. to 5 per cent., it appears to me to be a pure matter of sentiment, and not of practical statesmanship, for the Government now to refuse to recoup the finances by a light or moderate import-duty upon cotton goods.

"I strongly maintain that the maximum would not amount to a protective duty, and that in any case it is justified. The Hon'ble Mr. Wilson, an apostle of free trade whom I have already quoted, gave expression to this view many years ago when he stated in this Council Chamber that, if customs-duties cannot be dispensed with on our imports, 'no reasonable man can object to our retaining an old accustomed duty of 5 per cent. on manufactured goods, but when this is raised to 10 per cent., which in effect may often amount to 15 or 20 per cent. on the cost price of the article at home, no one who is not prepared to abjure the principles of free trade can deny that this is a rate which, if it is to be maintained, requires us at once to impose a countervailing excise-duty on every loom in India.'

"Unwilling as I am to allude to the subject in this Council Chamber, it is impossible to deny that there is a growing feeling in this country that India's interests are being subordinated to Lombard Street on the one hand and Manchester on the other. It is believed that through the influence of the former the Empire has been made to feel, to the full, the effects of the fall in the value of silver without being accorded the liberty to deal with the situation as appears to be in her best interests, and that through dictation on the part of the latter she is now forbidden to find for herself a way out of a difficulty by imposing taxes upon herself. It was observed by Lord Cromer, when in charge of the finances of India in 1882, that the wealth of India, like that of other countries, is in proportion not only to the natural resources but to the degree of liberty it may possess in the use of these resources; and, my Lord, he quoted the views expressed by Your Excellency's distinguished predecessor, Lord Northbrook, that 'in all financial questions the true interests of the people of India are the only

considerations which the Government of India has to regard.' The exercise of a fair measure of that liberty and the consideration of her interests India now desires.

'Sir John Strachey, in this Council Chamber in the month of February, 1880, very clearly set forth the necessity that India should hold an independent financial position, and so important and applicable to the present position are his remarks that I make no apology for quoting them at length.

'I can imagine,' he said, 'few greater misfortunes to India than the loss of her financial independence, and the acceptance by England of financial responsibility for her Indian Empire. It would signify to India the loss of control over her own affairs in every department of her administration, the possible subordination of her interests to those of a foreign country, and the substitution of ignorance for knowledge in her government. Although some rare instances may be quoted in which, when there seemed to be a conflict between English and Indian interests, it may perhaps be doubted whether India has been treated with perfect fairness, there can be no question that, on the whole, the government of India has been carried on with as honest and thorough a regard for Indian interests as could have happened if India had had a separate national existence of her own. England may rightly be proud of the way in which she has treated her great dependency.

'These fortunate results have, however, been due not only to her justice but also to the wisdom with which she has left to India a separate financial responsibility. England has felt that it would be no kindness to take upon herself burdens which India now bears ; to guarantee Indian debts, pay for Indian wars and relieve Indian famines. England has also felt that it was wise in her own true interest to refuse to take into her own hands the control of the £67,000,000 which now constitute the revenue of India. England does not choose that there should be grounds for even a suspicion in regard to the purity of her motives.

'I say this in the belief that India has before her a future of increasing wealth and prosperity, but, if this anticipation should not be verified and her future should be one of financial embarrassment, the loss of her financial independence would bring with it other misfortunes. I trust that the people of England may never find cause for believing that the maintenance of their Indian Empire means the imposition of heavy burdens on themselves.

'If India is ever to have a separate national existence, she must have self-respect and self-reliance, and I am sure that Indian patriots, who with perfect loyalty to British rule may nevertheless have, as they may rightly have, visions and aspirations of a distant future of another kind, ought to be the first to declare that their magnificent country shall bear its own burdens. India expects justice from England, but does not ask for charity. She feels that, with her ample and splendid resources, her two hundred millions of people, her revenue which is surpassed by that of two only of the greatest European nations, she is a source of strength, not of weakness, to the British Empire.'

1894.]

[Mr. Playfair.]

“And, bringing the consideration of this important subject up to date, Your Excellency’s distinguished predecessor, Lord Lansdowne, in another Chamber, lately remarked :—

‘Another danger—and I am not sure that it is not the greatest of all—seems to me to lie in the tendency to transfer power from the Government of India to the British Parliament. I admit that in a country of democratic institutions Parliament must be the ultimate source and depository of power. In an extreme case, there is no act of the executive, British or Indian, which can be removed beyond its control. The Viceroy and the Secretary of State have alike to reckon with it, and there is no escape from its authority. It does not, however, follow that because these powers are inherent in Parliament they should be perpetually exercised by it, and it is the modern tendency to exercise those powers continually, and at the instance of irresponsible persons, which in my belief constitutes a grave menace to the safety of the Empire. . . . And so it may come to pass that, while we are slowly and laboriously striving to obtain an equilibrium between income and expenditure, or endeavouring to improve the condition of our Indian service, some haphazard decision of our masters on the other side threatens our finances with bankruptcy, or capsizes our most carefully considered schemes for improving the efficiency of the public services. The wrong thing is done, and it is done in a manner that cannot fail to impair the authority of a Government which can carry on its work only if its authority is upheld.’

“These, my Lord, are weighty opinions. We have not a representative assembly to pronounce by vote upon these questions, but we have a public opinion, an enlightened public opinion both European and Native, and we have a free Press and free discussion, and there is a unanimous verdict from these sources averse to the decision that has brought about the exemption of cotton manufactures from taxation. It is a feeling that is not likely to subside until the Government of India uses its influence to have this cause of grievance removed.

“I submit that a duty to include all imports would not be an inappropriate system of taxation for India in an emergency like the present if it lead, as may be expected—under the pressure of the divers interests affected—to a more vigilant watch being kept, both here and at home, upon expenditure and revenue, with the object of one day getting the taxation removed.

“In conclusion, my Lord, I would urge that for the purposes of revenue, made necessary by the present financial exigencies of the State, the levy of a duty upon imports is an appropriate measure for Your Excellency’s Government to adopt; but I would also urge that, as it would be inconsistent with the best traditions of British administration to show any favour to particular industries,

the assessment should include the imports of cotton fabrics, yarns and thread. So strong and so universal is the feeling as to the inadequacy and unfairness of a Tariff Bill which exempts cotton goods while including all other manufactures that I have felt compelled not to rest content with a mere protest, but to take the vote of this Council as to whether the Bill should be proceeded with in its present unsatisfactory condition, or be referred back to the Select Committee for consideration."

The Hon'ble MR. LEE-WARNER said:—"My Lord, I am the junior member of one of the famous 'three divisions' of Your Lordship's Council and the humble recipient of a copy of a resolution which was passed at a public meeting on Thursday. The learned and able gentleman who proposed that resolution devoted much of his speech to an examination of the duties and position of an official member of this Council who is not a member of the Executive Government. My mind at once reverted to the sittings in the old Miracle plays, and I wondered whether the supporters of the resolution would seat me in the upper, central or lower regions. When presently I was reassured by observing that official members were credited with 'consciences,' my satisfaction was soon corrected by the learned gentleman's sum total—"I cannot for myself conceive his voting against his convictions and passing the Act without amendment." So apt are we all, even the most learned, to denote dependence on me as independence, conscience and convictions as my conscience, and orthodoxy as my doxy.

"I shall, I trust, whenever I vote in this Council or elsewhere, vote according to my own independent convictions without losing respect for the convictions of others and specially of large bodies of my fellow countrymen: and my convictions, which are possibly misguided, lead me to the conclusion which I shall proceed to indicate.

"I agree with my hon'ble friend Mr. Playfair that, so far as it is permissible to apply the phrase 'public opinion' to the supposed sentiments of several scores of millions (who are not aware that the question of imposing cotton-duties is under discussion, nor aware of the existence of this Council), the articulate voice of India, whether European or Native, is unanimously raised against dictation from Lancashire and in favour of the intention of the motion now before us. There are no doubt, however, objections from even the Indian point of view to such duties, and my own experience of the country induces me to believe that the action taken by Lord Ripon's Government found many supporters at the time whose 'consciences

1894.]

[*Mr. Lee-Warner.*]

and convictions' were above suspicion. But I admit that the Indian vote to-day is solidly cast in favour of the duties, and perhaps justly so. Still there is and must be another side to the question, and it is a commonplace that questions of tariff and duties on trade and commerce concern Great Britain as well as India. It seems to me that British opinion on this subject is a factor in the decision, that it is an adverse factor, and that it is a potent factor. That it is a factor is a self-evident proposition. I do not believe that there is a nation in Europe which is practically free in the settlement of its tariff. Commerce is an international interest, and no nation which seeks the maintenance of cordial relations with its neighbours imposes taxes upon their exports without due consideration. How much more is a British Indian Legislature bound to give some consideration to the feelings of Great Britain before it decides a question of tariff! I believe that the feeling in the United Kingdom is adverse to the imposition of cotton-duties, as being likely to re-act upon the general prosperity of British trade and commerce, in the maintenance of which India, as a great exporter of wheat, tea and other articles consumed by the British operative, is directly interested. I lay great stress on the fact that two gentlemen who lately addressed a public meeting in this city, one of whom had sat in Parliament, and the other had addressed many public meetings at home, made no reference to any speeches delivered by them on the subject to English ears. I observe that some gentlemen in England, who pose as the 'friends of India,' proceed to Manchester to discourse upon the subject of a Purundhar Bank, but never even in a stage whisper utter a word in favour of cotton-duties. I may be wrong, but I assume it as a fact that British public opinion is as strongly against cotton-duties as Indian opinion is in their favour. It is important, then, to inquire whether such an opinion is potent. It cannot be denied that Her Majesty's Government have the right to disallow any measure passed in this Council. It is well known that a discussion on Indian finances takes place every year, and that Her Majesty's Government are then put upon their trial in respect of Indian financial administration. Is it conceivable, is it constitutional, that the Secretary of State for India should allow a measure which he cannot successfully defend in Parliament? My hon'ble friend Mr. Playfair referred to a speech made by the late Viceroy which I was privileged to hear. But, if I understood His Excellency correctly, he never challenged the authority of Parliament as a final all-powerful decision. What His Lordship objected to was the resolution hastily adopted by an irresponsible member of Parliament, and not the authoritative decision of Her Majesty's Government which is the difficulty with which we are at the present moment face to face.

"If, then, these three propositions are admitted, that British opinion is a factor, an adverse factor and a powerful factor, would it be prudent or statesmanlike on the part of this Council to insist upon passing a measure which would operate for a few weeks to the dislocation of trade, and then be disallowed? That seems to me the only practical question which not merely the official member of the Council who is not a member of the Government, but also the non-official member, must answer according to his conscience.

"I shall give effect to my own convictions, not as I am enjoined to do in the resolution I hold in my hand by supporting the amendment of the Bill, but by recognising these two facts: first, that the Government of India must be fully conscious of the strong opinion in favour of cotton-duties held in this country; and, secondly, that it must be presumed to know better than any other body of men what measure of taxation it can carry to a successful final issue at the present moment. I shall therefore support whatever measure Government may introduce."

