

Land Tax in Ceylon: Doctrinal Influences in the Controversy Between William Colebrooke and Charles Cameron.

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I

The produce of the land being traditionally the main source of revenue of the state, the question of land tax confronted many European powers in their colonial administration in Asia.¹ In India, perhaps the most conspicuous example, the question was argued and debated by many generations of administrators, and the introduction of Utilitarian views into a setting in which conservative elements held sway, had a powerful impact upon the formulation of policy of the British Raj.² In the neighbouring colony of Ceylon too, though it escaped the complexities that beset the problem in India by the very nature of its traditional systems, land revenue attracted the attention of the governors from the beginning of British rule. The question of a land tax was subjected to much discussion in the colony, and though to a lesser magnitude than in India, experimentation was conducted by the early administrators.³ The attitudes of these men were devoid of any theoretical or doctrinaire trappings; purely pragmatic considerations guided their actions. There were of course the instances where, as in India, theoretical or doctrinaire proposals were brought forward.⁴ These invariably faced the rigid opposition of administrators suspicious of theoretical views, and consequently had hardly any significant influence on policy making.⁵

In the early 1830's, however, there was a remarkable change. Contemporary English economic thought which had a bearing on the question of land tax, entered the colonial scene with significant results - beginning from this period, theoretical views had an equally important influence as practical considerations in the formulation of policy on land tax in Ceylon.⁶ This change was not brought about by the men on the spot, but by an agency of the imperial government. Faced with a recurrent deficit in the colony, a characteristic feature of

1. M. W. Roberts, *Some Aspects of Economic and Social Policy in Ceylon, 1840 - 71* (Oxford University D. Phil. thesis, 1965), p. 379.
2. See particularly, E. Stokes, *The English Utilitarians and India* (2nd ed., Oxford, 1963), pp. 81-139.
3. See, C. R. de Silva, *Ceylon Under the British Occupation* (Colombo, 1942), ii, 373-384.
4. Perhaps the most noteworthy were those made in 1813 by William Orr. These broadly followed the Permanent Settlement introduced by Lord Cornwallis in Bengal. See, C. O. 416/2-A1.
5. Orr's proposals, for example, were dismissed as 'admirable in theory, but wholly inapplicable to the circumstances of this Country', *Ibid.* Orr's chief mistake seemed to have been illumination of his proposals with reference to the works of Adam Smith.
6. See Michael Roberts, 'Grain Taxes in British Ceylon, 1832-1878: Theories, Prejudices and Controversies', *Modern Ceylon Studies*, I, (1970), pp. 115-146.

its finances from the inception of British rule, the authorities at home decided in 1822 to institute an investigation of the colony with a view to resolving the problem - as it was stated by a spokesman in the House of Commons, the investigation was 'in order to satisfy the public regarding the manner in which its resources were managed'.⁷ The task was assigned to the Commission of Eastern Enquiry, a royal commission of inquiry then being mooted for investigation of the two other Eastern colonies, Cape of Good Hope and Mauritius, where an urgent need had arisen to solve complex problems.⁸ The inquiry into Ceylon was undertaken by the commissioners of inquiry, William Macbean George Colebrooke and Charles Hay Cameron,⁹ two men who were influenced by the divergent strands of thought seen among the political economists of contemporary England.

II

After the appointment of the commission of inquiry, the scope of the inquiry was extended to cover every aspect of the government and administration of the colony.¹⁰ The financial system of the colony came within the purview of William Colebrooke, the senior and the more experienced of the two, under a careful division of labour adopted by the commissioners of inquiry. The land tax¹¹ assumed a position of central importance in Colebrooke's investigations in this field. As he stated, 'this I consider to be a subject of great importance to the prosperity of this country and eventually to the British settlements in India'.¹² The prevailing modes of collection of land revenue in the colony came

