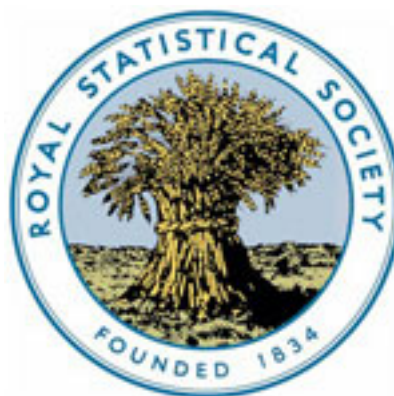


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A Study of Indian Economics. by Pramathanath Banerjea

Review by: J. W.

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Manchuria, and semi-arid Australia, India, and elsewhere in Asia or in Africa. Obviously, therefore, he agrees, after all his close dissection of the varying factors, with the conclusion that the bread-eaters of the world have no reason to be perturbed by the coming famine of the staff of life which Sir William Crookes, at the end of last century, foresaw and rashly fixed for no distant date.

P.G.C.

7.—*A Study of Indian Economics.* By Pramathanath Banerjea, M.A. 221 pp., sm. 8vo. London: Macmillan and Co., 1911. Price 3s. 6d.

In this little book Mr. Banerjea has set himself the difficult task of making the reader acquainted with the general economic phenomena of India, so as to help him in pursuing a fuller and more detailed study of the subject, and on the whole he has acquitted himself well. It is much as if a writer were to attempt, in a similarly small space, to give a general account of the economic conditions and problems of Europe. Mr. Banerjea has wisely based his sketch on statistics, which have helped to make his description more definite, but he cannot altogether get rid of those dreams of a golden age which still hamper many Oriental thinkers, and tend to give a pessimistic tinge to their judgments of the present and hopes for the future. It is no doubt true that in a few parts of that large country there has been a decrease in prosperity as compared with some former period, and that in recent times India has not gone ahead in industry and commerce so fast as have most western countries, but if we look on India as a whole, and compare its present with its own past, there seems good reason to believe that at no former period in her history was the agricultural produce nearly so large as it is now, the out-turn of industrial works, large and small, nearly so bulky or so valuable, the amount of trade, both internal and external, nearly so great. Above all, never was the population so numerous, so prosperous, and so secure against war, violence, famine, and disease; and the amount of accumulated wealth in the country can never have been so great or so equitably distributed as at the present day. Thus, although there is still much room for improvement, there is good ground for being satisfied with the progress that has been made in increasing the economic welfare of the people during the past century, and for looking forward to still more rapid advance in the century that lies before us.

Another mistake Mr. Banerjea makes, in common with some other writers on Indian economics, is to dwell too much on the contrast between present conditions in India and in the most progressive countries of the world. It may well give rise to gloomy thought to compare, as he does, the estimate of 2*l.* per head as the average income of the population in India with that of 37*l.* for the United Kingdom, or that of total wealth at 10*l.* or 25*l.* for India with 302*l.* per head for the United Kingdom; or, it may be added, the average wage of the unskilled agricultural labourer, which he puts at 2*d.* a day (3*d.* would probably be a fairer average for the whole of India), with the 2*s.* 6*d.* a day which the recent inquiry

into agricultural wages has shown to be the average for England. But India, with its warm climate, its fewer needs for physical comfort, and its comparatively low standard of living, cannot hope, for ages to come, to vie in such matters with the more energetic populations of the west, with their much higher requirements for a full life, physically and intellectually, and their vast accumulation of capital, skill, and organising ability. Indian writers on economics would do their country a greater service and inspire their readers with more hopeful feelings if they drew detailed comparisons of present Indian conditions with past conditions in India itself, or with present conditions in such countries as China, Japan, Persia, Mexico, or Brazil, where the general economic surroundings and the stage of civilisation of the mass of the population are more similar to those of India than they are in the more progressive communities of the temperate regions of the world.