The Hon'ble MR. CLOGSTOUN said:—"My Lord, as a member of the Select Committee of the Bill now under consideration, I have signed the Report which has been presented to the Council, and have, therefore, already shown my disagreement with the note of dissent attached to the Bill—a dissent which is made on the ground that the Bill entirely omits cotton goods from the import-duties imposed by the Bill on all or nearly all other imported goods. I should prefer, my Lord, not to give a silent vote in favour of the Bill, but to give very briefly my reasons for believing that the exclusion of cotton goods from the tariff is a measure not less just to the cotton consumers in India than to the producers in England, and that in the present state of the finances, with a reasonable hope that even with a very low exchange we shall be able to meet the needs of the coming year without the necessity of further taxation than that now proposed, the omission of these articles from taxation is advisable. If, while we give to India freedom from further taxation, we can, at the same time, save ourselves from striking a blow at one of the greatest industries of England, I should hope that the whole body of the Council would cordially concur with Government in its determination to defer the imposition of those duties until a time when the Government shall assure us that the raising of additional revenue is imperative, and that no other plan less open to objection than the import-duty on cotton goods, without a countervailing excise-duty, is available.

"I would ask the Council whether the claim of England is not worthy of generous consideration. Compliance with the demand will not involve, as the

1894]

[Mr. Clogston.]

Government has already declared, any other form of taxation to which, it may be, serious objection might be taken. Non-compliance with the demand means additional taxation on the people of India. I think it would need very strong evidence to persuade the Council that the country, as a whole, will not gladly welcome the postponement of this additional taxation.

"The grounds on which the abolition of the cotton-duties was demanded by England and assented to by India in 1878-80 were that they were protective in their nature, were contrary to sound commercial policy, and were unjust alike to the Indian consumer and the English-producer. These reasons still apply, and, in the interests of the people of India quite as much as in the interests of the manufacturers in England, preclude the imposition of any duty on cotton goods which is not imposed solely as an absolute necessity for revenue purposes.

"The extent to which the import-duty on cotton goods acted as a protective duty was already large in 1878. The extent to which it would so act at this moment is enormously increased, and there can be no doubt that an import-duty would further largely stimulate local production to the detriment of English industry and to the detriment of the local consumers in India.

"Were it possible to impose a countervailing duty on the cotton goods manufactured in this country, the objections to an import-duty on cotton goods of being protective would cease.

"The speech of the Hon'ble Financial Member, when introducing the Bill, shows, however, that the imposition of an excise-duty on local cotton manufactures is beset with great difficulties which the Government at present apparently sees no means of meeting. It is earnestly to be hoped that if hereafter it should become absolutely necessary, owing to any further fall in exchange or even to a continuance at its present low figure, to impose the cotton-duties, some means will be found for overcoming these difficulties.

"It is essential that they should be overcome if the country is to receive as revenue a sum in any proportion to the additional charge which the imposition of an import-duty will impose on the consumer of cotton goods, whether these goods are made locally or in England. Meanwhile, it is clear that an import-duty on cotton goods cannot be made to touch the large productions of the Indian mills, while an import-duty of five per cent. would mean an increased charge of that amount, or more, on all cotton goods consumed in the country, the proceeds of this huge tax levied on every soul in the country being divided between the

[*Mr. Clogstoun; Gangadhar Rao Madhav Chitnavis.*] [10TH MARCH,

Government and the Indian millowners, the Government share gradually diminishing, while the share of the millowners—a very large share at starting—would from year to year be largely increased.

"My Lord, as matters stand, I am averse to imposing on the country any additional taxation with which Government declares it is able to dispense—a taxation which would fall so heavily on the people and be comparatively so unprofitable to Government. While, however, the Government declares itself prepared to dispense with further taxation, I am afraid it is only too clear that a reduction in the expenditure of the Famine Fund must form a necessary feature in the finances of the coming year. Expenditure from revenue on works protective against famine was suspended in 1886-87 and the four following years in preference to imposing new taxation, and the course was acquiesced in by the country, as being a proper course to adopt, because, though expenditure from revenue was discontinued, a very large expenditure from capital—an expenditure amounting to $3\frac{1}{2}$ crores per annum on railways and irrigation works, which are to the fullest extent famine protective works—is every year incurred. I think, my Lord, that under the circumstances the Government is justified in refraining from imposing further taxation solely in order that it may construct additional railways out of revenue.

"My Lord, in the speech delivered on the 1st instant, the Hon'ble Mr. Westland has shown that the very large deficit of $3\frac{1}{2}$ crores, which would be the result of carrying on till the end of next year our existing rate of expenditure with our present revenues, is arrived at by taking a very low rate of exchange—a rate of 1s. 2d. the rupee. It is impossible, my Lord, to prove, with recent experience fresh in our recollections, that this rate is too low; but those who have faith in the results of the recent action of Government in closing the mints look forward with confidence to the establishment of a much higher rate, which must sooner or later largely improve the financial position of the Government. With these prospects before us, I, my Lord, as a lover of England, as well as a lover of India, deprecate the imposition of these protective duties which are not now essential, which improved circumstances will, I believe, hereafter show to be quite unnecessary, and the imposition of which, where they are not essential, must rightly create a bitter feeling between the two countries."

The Hon'ble GANGADHAR RAO MADHAV CHITNAVIS said:—"As regards the proposed import-duties, I beg to offer the following remarks, though I fear some of them may be at the risk of a repetition of the statements already

- 1894.]

[Gangadhar Rao Madhav Chitnavis.]

'made. My Lord, in the first place, I regret that the Report of the Select Committee on such an important matter should have been placed in the hands of the Members so late. We are thus prevented from making any remarks as fully as we could have wished. I hope no one will take exception to the principle that, as far as possible, no duty should be levied on articles which are mostly consumed by the poorer classes. I must, therefore, deprecate whatever tends to raise the price of such articles. In the schedule appended to the Bill under discussion I find that kerosine oil, which is extensively consumed by the poorer people in this country, and which already bears a duty of half-an-anna per gallon, was to bear double that duty hereafter. It is, therefore, no satisfaction to me that the duty should have been changed according to Select Committee's Report to an *ad valorem* duty of 5 per cent. on this poor's oil. [It may be that kerosine oil is becoming cheaper and cheaper in spite of the taxation already imposed upon it. To increase the duty upon it on that ground will not be justifiable; for will the Government be in a position to remit duties upon it as readily, either partly or wholly, if in the course of a few months, or years, its price tends to increase in consequence either of its increased taxation or of its cost of production? With regard to the argument adduced in certain quarters that an import-duty on kerosine oil is necessary to protect indigenous oil manufacture, it is at once futile by reason of the fact that the oils that are extensively manufactured in this country do not enter into competition with kerosine oil owing partly to their price and partly to the purposes for which they are used.]

"I am glad to hear just now from the Hon'ble the Finance Member that the duty on iron has been reduced, as I consider that there should be no duty on articles like coal, iron, etc., which are necessary for the development of the mechanical industry of the country.

"My Lord, I fully endorse the views of the Hon'ble Mr. Playfair about what he says with regard to the services and the compensation granted to them. I fully sympathise with European servants of the Crown who have to make remittances, but at the same time I cannot dissociate from my mind the idea that it is likely to be felt, especially in these present distressed circumstances, an unjustifiable demand on all other subjects of Her Majesty's Empire, whether European or Native. The imposition of the import-duty is therefore unobjectionable except in respect of certain articles as I have pointed out. But, when it fails to go even half way towards meeting the deficit, I consider it my duty as a representative of the people to take this opportunity of placing

before the Government the strong opinion that prevails amongst them in regard to another class of import-duties, *viz.*, the cotton-duties. As regards the re-imposition of these duties, the Hon'ble the Finance Member has been pleased to observe that duties on cotton goods can mean only import-duties and not an excise on local manufactures also. Without, therefore, entering upon the question of excise on local manufactures, I might express an opinion that cotton-duties, even if they were levied on imports only, would not go against the principles of free trade; as had once been considered. Even free trade countries must have revenue, and a low duty for that purpose is not a policy of protection. And I must go yet further, and repeat, what has been so often said by eminent advocates of free trade, that a policy of protection, when applied to a country like India, where industries are young and unable to rise owing to foreign competition, does not go against the principles of free trade, and may even be necessary. And, if what I have just said as regards infant industries is true of the whole of India, it is much more so as regards the province whence I come, where the mill industry has only just commenced. The practice of the British Government would be antagonistic to its declared principles if the cotton fabrics were to be excluded from a duty on the plea of free trade; for in England itself, where industries are fully developed, what is the case? Import-duties are levied in that free trade country, evidently for the purpose of revenue, on tea, coffee, tobacco, etc. When such is the case, well might the people here misunderstand the motives of the Government, and regard it as alike selfish and insincere that what is thus practised by the British Government at home should by that same Government be forbidden in the administration of India. Besides, the duty will in no sense be a tax or impost on the people of England. It is a general principle that the cost of every article of trade falls on the consumer; otherwise production would cease. The import-duty on cotton-goods would be paid by the people of India, and in such a way as not to be felt as a grievance, or to be beyond their resources. I may here say that, if I were to judge from what I see in my province, the duty would not press the poorer people, as these classes of people generally use cloth made in the province, while Manchester cloth is generally used by the upper and middle classes.

"The reason given, my Lord, by the Hon'ble the Finance Member, no doubt at the instance of the Report of the Herschell Committee, for not imposing duty on cotton-goods is, that in that case there ought to be a counterbalancing export-duty, which, it is said, would be impracticable to impose in the case of hand-made goods made in the mufassal. The reply to this statement has

already been expressed from several quarters, that such classes of the imported goods as are turned out in our mills need not be taxed. But finer fabrics as are not produced in India and woollen goods may be taxed, and, as mills here do not turn out such goods, the duty can scarcely be said to be protective, for it cannot protect a thing which does not exist.

"It must be remembered that the abolition of the cotton-duties in 1882 gave rise to strong opposition from all parts of India. They were a source of revenue the most unobjectionable, because they yielded a substantial income but did not press upon any class of the population and were not attended with injustice or oppression. Yet the duties were abandoned in the face of protests made at the time by several Members of the Council. And, though the people were in no way benefitted, the sacrifice which such an abandonment involved amounted at the time to three quarters of a million. There now remains no doubt whatsoever that such an abolition was not consistent with a far-sighted financial policy, and but for such a policy of sacrifice the Government of the present day would have probably found themselves in a much better financial position than brooding over the means of meeting a heavy deficit of $3\frac{1}{2}$ crores; and, I believe, it would be wise yet to re-impose those duties, against whatever opposition the Government may have to encounter from Lancashire, and in spite of whatever insinuations may be brought against them as protecting the Indian industry in violation of the principles of free trade. It would be wise yet, I say, and I have the then Viceroy himself in support of my contention. I quote the following words which dropped from him in the course of his famous speech of 10th March, 1882, on the abolition of the cotton-duties. 'I am bound to say', said His Excellency, 'that I should not have been a party to the repeal of the cotton-duties, or to the repeal of other customs-duties, if it had been proposed to repeal them in the face of a deficit, or if it had been necessary, in order to repeal them, to impose other taxation upon the country.' I leave it to your Lordship and the Hon'ble Members to judge if these utterances of Lord Ripon do not in a way throw a sort of responsibility on the future Government of the country to resort to these duties at the first instance in the case of a deficit or whenever the wants of a country require further taxation. Unfortunately, it was not foreseen at that time that the financial condition of the country might not continue so flourishing as then, that the country might be again involved in frontier complications, that the rate of exchange would so rapidly fall and that years of deficits would soon follow, and that the Government would be compelled to impose fresh taxation upon the country. If these difficulties had been fore-

seen, the Government of Lord Ripon would never have even so much as contemplated the abolition of the cotton-duties. But all these have now come to pass, and it remains for your Excellency's Government to consider whether it would not be wise yet to re-impose those duties on the same principle of protecting the interests of India on which they were abolished.

"It must also be observed that in excluding cotton fabrics from the list of dutiable articles and at the same time imposing duties on such articles as iron, coal, &c., and thereby handicapping such indigenous metal industries and raw materials as are generally very extensively used in the mills, the Government would be inflicting a two-fold wrong on the people of this country; for while such imposition would increase the cost of production of fabrics manufactured here, and would actually make such fabrics rise in price, the exclusion of cotton fabrics from a duty would act as a sort of bounty or premium on goods imported from abroad, and would also raise the price of Indian manufactures indirectly, in the same proportion. It is a double wrong, I would submit, and Your Excellency and the Hon'ble Members of this Council will, I hope, give this phase of the question the consideration it deserves.

"With respect to the proposal of the exclusion, I humbly believe, there is evidence that even those who advocate or propose the exclusion are not proud of the proposal. Hence it may be inferred that they are conscious of the wrong which such an exclusion would imply, with an evident desire to avoid the responsibility. The Right Hon'ble the Secretary of State told the deputation from Manchester that the Government of India were not prepared to include cotton fabrics in the list of articles to be scheduled for duty. He thus wished to imply that it was the Government of India who were too diffident in their measures. The Finance Member, on the other hand, declared that the Secretary of State was not prepared to sanction the impost on cotton goods, thus clearing himself and the Government of India from every share in the unjustifiable exclusion. In such a case the feelings of the people of India, who will have to bear the burden for no fault of theirs, have, I suppose, some claims to consideration, and the public voice is undoubtedly and almost unanimously very strong in favour of the course which, in the interest of India, ought to be adopted.

"Would it not then be well for this Council and the Hon'ble Members sitting here to make their position clear by including cotton fabrics in the list of dutiable articles, and throw upon the Home Government the responsibility of rejection? Such a course would be consistent with the declaration of the Finance

1894] [*Gangadhar Rao Madhav Chitnavis : the Mahārāja of Durbhanga.*]

Member that it is not the Government of India that contemplate this injustice, and thus not only make their position clear before the world, but also save themselves from the responsibility of drawing unjustifiably upon any other resources placed in their custody—a step which, it is feared by the people, is imminent.

" I cannot close my remarks, my Lord, without bringing to the notice of the Council that I have received several letters from my province asking me to protest against the exclusion of imported cotton fabrics from the list of dutiable articles, and to place their views respectfully before Your Excellency and the Council.

" Successive Viceroys have held that the interests of India ought to be their first consideration, and that it ought to be the first duty of the Government of India to consider the interests of the Indian people, and that Indian questions ought to be looked at from an Indian point of view. There is no reason to doubt that Your Excellency's Government will be guided by the same generous views, and show to the world that the British Government can forego the interests of a particular section of the people of England when justice and the interests of the entire Indian population really require this to be done. To follow this noble policy will be, for Your Excellency, to inaugurate your administration by an act of justice to the 287 millions of people over whom you have been called by Providence to rule."

The Hon'ble the MAHARAJA OF DURBHANGA said :—" The imposition on the taxpayers of India of a vast system of import-duties, with the sole exemption of cotton goods, seems to me very much to resemble a performance of the play of Hamlet from which the part of Hamlet himself is altogether omitted. When import-duties have been talked about, whether in the Herschell Committee or elsewhere, as a possible means of relief from our financial difficulties, it is absolutely undeniable that what has been meant primarily is an import-duty on cotton goods. The wording of the report of the Herschell Committee is sufficient to prove this ; and it is assumed therein, and is, I fear, notorious, that the chief, if not the only, objection to such a duty is the fear lest it should arouse the hostility of certain powerful interests in the Imperial Parliament. It is impossible in these times of financial difficulty and embarrassment to allege of any of these duties that they are imposed for the purpose of protection. It is obvious, and is indeed admitted, that we are imposing these duties for revenue purposes only, and not for the sake of protection ; and therefore the only possible excuse of a fair and honourable kind that might have been urged for the exemption of cotton goods is at once taken away.

" But I go further than this. I say that a moment's consideration will show conclusively that this exemption is itself a protective measure of the most scandalous nature when combined with the duties that are to be so freely imposed on materials of, and machinery for, our own indigenous industries.

" For example, let us consider the meaning of a duty on the import of the various raw or partly manufactured articles that are used as mill stores in our cotton mills. It is unnecessary to point out that this is a protective duty—protecting the mills of England against our own mills. Or, again, take the case of the immense import of coloured cotton goods that are brought to this country from England in prodigious quantities, and that are under this tariff to come in free of duty. The indigenous manufacture of coloured cotton goods that has hitherto competed with these imports from England depends largely on the cheap import of aniline dyes and other colours; and the importance of this industry is plainly shown by the fact that these colouring stuffs are at present imported to the value of, I believe, over half a crore per annum. Now we are going to tax these dyes, which enable us to compete with the imported coloured cotton goods, and yet we propose to admit the latter free of all duty. The unfairness of the proceeding is obvious on the face of it, and therefore I maintain that it is quite impossible for any Government that values the good opinion of the civilized world, and that desires to consult the interests of its own subjects, to persist in carrying it through.

" And while I deplore the omission of the import-duty on cotton goods, because that omission protects the industry of others and injures our indigenous industries, I object to some of the duties imposed by this Bill for precisely similar reasons.

" Take the case of the five per cent. that we are invited to impose on the import of iron, copper, brass and other metals. Vast quantities of metal utensils, tools, and so forth are used for domestic purposes, and in agriculture and in other ways, by the labouring masses of the Indian populations; and it is of course quite certain that each and all of these will be rendered dearer for the poor raiyat of India, while our indigenous metal industry will be seriously handicapped by the new taxation.

" But the most painful contrast to the indulgent treatment of imported cotton goods that is afforded by this Bill is the tax on the import of petroleum, the only imported commodity, except salt, that is very largely, and indeed almost universally, consumed by the millions of our poorest and most hard-working classes in India.

1894.] [*The Mahārājā of Durbhanga ; the Mahārājā of Ajudhiā ; Mr. Stevens.*]

"The Tariff Bill is not the Budget, and therefore I do not here suggest any alternative policy other than the inclusion of cotton goods in the schedule of commodities to be taxed on import. But if the old proverb be still true, that a penny saved is a penny gained, then the Executive Government may well be advised to seek increased resources in diminished expenditure."

The Hon'ble the MAHARAJA OF AJUDHIA said that he would support the Hon'ble Mr. Playfair's amendment.

The Hon'ble MR. STEVENS said:—My Lord, I venture to ask for the indulgence of Your Excellency and the Council in order that I may briefly explain the vote which I propose to give on this amendment. There are precedents, my Lord, which go to show that in past times it has been considered open to Additional Members who are officials to express opinions, and to support those opinions by their votes, adverse to the policy of the Government in financial matters as well as on others of general importance. And I feel the utmost confidence that Your Excellency's Administration would not desire to restrain this customary freedom of speech and vote. In these circumstances, an official Additional Member ought not, in my judgment, to allow it to be believed that he is a mere instrument in the hands of the Government. I desire, therefore, to accept full responsibility for the vote which I am about to give on the present occasion.

"I am in perfect sympathy with the feelings of surprise and regret—universal, deep and loudly expressed throughout the country—that the Tariff Bill does not include a duty on imported cotton goods. I share the general disappointment that, instead of the adoption of so just, impartial and reasonable a method of increasing the revenue the public should have been asked to content themselves with explanations which, as regards a large part of the goods affected, have no relevancy and are inadequate and unsatisfactory as to the remainder. Either the money which duties on cotton goods would produce is required or it is not. If it is required, there seems to be no room for further discussion: if it is not required, I find myself with everyone else in the difficulty of having to discover a reason why other goods should pay five per cent. while these enter free.

"By what means it is proposed that the expected deficit of over 2½ crores rupees shall be met it is at present possible only to surmise. Two methods have been suggested, namely, the absorption of the Famine Insurance Fund and clipping the Provincial Revenues. I will not detain the Council by discussing the mischiefs which these proposals would involve; it seems to me that in either case

they far exceed those resulting from the imposition of the cotton duties. But, if the re-establishment of this impost would give the Government more money than it requires to balance the expected deficit, I venture to suggest that the opportunity should be taken to re-adjust the incidence of other kinds of taxation. The income-tax is oppressive, and, in the case of those whose assessment is not a mere matter of arithmetic, vexatious, inquisitorial and uncertain in a high degree. Yet those who are fairly able to pay will pay, if not cheerfully, still with resignation, provided they understand that they are not being taxed to save the interests of a small but influential body of manufacturers in England, who derive their profits from India but contribute nothing to its revenues.

"I would especially invite Your Excellency's attention to the assesseees of the lowest classes, namely, those with incomes of from five hundred to a thousand rupees per annum. In Lower Bengal these persons are about 71,000 in number out of a total number of 104,000 assessed to income-tax; and they pay about $7\frac{1}{2}$ lakhs of rupees out of a total collection of 36 lakhs. They comprise for the most part petty shop-keepers and traders, small village-mahajans, and Government servants and others drawing fixed incomes. No one who has not had practical experience can imagine the difficulty and uncertainty attending the assessment of the first two of these classes. Accounts are not kept, or at least are not produced; balance sheets, if submitted at all, are obviously prepared for the occasion; and the assessor is left to assess on the best guesses he can make, with the help of information given by the neighbours, who have often an interest in misleading him in one direction or the other; average daily sales of the shop-keepers are estimated, average scales of profit are guessed at, the supposed capital of the petty money-lenders is conjectured, and an average rate of interest is struck. This is all that circumstances permit, and not an officer concerned (from the assessor to the Commissioner of the division) can feel the least certainty that the assessment has been just, or that a man who ought to have been assessed has not unjustly escaped. For the poor man whose income is fixed and known there is no escape; no evasion is possible. I think no one can read the Native papers without being struck by the frequency of the complaint from local correspondents that food has reached famine prices. No doubt this is usually an exaggerated expression; but it has a pathos of its own as implying a belief that the pressure, severe for the present, is yet temporary. Those who can take broader views know that this is not so; they know that the purchasing power of silver has fallen, and, though it may fluctuate within narrow limits, is never likely to rise again to its former level. The result is this, that those who were once 'passing rich on £40 a year' are

1894.]

[Mr. Stevens.]

so no longer. The times have become hard for them, and it is with difficulty that they can feed and clothe their families. To be excused a tax of ten rupees would mean to gain the power of buying, say, three maunds or so of rice, or of paying for the attendance of one or two children at school, or of providing a considerable part of the clothing of the family. When I think of these patient, laborious, indispensable people toiling in silence while their difficulties close round them like the collapsing chamber in the romance, I am impelled to ask Your Lordship's Government to consider whether their relief from the tax does not claim from an Indian Administration infinitely more attention than a perhaps trivial increase in the gains of the Lancashire manufacturers.

"I now pass on with reluctance to a matter of far greater moment. It is impossible to ignore the rapidly spreading and growing belief, which is gaining currency with all classes throughout the country, that in this case, and perhaps in others, the interests of India are sacrificed to meet the exigencies of party politics in England. At the Town Hall on Thursday a Native gentleman of high reputation is reported to have used the following language :—'During two hotly-contested campaigns I had the honour of appearing in the ranks of the Liberal Party; but no sentiments of allegiance can deter or restrain me from saying that I feel deeply humiliated that a Liberal Administration should be in favour of what impartial history will hereafter describe as an act of gross political immorality.'