Mr. Banerjea fixes his attention too exclusively on the growth of large manufacturing industries and on the external trade of the country. Great as have been the advances made in those directions in recent years, they are still of small importance when compared with the changes in the internal conditions which affect the prosperity of the masses of the people. In comparing the advantages of a mainly manufacturing country with those of a country whose occupations are mainly agricultural, he holds that the profits of manufactures are higher than those of agriculture, and that, when exchange transactions take place between the raw materials of one country and the manufactures of another, the latter gains more by the exchange than the former. If that is so, it is difficult to explain the present great prosperity of such mainly agricultural countries as Canada, Australia, and the Argentine Republic, or to say why it is that the intelligent populations of those countries find it profitable to sink such enormous amounts of capital in the cultivation and irrigation of land, in order to grow raw material for export in exchange for the manufactures of other countries. The truth seems to be that such an exchange is profitable to both the countries concerned, and that India, while she should no doubt strive to increase the amount of goods manufactured within her own borders, and so to give more diversified and more continuous employment to a larger fraction of her population, will for many generations to come find her best profit in growing raw material for export, and getting manufactured goods in exchange from countries where large industries can be carried on in more favourable circumstances. Thus, in India, while manufacturing industries should be encouraged, it is still more necessary to assist improvements in agriculture, and Indian thinkers and workers would do well to follow the example set them by the Government, and spend even more energy and thought on the development of agriculture than on that of manufactures.

It is to be hoped that Mr. Banerjea will, in the second volume which he promises us, devote more attention to the changes in the circumstances of the poorest classes of the village population which have taken place in recent years, as it is their condition which

most requires, and most deserves, the study of the practical economist. The extension of communications, the spread of cultivation and irrigation, and the accumulation of capital, have tended to raise the rate of wages, and have certainly ensured for the unskilled labourer more continuous employment and much greater security against the risk of famine. On the other hand, the increase of population and the rapid rise of prices must have tended to reduce his real wages; and it is important to ascertain which of these mutually counter-acting tendencies has had most effect on the true welfare of the labouring class. The inquiry into the rise of prices now being conducted by the Government of India should throw much light on this problem. The author seems to think that the closing of the Indian mints to the unrestricted coinage of silver had some effect in causing the recent rise of prices; but surely its effect was all the other way, by stopping the rapid fall in the exchange value of the rupee, which previously was dependent entirely on the exchange value of silver in the world's market.

Mr. Banerjea has tried to represent the different sides of every question in the fairest possible manner, and on the whole he has succeeded very well in the attempt. The book may be recommended as a useful summary of Indian conditions to all interested in Indian economics, and it may well be read by those students of general economic questions who have hitherto devoted their attention mainly to the circumstances of the more advanced nations of the western world.

J. W.

8.—*British Dominions: their present commercial and industrial condition.* Edited by W. J. Ashley, M.A. xxviii + 276 pp., 8vo. London: Longmans, Green and Co., 1911. Price 6s. 6d. net.

The series of addresses on British Industries, delivered eight years ago in Birmingham, at the instance of Professor Ashley, has been followed by a second series, dealing with the economic position and prospects of Canada, Australia, New Zealand, South Africa and the West Indies. These are now presented in this volume, with an introductory address by Mr. Alfred Lyttelton, and an editorial preface and appendix. All the contributors are men well known to be of recognised competence to deal with their respective subjects, and it may be taken for granted that what they have to say is well said and of great interest. It must be observed, however, that, relatively to the main object of the series, as set forth by the editor, the addresses vary considerably in scope, as in form and practical information. In the case of New Zealand and the West Indies, the subject is dealt with single-handed, and the result is a well-arranged and consecutive review. Mr. Pember Reeves' enthusiasm for his native land, and his power of giving literary expression to it are well known from his previous writings, and he adds here his views on political and legislative experiments in the devising and launching of which he took a prominent part. Equally well known is the work done by Sir Daniel Morris in stimulating and directing production in the tropical region held a century ago, to be "the main source of Great Britain's opulence and maritime