"My Lord, among us in India the asperities of party politics are smoothed and practically forgotten among those cares and studies which are common to us all. Within the walls of this Council Chamber European politics have no place. I venture therefore, without hesitation, to say that there is no one here who can fail to be powerfully moved when he hears criticisms such as these passed on any British Administration, whether Conservative or Liberal, by a Native of India, educated after our manner, versed in our politics and history, and competent to judge us according to our own moral tests.

"I do not admit that the criticism is accurate and just. I have a firm hope that it will prove to have been premature. But the people of this country read in their newspapers how pressure is from time to time applied, sometimes in the guise of humanity, sometimes in avowed selfishness, but always, as they think, in the direction of advancing interests at Home to the detriment of those of India; and, when they observe the action or inaction (as the case may be) which is prayed for being practically carried out, it is no wonder that they are tempted to regard

the relations of these things as the relations of cause and effect. It is often said that the British Empire in India rests on the national character for truth and justice, and that the single-minded devotion to duty of the great majority of our officers has satisfied the people that the administration cannot be in better hands. My Lord, in these days a fierce light beats around not only those in exalted positions but the Collector in his district and the Assistant in his sub-division. An error, a mistake of judgment, an unpopular executive order, a few hasty words, not to speak of more serious transgressions which in former days would have remained unknown except to those personally cognizant of the circumstances, is now dragged forth and sometimes exaggerated into undue importance, and the person in fault is discredited and denounced; but, while individual officers are thus sharply criticised, we see the British Government, the British Parliament, the British nation, acknowledged as the ultimate appellate authority to be relied on to set right what may have been done wrong here. And this acknowledgment, and the belief which underlies it, are the real safeguards of the Empire.

“But what if it be believed that the fountain of justice itself is impure? But what if, in the minds of our Indian fellow-subjects, the impression should be confirmed that their good is disregarded and postponed to selfish considerations by those same exalted authorities to whom they have been accustomed to look for protection? I can conceive of no condition of greater gravity.

“I forbear to pursue this topic further, for I know that it cannot fail to engage the most serious attention of Your Excellency’s Government.

“And now, my Lord, that I have thus plainly, though briefly and very inadequately, indicated my views on the general subject before the Council, I wish to offer a few words to explain the vote which I propose to give. Much counsel has been given to the official Additional Members, and they have been freely invited to do their duty. The votes of the unofficial Members are understood to be a matter of course: the members of the Government are so fettered that their abstention from voting may be pardoned. For those of us who are officials, but who fail to vote in accordance with what are believed to be our convictions, there is said to be no excuse. I offer no excuse, and, if my vote is not in accordance with the views of those with whom I most heartily agree on the main subject, they will remember that I am entitled to maintain my own opinion as to what it is right for us to do.

1894.]

[*Mr. Stevens.*]

"If we were living under a system of what is technically called 'responsible government', under which Your Excellency's Executive Council would be solely responsible for projects placed before us, and under which the effect of this amendment being carried would be that my hon'ble friend Mr. Westland with his colleagues would resign, and Your Excellency would commission my hon'ble friend Mr. Playfair to form an Administration to carry out forthwith the opinions with which I am in sympathy, there would be no difficulty in coming to a decision. But the facts are far different. Your Excellency is yourself the head of the Executive Government: the Council are not to be deposed by votes of ours. We have no means, except guessing, of even knowing to what extent the Government of India in India, in omitting to impose a duty on cotton fabrics, is acting in accordance with its own opinions or in obedience to instructions from Home. The mover of the amendment does not ask us to reject the Bill: he merely wishes it to be recommitted. It seems probable that nothing would be changed by the Select Committee, and when the Report came to us we should be in exactly the same position that we are in now. But an interval of trouble and uncertainty would have been passed; and your Excellency's Government would have been put to great inconvenience, and the public service would have been obstructed. All that we should have done would have been to enter a protest, and that is what I understand to be the purpose of the amendment. But in my judgment the reduction of business to a dead-lock is an expedient which requires absolute necessity for its justification. In this case the necessity is not apparent to me. There is no reason to believe that the high authorities in England, who are the ultimate rulers of this country, have ever realised the extent and depth of the feeling which exists here on the subject of these cotton-duties. The meetings which are being held from one end of India to the other, the writings in the papers, the proceedings in this Council, must convince them that this opposition is practically universal and most thorough and sincere, and cannot be disregarded with safety. I cannot believe that, when the strength of this growing agitation is recognized, the Government will persevere in a course of action which to people of all trades and professions and of all nationalities in India appears to be incompatible with the interests of this country.

"Because I feel confident that the question will be reconsidered and our object thus gained, I deem it my duty not to vote in a manner which I think would tend to cause serious inconvenience to Your Excellency's administration."

The Hon'ble FAZULBHAI VISHRAM said :—" My Lord, I have joined in the partial dissent from the Report of the Select Committee, because as a member of a large community vitally interested in the industrial development and material prosperity of this country, and as a commercial man not wholly unacquainted with the economic condition of the people, I feel it my duty to record an emphatic protest against the exclusion of cotton goods from the operation of the Tariff Bill. My Lord, I have tried to acquaint myself with the reasons which have induced Government to make the exception in favour of such goods, but I have failed utterly to apprehend or appreciate the force of those reasons. That they have wholly failed to satisfy the public opinion of India is a matter of notoriety. That the reasons assigned have no valid foundation I shall endeavour to show in a few words. It has been suggested that if imported cotton goods were subjected to a duty there would be grave difficulty in the case of the products of the mills in Native States, for it is said neither could customs be conveniently realised on them on the British frontier, nor would it be just to raise an excise-duty on such goods. But when we fully understand the facts connected with this argument we shall see how fallacious it is. There are at present 141 cotton mills in India, of which only eight or nine are in Native territories, and out of these eight or nine six only weave cloth! The obstacle therefore which, as suggested, wears an aspect of formidable dimensions, loses all its weight, all its force, when you examine its real application. But there is more than this. These mills in Native States, like the mills in British India, only turn out coarser cloths and yarns of the lower counts. Throughout the discussion which the proposed measure has given rise to in the country, nobody has suggested that such articles of coarser make or coarser counts should be subjected to duty. What Indian public opinion contends for—and on this point Indians and Europeans seem absolutely at one—is that there is absolutely no reason, no justification, for excluding the finer cloths and finer yarns from duty. If they are made dutiable, the whole difficulty as to cotton goods imported from Native States vanishes. And so does the idea which seems to haunt the mind of the English manufacturers that duty on imported cotton goods mean protection on goods made in this country, for, as I have already ventured to point out, we make in this country cloths of coarser texture and yarns of coarser count, which we do not suggest should be made dutiable.

" The exemption of goods to which I am referring from the operation of the Tariff Bill is, in my humble opinion, politically and economically unwise. It is not my province to discuss politics in Council. But, my Lord, I cannot help

1894.]

[*Fazulbhai Vishram; Sir Griffith Evans.*]

seeing the impression the exemption has created in India. The impression is that India is being sacrificed to English interests. Right or wrong that impression prevails among all classes of the community, high and low, European and Native. They say that the currency measure has been rendered a nullity owing to Lombard Street; and now justice is denied to India in view of Lancashire. I am only referring to the opinion in the country which is daily gathering force and increasing in volume. Is it wise, is it right, I venture to ask, to give cause for such an impression about the beneficent British rule? We see that the Government of India is face to face with a grave financial difficulty; that it has an enormous deficit to meet, which may become still larger if English exchange were to go down further. I will not pause here to enquire how this has happened, or whether it would not have been obviated by means other than by imposing additional burdens on the people. Nor do I wish to travel out of the range of the present discussion by enquiring why no real effort was made to give effect to the currency legislation of last year. What I do say, and say emphatically, is that I utterly fail to understand why cotton fabrics imported from England to India should be exempted from taxation, when it is perfectly well known that the incidence of that taxation would fall in the main on the well-to-do classes here who use the fabrics which we suggest should be taxed. Such a tax, if imposed, would not only go a long way to making up the deficit, but probably help, in some degree at least, in erecting a balance of trade in favour of India and thus give some stability to our currency. If, however, the Tariff Bill passes as it is, India will not only lose a much-needed revenue, estimated at about 130 lakhs of rupees, but a penalty will be imposed upon her cotton productions. For instance, Bombay will be handicapped to the extent of the additional five per cent. which her mills will have to pay for English stores—not coal, referred to by a previous speaker—besides the further disadvantage which the lowering of the China exchange, in consequence of the duty on silver, will bring upon her. Thus, in addition to Lancashire, even Japan will be favoured at the cost of India.

“With these remarks, my Lord, I beg to support the amendment.”

The Hon'ble Sir GRIFFITH EVANS said:—“My Lord, this matter which is before the Council to-day is a matter of very great gravity. The difficulties of the situation are very great, and I did not come here with a light heart in the belief that it is a simple thing to decide one way or other; but the situation, as the Council will see, is one which, so far as my experience goes, is quite unparalleled. This is the position. The Financial Member has shown us a financial statement, not the whole Budget. It is sufficient for the purpose of establishing that it

is necessary to raise money, and that there is a deficit of $3\frac{1}{2}$ crores to be made up, and he proposes to meet this by levying general import-duties, exempting cottons, and including a tax upon petroleum. The general import-duties bring in about Rx. 1,200,000 and the petroleum-duty brings in Rx. 200,000. The total of that comes to Rx. 1,400,000, and the rest of the $3\frac{1}{2}$ crores is unprovided for by taxation. It is not explained as yet how this deficit is to be met, but one thing is apparent and cannot be denied, and that is that the only way in which it can be met or diminished is by absorbing what is called the Famine Fund, or, more accurately, the famine surplus, and making so-called retrenchments; that is to say, starving the country to such an extent so as to cripple the administration and stop all progress. The cotton-duties would amount to a considerable sum—Rx. 1,350,000; but the Financial Member will not take this money, although the money is urgently needed, and although it is there to his hands and the financial situation clearly demands it. The reason he has given for not taking it is to be found in his short statement that 'Her Majesty's Government are not prepared at present to sanction the inclusion of cotton yarns or cotton fabrics among the articles declared liable to duty.' This intimation has been received all over India, as you have heard from previous speakers, with an unqualified storm of indignation. The Hon'ble Mr. Lee-Warner admitted that the opinion was solid in India. Your Lordship has heard from various non-official members in Council and from the Hon'ble Mr. Stevens how very strong and widespread the feeling is. Alone amongst them the Hon'ble Mr. Clogstoun has, by the light of a lively imagination come to the conclusion that he will yet see the country welcoming this shapeless and inadequate measure. I think I may almost say that there is no one in India who doubts that if the Government of India were left free in this matter neither they nor any sensible financiers would have exempted cotton-goods.

"Now, why is it this indignation is felt so strongly? The reasons are not far to seek. I must, in order to explain it, call the attention of the Council to how the matter stands with regard to these import-duties. These duties were repealed in 1882 finally. They were repealed at a cost of over £600,000 in respect of the cotton and £560,000, I think, in respect of the general import duties, making a total of over a million. Now, it is perfectly true that in 1878 there was a resolution of the House of Commons that these duties ought to be abolished because they were protective in their character, and ought to be abolished when the finances of India permitted it. But that objection had ceased before 1882, for they had been confined to the finer class of goods in which India did not, and does not, compete. I have here the words of Sir Evelyn Baring

1894.]

[*Sir Griffith Evans.*]

in 1872, in which he admitted distinctly and categorically 'that direct protection to local manufactures no longer exists.' But he put his objection to the cotton-duties on other grounds, and he, being determined then, having a surplus, to repeal those duties, did—as every financier would do under the circumstances—make the case as strong as he could against them. But when he had done that he turned to the general import-duties and he rent them. He showed upon all kinds of grounds that they were protective, that they were taxes upon raw material in many cases, and, after having dealt with them in the most ruthless manner, he wound up by saying—'The arguments in favour of abolishing the general import-duties are even stronger than those which may be adduced in respect of the abolition of the cotton-duties. The maintenance of the former, if the latter are to be abolished, would from every point of view be open to objection.' The abolition took place because these import-duties were objectionable and Government considered they were sufficiently well off to do without them.

"This then was the position in 1882—that there was a large tax upon the finer kinds of cotton goods. It admittedly was not protective, and it was not pretended that it was abolished because it was protective. With regard to the question whether it was protective or not before it was reduced in 1878, I will not trouble the Council at any length. Anybody who wishes to consider the matter will find from the able speech of Mr. Mandlik of Bombay in 1886, at the time when the income-tax was proposed, that he adduced many arguments to show that, as a matter of fact, there was not any large competition in coarse goods between Manchester and the Indian mills. The real competition in the coarse goods was between the Indian mills and the handloom weavers. The objection of protection then had, as a matter of fact, been met by 1882, and the matter stood in this way, that except for certain inconveniences—and they were less than the inevitable inconveniences of a general import tariff—there would have been no reason for taking them away. Now, it has been suggested apparently that in seeking to re-impose those taxes we are proposing to strike a deathblow at Lancashire—so the Hon'ble Mr. Clogstoun seems to think—and that we ought to beware of doing anything of the kind. I entirely agree with what has fallen from one Hon'ble Member that there is a solidarity of the Empire, that there ought not to be a war of tariffs or an attempt to injure or destroy each other; live and let live. But what we complain of is that this is not being carried out.

"It is clear that duties on the finer cottons are not open to objection on the ground of protection or anything of that kind. There may be inconvenience; that cannot be helped. When you come to the coarser goods there is

no doubt the question how far it acts as a protection, but if it were desired to tax these coarser goods, and if an excise duty were necessary for that purpose, I do not suppose the ingenuity of the Financial Member would fail him in finding a means of putting on an excise-duty. That particular question is not, however, before the Council. Then, as regards the handloom weavers, it is as absolutely absurd to suggest that Manchester or the Indian mills would suffer and be crushed by the protection to handloom weavers of a duty of five per cent. as it would be to suggest that a first class English racehorse would be crushed by having to carry five pounds more weight in a handicap than a 14-hand Arab. The handloom weavers have been beaten and were beaten before the duties were taken off, and therefore we need not trouble ourselves further on this point. Then, if you will look at the need of a tax, it is, of course, evident that the money is much required and that the tax is a tax which would enormously lighten the situation and relieve the finances of India, and ought to be put on unless there is some very serious objection; that it is a tax upon which everybody is agreed—officials, non-officials, Natives and Europeans, and, if we may trust the papers, the whole of the Secretary of State's Council. There is, as a matter of fact, a consensus of opinion which I have never seen paralleled since I have been in India, and it is an exceedingly sad thing to see that, for some reason or another, the Home authorities, with whom the ultimate power rests, for the present, at any rate, seem insensible or indifferent to that fact. What may be the reason I do not know, but can guess. I do not entertain the same views as one hon'ble member expressed—that is, I am unable to look with intense admiration at the great vigilance with which the English Parliament scrutinizes the Indian Budget. As a matter of fact, the Indian Budget is brought in at the tail end of the session and listened to usually by empty benches. But we know that there are other influences which do cause people under the exigencies of party warfare to do regrettable things. We hear this from both parties. We have read the most eloquent denunciations by Mr. Gladstone of the manner in which a Tory Government and a Tory Viceroy repealed a large portion of the cotton-duties in 1879 without any consideration of the distress or necessity of India, and how unfair the manner was in which it was done. We know that such things do happen from the exigencies of party warfare, and there is no doubt that the public in considering this matter does not live in a band-box, and is not able to exhibit that wonderful and childlike faith in the all-seeing wisdom of the Secretary of State for India and Her Majesty's Government which is a most valuable possession to those who have got it, and which is particularly desirable for persons with tender consciences.

1894.]

[Sir Griffith Evans.]

"With regard to the Government in India, apart from what one can gather from the Financial Statement, I do not think that anybody who is acquainted with the *personnel* of that Government would credit them with having originated this measure or with having decided of their own free will not to include cotton fabrics in any shape or form. As regards the Financial Member, no one would credit him with it. He is too well known. His genius for finance, his grasp of the situation, his fitness to ride out a financial storm, are all well known, and when we find him taking tithe of 'anise' and 'cummin,' two of the articles to be found in Schedule No. 3, and neglecting the weightier matters of finance, to wit, the cotton fabrics, one knows that it cannot be of his own free will. I observe that 'mint' has unaccountably been omitted, possibly lest the scripture should be fulfilled. Or, again, when we find the Financial Member—when we see a man of his grasp and power—grovelling in the dust heaps of the third schedule for 'fish maws' and 'sharks' fins' to meet a deficit of $3\frac{1}{2}$ crores, we feel very much like what the ancient Assyrians must have felt when they saw Nebuchadnezzar going on all fours and eating grass under the compulsion of the Higher Powers. It is a pitiable spectacle.

"As to the attitude of the members of this Council, as regards the non-official members I would only say this, that so far as I am able to ascertain, and certainly speaking for myself, the attitude is one of a desire so far as possible not to embarrass Your Excellency's Government but to give every assistance and sympathy. Still, when this matter is so scandalous and felt to be so, they have no option except to do what they can to stop it. As for the official members, I can say nothing; they are able to speak for themselves. The legislative members have vindicated their privileges of free speech and free vote, whether on a Government measure or not. As to the difficulties with regard to voting on this particular motion, I entirely sympathise with the difficulty which the Hon'ble Mr. Stevens sets forth. After having fully stated his opinion, he points out the difficulty he feels with regard to voting for this motion. I extremely regret that the form of the motion is obliged to be what it is, and I ought to explain particularly to the Council why it is so. I should much have preferred to have had a plain and direct motion that cotton fabrics be included in the schedule. But I understand from the Hon'ble Mr. Playfair that an objection was raised that this would be beyond the competence of a private Member of Council, because it would be introducing a measure of taxation. Whether that is so or not need not be discussed at the present moment. At any rate, the Hon'ble Mr. Playfair did not consider it desirable, under these circumstances, to raise this question, and therefore he put the form

of the motion in the only way in which he could in order to raise the question. Two courses only were open. One was to vote simply against the passing of the Bill, and the other was to have a discussion at an earlier stage and move, as he has done, that the Bill be recommitted to the Select Committee. I understand the feelings of my hon'ble friend Mr. Stevens, because, of course, it cannot be certainly known what the action of the Secretary of State would be if this motion was carried. If the Secretary of State still refused his sanction to the inclusion of cotton fabrics, it may be that nothing would have come of it except a deadlock, or it may be the Secretary of State would yield to the unanimous feeling of the country backed by the action of the Council. We who have supported the motion have come to the conclusion that, on the whole, it was the best course to adopt on the ground which I shall explain.

"We are placed in this position. It is within its legitimate powers for the Council to take the step of practically refusing to pass this Bill unless the amendment is made, and it is possible that the Secretary of State on that refusal, considering the deadlock to which matters may be brought by it, may change his mind. We are very loth to propose such a motion at all, and it is undoubtedly a choice of evils, and it is quite open to anybody to come to the conclusion that the lesser evil is to allow the Bill to be passed with a protest if an amendment cannot be made as my hon'ble friend Mr. Stevens has said. On the other hand, I have come to the conclusion that, on the balance of convenience and inconvenience, it is better for us to press this motion, and my reason is this. The feeling is exceedingly strong and it is exceedingly bitter. The sober judgment of the country is against the decision come to by Government, and that sober judgment has been quickened into indignation by the feeling that this does not belong to the class of excusable errors of judgment, and is not a decision which could be arrived at by anybody on a real consideration of the true interests of India. If there were such a spectacle before us as that of Lancashire about to be starved by a protective duty, there would be reason for the exemption of cotton fabrics from this measure, and I would be the last person to take the line that we are advocating. But there is nothing of the sort proposed. The feeling of indignation is so exceedingly strong that it is most desirable that in some way or another it should be put an end to. Nothing is worse in India than agitation of any kind, and agitation of this sort, where we are placed really in this position that it is difficult for us to maintain our proud boast that we honestly believe that, barring errors of judgment, India is being administered in her true interests, is doubly injurious. When one sees the Secretary of State, in the exercise of his absolute power, demanding the Bill

1894.] [Sir Griffith Evans; Dr. Rashbehary Ghose.]

in its present form from the Government in India, one is reminded of Alladin and the Roc's egg. I feel that unless some steps are taken to stop this injustice there will be a very strong feeling of discontent and injury throughout the country, and what makes it worse is this, that it is the only time that I can remember when everybody, official and non-official, Native and European, is of the same opinion. In these circumstances I deem it best to ask this Council to take steps to terminate the situation by a vote which will render it necessary for the Secretary of State to reconsider his decision at once and, if possible, avoid discredit to British rule. The step taken is an unusual one, and opinions may differ as to its being the right one; but, on the whole, so far as I can see, it seems to be the only one open to us, unless we are content simply to make a protest and then allow the Bill to be passed without recording our votes against it in its present form. The situation is one, so far as I am aware, which has no parallel within the time I have been in India. Under the circumstances, I can only hope, if, as seems probable from what has been said by various speakers, this motion is lost, the Secretary of State may still reconsider the matter."

The Hon'ble DR. RASHBEHARY GHOSE said :—"I have no hesitation whatever in supporting the amendment moved by the Hon'ble Mr. Playfair, who represents the mercantile community in this Council. I venture to think that the exclusion of the cotton-duties from the Tariff Act would be not only a cruel wrong to the people of this country, but a grave scandal as well as a financial and political blunder, to which the famous saying of Tallyrand might well be applied. We are all aware how public opinion has condemned the proposed exclusion. Not a single dissentient voice, at any rate outside the Council Chamber, has been heard—not one jarring note of discord. The Hon'ble Mr. Westland, in introducing the measure, referred to the emarrassed condition of the finances, and said, rightly enough, that he was obliged to cast his net very wide. He might also have added that the meshes of this net are very fine; for besides the articles to which attention has been drawn by the Hon'ble Sir Griffith Evans, we find that the schedule includes the cassia nut and the common shell; but notwithstanding the gravity of the condition of our finances, notwithstanding the obvious necessity for casting the net very wide, notwithstanding the extreme fineness of its meshes, cotton fabrics are conspicuous by their absence.

"It is said in the Statement of Objects and Reasons that owing to the emarrassed condition of the finances it has been decided to increase the revenue by the imposition of indirect taxation in the form of import-duties, and that the present Bill practically re-imposes the Tariff schedule of 1875 with some excep-

tions, of which the most important is the omission of duties on cotton yarns and goods. Now, one would think from the language here employed that cotton yarns and goods do not form an important part of our imports, and although they are excluded we are practically restoring the Tariff Act of 1875. But what is the actual state of things, and what would the intelligent foreigner who is said to be always with us think of the omission if he was told that the goods which are advisedly omitted constitute nearly one-half of the total imports? What would be his surprise if he should read the speech in which the Bill was introduced by the Hon'ble Finance Member? That speech contains an able defence, if I may say so, of import-duties when the interests of the Exchequer require that such duties should be imposed. But for any justification of the invidious distinction in favour of the cotton goods which come to us from Lancashire he would seek in vain in the utterances of the Finance Member beyond an echo, somewhat faint, from the report of the Herschell Committee that the duties on cotton goods were the subject of vehement attack in England, and that any attempt to re-impose them would meet with great opposition. But opposition from whom? Not from the people of this country, not from the people who would have ultimately to pay those duties, as the intelligent foreigner in his innocence might imagine, but from the manufacturers, the merchant princes of Lancashire!! It has been suggested that an import-duty on cotton goods would be a protective duty and therefore objectionable. But the answer may be given in the words of an eminent living English statesman whose name will always be dear to free trade. 'There is not,' said Mr. Gladstone from his place in the House of Commons in 1879, 'a free trade Government in this or any country which has not freely admitted that the state of the revenue is an essential element in the consideration of the application even of the best principles of free trade.' These words were quoted with approval by Major Baring in 1882 and have been repeated by our present Finance Minister; and here I cannot resist the temptation of citing another passage from the same speech which possesses a peculiar appropriateness at the present moment. It is to be found in one of the memorials on the table. Mr. Gladstone said:—

'With regard to the remission of import-duties, there seems to me to be something distinctly repugnant in the way it has been done in the time of India's distress and difficulty by the Government of a party which has done all in its power to retain every protective duty in this country, and which, from year to year as the occasion arises, advises the Crown to assent to Colonial Acts imposing fresh duties upon British manufactures. What an invidious, almost odious, picture of inequality we exhibit to the millions of India. The free trade doctrines that we hold so dear, that we apply them against the feelings of

1894.]

[*Dr. Rashbehary Ghose.*]

the Indian people in their utmost rigour and without a grain of mercy, disappear in a moment when it is a question of dealing with those whose interest and opinions we cannot lightly tamper with, namely, the free colonists of the Empire ?'

"In this connection I may be permitted to refer to the opinion of another well-known apostle of free trade in our day, the late Mr. Fawcett, who was known—and, if I may say so, worthily known—as the friend of India in the House of Commons. Mr. Fawcett, in a well-known treatise of his, draws a distinction between a protective duty properly so-called and a duty imposed merely for revenue purposes, and he points out, with regard to the duty on Manchester goods, that it could not be treated as a protective duty in the proper sense of the expression. But, even if it was a protective duty, are protective duties in the shape of bounties to native industries so utterly unknown in the rest of the world, so utterly unknown even in British colonies, that we should shudder at the bare mention of protection? I submit that a light duty of five per cent. cannot possibly be regarded as a protective duty; and this conclusion does not rest on speculative opinion only, for we are not altogether without experience. What has been the effect of the removal of the duties on Manchester goods? Has Manchester been able to drive Bombay out of the cotton market? No. But, as Macaulay says in speaking of legislation regarding Irish industries by the English Parliament, the jealousy of commerce is like the jealousy of love; it is as fanciful and as unreasonable, and the accomplished historian might have added, it possesses another well-known attribute of 'the green-eyed monster'—it is as cruel as the grave.

"Then, again, the difficulty of excluding a particular kind of goods like Manchester fabrics from the Indian tariff is so obvious that it is hardly necessary to insist upon it. This was pointed out by Major Baring, now Lord Cromer, in one of the speeches quoted by the Finance Minister in his speech in introducing the Bill. In making a clean sweep of the import-duties from our tariff in 1882, Lord Cromer spoke of the 'destructive' forces which had been introduced by the partial abolition of the cotton-duties in the year 1878. He said:—

'Apparel of many kinds, hardware, jewellery, innumerable manufactures of metal, provisions and stores of many kinds, spices, sugar, tea, tobacco, with raw silk and fabrics of silk and wool, are all made in India, some to a large extent, and every import-duty on them is protective. On what principle, again, are silk and woollen goods, or goods having cotton mixed with silk and wool, to be denied the exemption accorded to cotton goods? "The duty on *woollen fabrics*," the Calcutta Trades Association rightly argues, "must, if only for the sake of consistency, follow the cotton-duties."

- [Dr. Rashbehary Ghose; Mr. Westland.] [10TH MARCH,

"To-day it is Manchester, to-morrow it may be Newcastle, the next day it may be Birmingham, and so on from day to day till there will be nothing left to tax except sharks' fins and shells. I repeat that a duty on cotton goods cannot be objected to on the ground that it would be protective. But suppose I am wrong; cannot the objection be met by imposing an excise-duty on home manufactures? The thing is not impossible and certainly not above the ingenuity of our able Finance Minister. In fact, it may be necessary at any time, if exchange suffers a further decline, to impose an import-duty on cotton-goods, which must in the opinion of some persons be accompanied by an excise-duty on home manufactures; but then there is another and a more unexceptionable way out of the supposed difficulty. There are some kinds of cotton yarn and goods used by the wealthier classes only which cannot be produced in India, and an import-duty levied on such goods cannot possibly, even by the warmest admirers of free trade, as against fair trade, be regarded as protective. Some side issues, as I may call them, have been raised by Hon'ble Members. The unequal incidence of the income-tax as well as the additional burden placed on our finances by the exchange compensation allowance have been introduced into the debate. These, however, are questions upon which I do not now propose to enter. They may well wait till the Budget comes up for discussion. We have had as yet, if I may say so, merely the first instalment.

"My Lord, I have done; but before I conclude I must say that the fair fame of England for just dealing, which cannot, if I may say so, be too jealously guarded, is at stake. The spell which she has so long exercised over her subjects, a spell more potent even than the bayonet or the sword, which holds in loyal submission her vast empire 'broad based upon the people's will'—is in danger of being broken. At such a moment as this we owe it to ourselves—we owe it to the country—we owe it to the Government under which we have the happiness to live—to give timely warning. Our warnings may be unheeded—our protests may be disregarded as 'a tale of little meaning' 'chanted by an illused race of men'; but we shall at least have the satisfaction of having done our duty—a most painful, but I need hardly add, under the circumstances, a most imperative duty."

The Hon'ble MR. WESTLAND said:—"When I brought the present Bill before Your Excellency's Council at its meeting of 1st March, I was more concerned to show the necessity out of which arose the demand for new fiscal legislation than to explain the reasons for which it had been determined that we should not at the time go further than we did in the proposals laid before the Council.

1894.]

[Mr. Westland.]

It must, however, have been sufficiently evident that when we stated that our resources were at the present moment behind our requirements by Rx. 3,500,000 and brought forward demands for fiscal legislation which covered only Rx. 1,400,000, we either had some particular justification for not pressing further demands upon the tax-payers, or we had some other legislation in view. The necessity of our declaring our intentions in this matter was brought before Your Excellency's Government by the Bengal Chamber of Commerce; and Your Excellency's Government, recognizing that our public critics were justified in urging their inability to pronounce upon the present proposals without knowing something more of the full scheme of the Government, at once communicated to that Chamber and to other similar bodies the fact that no other proposals lay behind the present one; in other words, that the Government of India did not intend at the present moment to fill up by new revenue the whole of the estimated deficit.

“‘The appetite comes in the eating,’ and I am to-day assailed with fresh enquiries as to intended measures. It is not desirable for me to anticipate otherwise than in a very general way the statement I shall have to make in a week or two to the Council as to the measures by which we mean to carry on the finance of the Government for the ensuing year, but, so far as I can, I shall try to meet the demands. The fact is that our Budget discussions are not yet complete, and there are measures still unsettled upon which Budget results depend. I do not mind admitting that I do not expect to show a revenue equal to the expenditure I shall have to meet. I cannot say as yet how far we can enforce economies so as to reduce our expenditure for the year as nearly as possible to the level of our means. But I may say at once that this is the main staple of our proposals in addition to the measure now before the Council. As regards the question of Council Bills, again I must say that until the Budget date approaches the Secretary of State may reasonably object to our announcing measures which he is still at perfect liberty to modify. But I am unwilling to refuse even this information, so far as I may give it. All I can say is that in the Home Estimates, as they lie before me, the Secretary of State does not propose to increase his drawings over the year's requirements in order to pay off the temporary debt. The precise figures will be announced in due course, and will be accompanied with the usual reservation of entire liberty to the Secretary of State to vary the amounts drawn or borrowed, as he may find occasion.

“The view which Your Excellency's Government has taken is that we are at present in a transition period, and that whatever measures we take—

whether they are sufficient or insufficient to fill up the deficit in the accounts of the year 1894-95—they must be looked upon as only provisional and temporary. We are still passing through—it may be said we have only just entered upon—that currency crisis upon the settlement of which depends our future finance. Whether we shall be able to establish our rupee at what we may call a favourable figure is a question the solution of which must practically be left to experiment. Until two months ago circumstances were against us, and the experiment was practically in suspense. The period during which we have been able to watch the effect of commercial operations upon our currency is not yet more than a few weeks old—far too short a time to enable us to judge whether the falling rupee is to carry us into perpetually increasing difficulties, or whether a recovery from its present low figure is to give us some respite from our financial troubles and anxieties. Even since my statement was laid before the Council there has been a change—whether it is merely a temporary one or not, it is nevertheless an important change—in the aspect of the matter. Time has not yet declared on the one side or on the other, and it is impossible for any one as yet to pronounce whether our financial position is going to improve or going to deteriorate. It is a serious confession to make, but it is nevertheless true, that our financial position in the immediate future depends upon circumstances absolutely outside our control, and that we can do little more than watch in what direction the forces are working which will in the end either bring us security from these perpetual variations or still more serious troubles than any we have yet had to provide against.

“ This then is the position we had to meet. Do what we will, the year 1894-95 must be a transition period—a period at the end of which, we have every reason to hope, we shall be far better able than we now are to judge in what direction our finance is progressing.

“ Under these circumstances the question that presented itself to us was whether we were to assume that all hope of the recovery of the rupee, within some measurable distance of time, was lost, and to adopt heroic measures which would place ourselves at once in a position to meet our current rate of expenditure, even with the rupee at fourteen pence ; or whether we should for the present adopt a policy of waiting for further developments, making all the temporary arrangements we could for tiding over a year of extreme difficulty, and meantime merely lay the foundation of the fiscal measures to which, in the event of our ultimately having to fill whole estimated deficit of $3\frac{1}{2}$ crores, we would be obliged to have recourse. For, as I carefully pointed out in my speech of 1st March,

1894.]

[*Mr. Westland.*]

when the present Bill comes into operation we shall have at our disposal, not merely an additional revenue, but an additional source of revenue.

“The question of the imposition of the cotton-duties was practically the question between these two methods of procedure—the question between the final adoption of a complete scheme, intended to re-establish our finance, even at the present diminished value of the rupee; and the adoption of a scheme, admitted to be a partial remedy only, but offering possibilities of extension hereafter, if that farther experience, for which we must in any case wait before knowing what our real permanent financial condition is, should show that it is necessary for us to make further provision for our needs.

“This is the question which came before the Government of India and, so far as I am in a position to judge, from the tenor of our communications with England, before Her Majesty’s Government in England. In dealing with it we, on our part, necessarily had before us the past history of the cotton-duties. The action of the Government in respect of these duties was taken under instructions received in consequence of resolutions passed by the House of Commons. The first of these, which it is unnecessary to say did not open a new question but was a pronouncement upon a matter that had been receiving public attention, was dated 11th July, 1877, and was in the following terms:—

‘That, in the opinion of this House, the duties now levied upon cotton manufacture imported into India, being protective in their nature, are contrary to sound commercial policy, and ought to be repealed without delay so soon as the financial condition of India will permit.’

“This resolution was transmitted by the Secretary of State as an instruction to the Government of India.

“Two years later, a partial remission of these duties having taken place, another resolution was passed by the same House, under date 4th April, 1879. It was in these terms:—

‘That the Indian import-duty on cotton goods, being unjust alike to the Indian consumer and the English producer, ought to be abolished, and this House accepts the recent reduction in these duties as a step towards their total abolition to which Her Majesty’s Government are pledged.’

“The policy of this resolution was, as is well known, carried into effect, and we have loyally stood by it for fifteen years, comparatively few of which have been free of financial difficulty.

"While this resolution of the House of Commons stands on record, we must admit that the question of these duties is not open to our discretion in the same sense as the duties on other articles of the tariff. The question, however, was taken up and anxiously discussed by the Government of India whether the present circumstances constituted such financial stress as would warrant us in reversing the policy of fifteen years, or rather in claiming that the conditions attached to the resolutions themselves—*vis.*, the ability of the finance to stand the strain—had ceased to be effective.

"I have stated to the best of my ability the question as it presented itself to our minds, and as I presume also to the minds of Her Majesty's Government. It is useless for me to enter further upon a discussion of what may be said on the two aspects of the question.

"I have listened with instruction to the arguments in favour of cotton-duties put forward by the mover of the amendment. If the matter were left to my discretion, I dare say I would incline in the direction of the Hon'ble Member's amendment. It is so much more easy for a Finance Minister to work with flowing treasuries, and to be able to meet this demand and that demand, which I am obliged to admit to be necessary in the interests of the public service. It is so much better for my personal reputation to present a budget in which, with the acclamation of the tax-payers themselves, I have taken heroic measures to make our revenue sufficient for our expenditure. I look forward with dread to my duties in the coming year, to my being obliged to refuse every demand that comes before me, however strongly backed. I admit that I have to come down from the regions of high finance to grovel, as Sir Griffith Evans says, among fish-maws and shark-fins; but these articles, notwithstanding their obnoxious name, will bring me in sufficient revenue to pay the salary of a High Court Judge for half a year, and I prefer to regard the rupees rather from the standpoint of their noble use than from that of their ignoble origin. Every consideration would induce me, personally, to support the proposal to fill my treasuries with the duties levied on cotton. But I admit there are arguments on the other side. Like any other question of imperial policy, the matter is one for the decision of Her Majesty's Government, and I stated that decision on 1st March in words which were carefully chosen so as to express what I understood to be its precise effect. The decision was explained in my speech, and I think it was also explained by Her Majesty's Secretary of State on a recent public occasion (for which, however, I have only the authority of the public telegrams), to have been come to purely with reference to present

1894.]

[*Mr. Westland.*]

circumstances. We accept the conditions of severe economy and retrenchment which it imposes upon us for the next twelvemonth; but it is a state of financial strain which, though it may be possible to endure it for that period of time, will certainly demand relief at the end of it, unless that relief comes to us in the shape of an unexpectedly rapid recovery of the value of the rupee.

"I am anxious to clear up one misapprehension as to my meaning on 1st March. I was desirous to explain exactly what the fiscal question in my opinion was, and I referred to the difficulties of imposing a countervailing excise-duty in India. It seems to have been thought that I wished to urge that this difficulty was a reason, either to my mind or in the opinion of the Secretary of State, for refusing to impose these duties. I do not know how far these considerations may weigh with the authorities at home. But, speaking for myself, I do not admit the validity of the objection made to the duties on the ground of their protecting an Indian industry against a foreign one. I shall not enter upon the question whether that course of procedure, if it were adopted, would be so wicked a course after all. I need only say that India as a manufacturing country is not yet out of her tutelage, and, if any industry in the world deserves protection, it is the cotton industry of India, the only real indigenous industry which has sprung up in this country—an industry, moreover, on which our present currency difficulties have compelled us, in the interests, as we believe, of the country generally, to inflict a certain amount of injury. But, however we may admire free trade as a goal to be aimed at, we must not, when we are driven to the imposition of import-duties, be too ready to raise the cry of protection. As Sir John Strachey said in 1878, India, by the extent and favourable conditions of its territory, is capable of producing almost every article required for the use of man. He argued thence that any import-tariff in India must be actually and potentially protective; and that as countervailing excise-duties were generally costly, vexatious and inconvenient, and in India in most cases impracticable, it was a hopeless task to construct a tariff for India which could be theoretically free from the protective objection. If, therefore, we require the money (as is the case at present), and are compelled to have recourse to import-duties in order to raise it, we must not set up for ourselves an impossible standard, and regard the possibility of protective action as an argument against the validity of the tariff.

"I quote the following passage from Sir William Muir's speech in introducing the Tariff Bill of 1875 :—

'No doubt the argument is theoretically correct that, where a commodity is produced at home, we should either free the import of that commodity, or excise its produc-

tion to an extent equivalent to the import-duty, or altogether prohibit its production. But, if Hon'ble Members will cast their eye down the import schedule, they will find hardly any article which, in consequence of the vast area and varying conditions of our soil and climate, cannot be more or less produced in some part of our dominions. The argument, however perfect in theory, would prove too much in practice; for I presume no one will contend that, in deference to mere theory, we should surrender our whole revenue on imports of £1,700,000. And, in point of fact, the duty is so low that it cannot perceptibly affect the trade. This was evidently the opinion of Mr. Laing. In his Financial Statement of 1861, when vigorously denouncing all protective duties, and asserting that they "certainly could not be maintained for a couple of years," he at the same time admitted an exception where the import-duty was "so small that it would be palpably not worth while to establish a countervailing system of excise." The duty on cotton piece-goods was then 10 per cent., and that on yarn (reduced by him to) 5 per cent.; it is now but 5 and $3\frac{1}{2}$ per cent., respectively. His views are still more explicitly stated in the following passage delivered on the same occasion:—

"Free trade does not mean that there shall be no taxes; but that taxes shall be levied solely with the view to revenue, and not partly for revenue and partly for protection.

"That every customs-duty on an imported article should have a corresponding excise-duty on similar articles produced at home has therefore become an axiom; and it admits of only one exception, where the amount of import-duty is so moderate that it does not seriously affect trade, while it makes it obviously inexpedient to establish an excise machinery for the sake of levying a trifling duty.

"This is the case with regard to corn in England, where a duty of 1s. a quarter, equal to 5 per cent. on the cheaper sorts of foreign grain is retained, and it is precisely our case with regard to piece-goods."

"I do not admit that the Manchester trade is so reduced in the world that it can no longer fight a fair fight. In respect of most of the Manchester products India cannot compete; the finer goods which Manchester mainly sends out to this country are beyond the power—at present at least—of Indian manufacture. India in fact cannot produce the cotton requisite for their manufacture; the climate too, as I understand, is in some cases unsuited to the processes involved. The provinces of Indian manufacture and of Manchester manufacture to a certain extent overlap, but the area which Manchester occupies, and must continue to occupy, without competition, is very wide and comprehensive. I would appeal to the Manchester manufacturers themselves to be content with the unrivalled position which their manufactures occupy, and must continue to occupy, in this country, and not to think that their maintenance of it depends upon their enjoying exemptions and privileges in India which they would never dream of asking for in any other British dependency.

"When, therefore, I stated my opinion that an excise-duty involved in India very considerable difficulties, I stated it merely by way of clearing the issues that arise in the case. If the question of the cotton-duties comes up again, as I presume it will if our finances do not improve, it is quite possible, in

1894.]

[*Mr. Westland; Sir Charles Pritchard.*]

my opinion, to discuss its admissibility apart from any question of countervailing excise; for I do not hold that a tax of the kind is such a necessary support to a moderate import-duty that the inadvisability, or even impracticability, of an excise-duty is a proof of the impossibility of a customs-duty.

"And now, my Lord, with reference to my own vote upon the question. I have to bear in mind that the Government of India itself is a creation of an Act of Parliament, invested with definite powers, and subjected to certain restrictions. [We have done our duty in laying the question before Her Majesty's Secretary of State, who, I believe, is fully informed on the subject, and we have taken his decision. That decision he has the constitutional power to communicate to us, and to enforce upon us, even if we do not admit the validity of the arguments which have commended it to him. My duty is to support the decision thus constitutionally arrived at—especially seeing that it has reference only to the question of present finance—and I shall vote against the amendment before the Council."

The Hon'ble SIR CHARLES PRITCHARD said :—"My Lord, I cannot give a silent vote on this amendment, and if I speak at all I cannot consent to conceal my personal opinion on the important subject now under discussion. I feel bound to state that opinion, and then to explain the reasons that impel me to give a vote on this amendment which runs counter to it. My own views regarding the exclusion of cotton goods from taxation under the Indian Tariff Bill are closely allied to those expressed by the Hon'ble Member who has moved the amendment. I should have preferred a measure that would have brought into the Government treasury a more substantial revenue—one that would have effected a greater improvement in our financial position, and have enabled us to avoid part, at any rate, of the impending retrenchments of State expenditure on Railways and Irrigation works. I should have preferred a measure that would have imposed import-duties on a few of the articles of foreign manufacture which the people of India most largely consume and have left free the smaller items, the subjection of which to tariff-duties will only bring in a small amount of revenue, at the cost of some trouble to the trade in its collection; and one that followed more closely the wishes of Indian tax-payers regarding the shape in which they should make their contributions to the Exchequer. But I sit in this Council, not as an independent member, but by virtue of the office I hold as a member of the Executive Council of the Governor General. The Government of India is not an autocratic and independent authority, but is subject to the control and direction

[*Sir Charles Pritchard; Lieutenant-General Brackenbury.*] [10TH MARCH,

of the Home Government. In matters relating to Indian taxation, it is the constitutional duty of the Government of India to formulate proposals in Executive Council, and to submit the proposals it approves to the Home Government, which, in its wisdom, accepts, modifies or rejects those proposals. The duty of giving effect to the decision arrived at by Her Majesty's Government then rests on the Government of India. It was under these prescriptions that the Indian Tariff Bill assumed the shape in which it was introduced into this Council by my hon'ble friend the Finance Member. The question whether cotton goods should be included in, or excluded from, the Tariff schedules was anxiously considered by the Executive Council, and certain representations on the subject, in which I most heartily concurred, were on more than one occasion submitted to the Secretary of State. Her Majesty's Government has considered those representations and, viewing the subject from the wider standpoint of Imperial policy and in its relation to the interests of the Empire as a whole, has decided against the inclusion of cotton goods in the schedules of the Indian Tariff Bill. I must accept that decision and take my part in giving effect to it, and shall vote accordingly against the amendment."

The Hon'ble LIEUTENANT-GENERAL BRACKENBURY said :—" My Lord, I am personally of opinion that in the present financial situation it is desirable, in the interests of India, that import-duties should be imposed upon certain classes of cotton goods, but I intend to vote against the amendment proposed by my hon'ble friend Mr. Playfair ; and with Your Excellency's permission I will state the reasons why I shall thus vote.

"At a public meeting held in Calcutta on Thursday last, in proposing a resolution, which has been forwarded to Your Excellency's Government, calling upon this Council to reject the Indian Tariff Bill, unless it be amended so as to include cotton fabrics, the mover appealed to the members of Your Excellency's Executive Council to vote according to their judgment and conscience. It is my intention to vote according to my judgement and conscience. I cannot conceive that any member of Your Excellency's Executive Council would vote against his conscience, though he may often, in deference to the views of the majority of his colleagues, subordinate his personal judgment to theirs ; or though he may, in concert with his colleagues, subordinate his personal judgment to that of Her Majesty's Government. Every member of Your Excellency's Executive Council holds his appointment under the sign manual of Her Majesty the Queen-Empress, whose constitutional power is exercised by Her Majesty's Government ; and for my own part I cannot think that, as a member of that

1894.]

[Lieutenant-General Brackenbury.]

Council, I should be justified in voting against the orders of Her Majesty's Government. In the unlikely event of orders being received from Her Majesty's Government which I could not obey consistently with the dictates of my conscience, self-respect would impel me to what, in my opinion, would be the only course open to me, the resignation of the appointment which I hold.

"If, for example, orders were to be issued that, rather than impose additional taxation, military expenditure was to be cut down to a point which would, in my conscientious opinion, endanger the safety of British rule in India, I should consider it my duty to resign my post on Your Excellency's Council, because I could not become a party to what my conscience would tell me I ought not to consent to. But in this case my conscience gives me no such mandate.

"The broader question before us is whether import-duties shall or shall not be placed upon cotton goods. I have stated my own opinion that in the interests of India it is desirable that some such duties should be imposed. But Her Majesty's Government have wider interests to look to than those of India alone. Their range of vision is a wider one than ours. They are responsible to Her Majesty for the government of Her Majesty's Empire as a whole; and knowing all the circumstances of this case, knowing the opinions which have been expressed here on this subject, and the feeling shown at public meetings in India, Her Majesty's Government have decided that such duties should not at present be imposed; and I do not consider that, even if the amendment before us raised the direct question whether cotton goods should or should not be subjected to import-duties, I should be justified in pressing my own opinion against this deliberately expressed decision of Her Majesty's Government to the extent of resigning my post at such a time. The Government treasuries are full. There is no question of imminent financial danger or bankruptcy. The most that the immediate imposition of the cotton-duties would do would be to enable us to dispense with certain retrenchments of expenditure, which are to be regretted, or to prevent our decreasing the balance at our disposal. But the financial future is uncertain; and it seems to me that, holding such opinions as I have expressed, it is my duty to remain at my post, and, unless the financial situation improves, endeavour, by such constitutional means as are open to me, to bring about a change in the views of Her Majesty's Government.

"I have thus dealt with the question, which lies at the root of Mr. Playfair's amendment, as a question of conscience only; but, when I consider what the amendment itself is, and what would be the results of accepting it, my judgment tells me that I am right in voting against it. The amendment is 'that

[*Lieutenant-General Brackenbury; the Commander-in-Chief.*] [10TH MARCH,

the Bill be recommitted to the same Select Committee.' What, my Lord, would be the result of accepting this amendment, even if the Select Committee were to consent to include cotton-duties to an extent which would satisfy the mover of the amendment, and if their Report were to be accepted, and if the Bill, thus amended, were to be passed in this Council? We have the certainty that Her Majesty's Government would refuse to allow the Bill to come into operation. The only result of such a course would be, therefore, to prevent the Government of India from imposing such import-duties as it is allowed to impose, to prevent its providing so far as it can for the deficit which it has to face, and to increase the difficulties of the financial situation and the embarrassment in which the Government of India is already placed. To such action I could not be a consenting party, and for these reasons it is my intention to vote against the amendment to recommit the Bill, and in favour of the Report of the Select Committee being taken into consideration."

His Excellency THE COMMANDER-IN-CHIEF said:—"My Lord, following the example which has been set me by other Members of your Lordship's Council, I am anxious to state, but very briefly, the reasons that actuate me in voting against the amendment proposed by the Hon'ble Mr. Playfair.

"In the public discussions that have taken place on the Bill there have not been wanting what I may describe as challenges to members of Your Excellency's Council to vote according to what the speakers assume are the convictions of those members in this case; and it may give colour to the inferences which must be drawn from such challenges if I vote without giving reasons for the view I support. The speakers have confined themselves principally to the question of the exclusion of the cotton-duties in the abstract, without giving due weight to the most important surroundings of that question in the present connection.

"If India had an independent national existence and we were its supreme Government, as one hon'ble Native Member on the opposite side of the table seems to think when he speaks of a reference lately made by the Secretary of State to the views of the Government of India as if that Government only embraced Your Excellency's Council, there would be more force in these arguments; but it is hardly necessary for me to state that this is the exact opposite of the actual conditions, and to act as if we were independent is to shut our eyes to what is the practical political aspect before us, and to run off the line into vagaries which must inevitably lead to a deadlock.

1894.] [*The Commander-in-Chief; Mr. Playfair; the President.*]

"I am glad to say India must still be looked upon and legislated for as a component part of the British Empire, and its wants and interests must be weighed in the balances of imperial considerations. If the interests of each component part were left to its representatives to appraise and to enforce according to their own standard of relative importance, I fear there would be practical difficulties in working the Empire as a whole.

"The British Empire in India is dependent for its very existence on the material aid and support which it receives from Her Majesty's Government. Such dependence has, both in its political and ethical aspects, certain natural obligations, and the first of these obligations is subordination to imperial interests. These interests must be judged, not by the representatives of any part of that Empire, but by Her Majesty's Government, who are responsible for the whole. I believe my duty as one of Your Lordship's Council to be confined to the strongest representation of what, in our more intimate local knowledge, we consider for the best interests of this great Indian Empire, and having so acquitted myself to accept loyally the decision of Her Majesty's Government. I am further convinced that to attempt to govern India on any other principle is to wander from what is practical and safe into what is fantastic and dangerous.

"I am therefore voting according to my conscience and the best of my understanding in opposing the amendment proposed by the Hon'ble Mr. Playfair."

The Hon'ble MR. PLAYFAIR said:—"My Lord, I would only wish to remark that I have listened with the greatest interest to the speeches which have been delivered by Hon'ble Members during this discussion. Whatever the result of the voting may be, I think I may claim a moral victory, and under the circumstances I do not regret having put forward this amendment in the Council."

His Excellency THE PRESIDENT said:—"Before a vote is taken on the amendment, I desire to say only a very few words. I do not think that any good purpose would be served by my entering upon the general debate, or renewing the arguments which my hon'ble colleague, who is in charge of the Bill, has put before you in support of the proposal that the Bill now before the Council should be passed. Still less shall I enter upon any of the personal considerations which have come somewhat prominently before the Council on this occasion. I agree with the main points of the description of individual responsibility which have been given by General Brackenbury. For myself, however much I may regret that the first large measure which has come before

the Council since I have had the honour of presiding here is one that has given rise to so much dissatisfaction, I think there is no one who will doubt that my duty in the matter is plain. The point which I wish to impress upon the Council is this, that it must not be supposed that those concerned in the government of the Indian Empire, either in this country or in England, were not aware that objections could be taken to the form of the proposals embodied in the Bill before the Council. The Acts of Parliament prescribe the procedure by which decisions such as that involving taxation are arrived at, and you may take it that all the proper procedure has been faithfully observed, and that the Bill before us is the result of a decision constitutionally arrived at.

"At the same time, we, who have been entrusted with the government of India in this country, have recognized that in a case like this, where, as in all matters of taxation, it is impossible to allow much time for the various stages of a Bill, it was our duty to obtain for ourselves, and for Her Majesty's Government, all the information available as to the course of public opinion in reference to this measure.

"It has been evident that the very deepest interest has been taken in this measure by all sections of the community, and in all parts of the country. And I do not think I am exceeding my duty in saying that, so far as my observation goes, this keen interest has found an expression perfectly legitimate, and not exceeding the limits of fair discussion.

"I think I can assure you that the views entertained in this country, to which public expression has been given both before and since the introduction of this Bill, have been communicated to the Secretary of State, and fully considered by Her Majesty's Government; and I am able further to state that if after an interval sufficient to judge of the position as affected by the Tariff Act, the course of exchange, and other circumstances, there is no improvement, Her Majesty's Government will be prepared to receive a further representation on the subject.

"In the meantime it has not been possible to alter the arrangements already announced, and it is, therefore, our duty to ask the Council to proceed now with the Bill, and to pass it through its remaining stages.

"The question which I have to put to the Council is 'that the Bill to amend the Law relating to Customs-duties and for other purposes be recommended to the same Select Committee.'"

1894.]

[The President; Mr. Westland.]

The Motion being put, the Council divided :—

Ayes.

The Hon'ble Mr. Playfair.
 The Hon'ble Gangadhar Rao Madhav Chitnavis.
 The Hon'ble the Mahārājā of Ajudhiā.
 The Hon'ble the Mahārājā of Durbhanga.
 The Hon'ble Fazulbhai Vishram.
 The Hon'ble Sir Griffith Evans.
 The Hon'ble Dr. Rashbehary Ghose.

Noes.

The Hon'ble Mr. Lee-Warner.
 The Hon'ble Mr. Clogstoun.
 The Hon'ble Dr. Lethbridge.
 The Hon'ble Mr. Stevens.
 The Hon'ble Sir Antony MacDonnell.
 The Hon'ble Mr. Westland.
 The Hon'ble Sir Charles Pritchard.
 The Hon'ble Lieutenant-General Brackenbury.
 The Hon'ble Sir Alexander Miller.
 His Excellency the Commander-in-Chief.
 His Honour the Lieutenant-Governor.

His Excellency THE PRESIDENT observed that he did not consider it necessary, under the circumstances, to record his vote.

The Motion was therefore negatived.

The Hon'ble MR. WESTLAND'S Motion that the Report of the Select Committee be taken into consideration was then put and agreed to.

The Hon'ble MR. WESTLAND moved that the Bill, as amended, be passed. He said :—" I cannot but acknowledge that it will be impossible to bring a new Tariff Act into force without causing a certain amount of friction between merchants on the one side and Government officials on the other. A number of points are certain to arise, in practice, in which the views of these two bodies will necessarily be different. We have, however, received from the mercantile community such an amount of support in our general policy of reviving the Tariff that we shall certainly strive to do nothing to forfeit that support in our administration of it. We may expect that our officers will find some difficulties arise when they begin to exercise the new duties which the law just about to be passed imposes upon them. But I feel sure that I may confidently ask for the exercise of a little patience until matters settle down to routine. My duty is necessarily, first of all, to the Exchequer, but, subject to that first consideration, I shall certainly do my best, and I am sure that the Governments more immediately connected with the administration of the Act will do the same, to ensure that the revenue we seek shall be obtained with the least possible inconvenience to the trading community, and the least possible interruption of the flow of commerce.

"And now, my Lord, one word of a personal character before I conclude my remarks. I have taken charge of Indian finance at an especially anxious time—a time when I need all the advice and all the information that can be made available to me. I have over and over again had to ask that advice and assistance at the hands of some of my old friends and some new friends among the merchants and bankers of Calcutta. I wish to publicly express my obligations to them for the manner in which, sometimes at personal inconvenience, they have responded to my enquiries, and for the manner in which they have dealt with me when they came of their own motion to talk with me over matters relating to my work. I am the more anxious to do so in this public fashion, because very frequently in these matters my tongue has been tied, and I have been unable to show them, at the time, my appreciation of their counsel. It has been my duty, on several occasions during these last few months, to inform Your Excellency's Government of the state of matters in the commercial world; and I would wish the gentlemen at whose hands I have from time to time sought information to understand that, although they may not always see to what use the information they have given us is put, it is none the less appreciated both by Your Excellency's Government and myself. I trust they will continue to believe that we set a high value upon their support, and will continue to give us their advice and assistance, even though occasionally they are not able to concur in our policy."

The Motion was put and agreed to.

The Council adjourned to Thursday, the 15th March, 1894.

CALCUTTA ;
The 16th March, 1894. }

S. HARVEY JAMES,
Secretary to the Government of India,
Legislative Department.