7. *Hansard*, new series, VII (1822) p. 1802.
8. Royal commissions of inquiry were the favourite instruments by which the imperial government investigated and decided upon many colonial questions of importance during the 1820's and the '30's. See, V. K. Samaraweera, *The Commission of Eastern Enquiry in Ceylon, 1822-1837: A Study of a Royal Commission of Colonial Inquiry* (Oxford University D. Phil. thesis, 1969), pp. 11-12.
9. Colebrooke (1787-1870) was a military officer serving in the East at the time of his selection as a commissioner of inquiry. He served successively in Ceylon, in India, first in Malabar and then in Madras, in Java with the successful British expedition, in India again and in the Persian Gulf. After the completion of his work as a commissioner of inquiry, he served in the West Indies as the Governor of a number of island colonies. He was knighted in 1835 for his work as a Commissioner of Eastern Enquiry. Cameron (1795-1880), a lawyer, functioned as a commissioner for inquiring into charities, and as an assistant commissioner for inquiring into the working of the poor laws of England, after returning from Ceylon. In 1835 he was appointed a member of the Law Commission of India, and played an important role in the formulation of the Indian Penal Code, as chief adviser to Lord Macaulay, and in the spread of English education, as the president of the Council of Education of Bengal. Later in his life, in 1875, he returned to Ceylon as a coffee planter, and lived there until his death. Both Colebrooke and Cameron benefitted from patronage in being selected as commissioners of inquiry.
10. For an analysis of the work of the commission of inquiry see, V. K. Samaraweera, *op. cit.*
11. The term land tax is a misnomer as regards the policy of the Ceylon government, for only lands cultivated with grain came under the tax; lands under commercial crops were not subjected to a tax. The term, however, will be used in view of its usage by both Colebrooke and Cameron.
12. C. O. 54/121, Colebrooke to Hay, 1 May 1832.

under the heavy criticism of Colebrooke. By this time three different systems were in operation, and all were rejected by Colebrooke as equally unsuitable for the conditions of the colony. In the Maritime Provinces, the tax, being a certain portion of each crop (generally one-tenth), was in the main farmed out to speculators, who collected it in kind and paid the amount of their contracts to the government in cash. In certain regions of the Kandyan Provinces, the collection was made in detail by local officials acting under European Agents, and in other Kandyan areas there were specific agreements with each landholder calculated according to the average production of his land.¹³ The farming of the rent, argued Colebrooke, though convenient to the government in that the collection of revenue was made by a middleman, resulted in the interference with the cultivation of land by the rent farmers 'to guard against negligence, fraud a[nd] evasion', the consequences of which were often 'extortions on the poor people'.¹⁴ The system of collection in detail by revenue officials too was open to vexation, and to fraud, and further the government was forced to employ 'an army of Revenue Agents', thereby incurring a high expenditure. It also discouraged the application of capital to the improvement of land and agriculture.¹⁵ The system of specific agreements could succeed only in regions where the soil was fertile and where the climate was favourable, and therefore it was inapplicable in areas exposed to floods and droughts. In regions like Nuvarakalaviya, the remoter provinces of dry zone of the colony, the government had been forced to remit the tax from time to time on account of unfavourable climatic conditions.¹⁶

Having thus rejected the modes of collection of land revenue in operation, Colebrooke faced a question of fundamental importance. He found that, with the exception of tobacco in the North, the land tax was not applied to cash crops, and thus was operating as a 'premium in favour of other branches of culture not more important, a[nd] often less so'. It was in the power of any landholder to evade the tax and thereby escape from his share of the public burden by merely cultivating on his land the crops not subjected to the land tax. Clearly the tax was levied, for all practical purposes, only upon the subsistence of the people, (for grain was the staple of the inhabitants of the colony) and upon that branch of agriculture which was 'of the first importance to encourage'.¹⁷

13. *Ibid.* Colebrooke's memorandum on land tax, enclosed in Colebrooke to Hay, 2 May 1832.

14. *Idem.* See also, C. O. 54/121, Colebrooke to Hay, 24 Dec. 1832.

15. *Idem.* and C. O. 54/122, Colebrooke's Report upon the Revenues of Ceylon, 31 Jan. 1832. A printed version of this report is found in *British Parliamentary Papers* [cited as *B. P. P.* hereafter], 1831/32, XXXII (274), pp. 33-54.

16. Colebrooke's criticisms of the land revenue systems of Ceylon were remarkably similar to the views expressed by some of the later officials who were more intimately acquainted with the conditions of the colony. The views of some of these officials have been examined in Michael Roberts, 'Grain Taxes in British Ceylon', *Modern Ceylon Studies*, I (1970), pp. 115-146.

17. C. O. 54/121, Colebrooke's memo., 2 May 1832 and his memorandum on Ceylon Revenues enclosed in Colebrooke to Hay, 14 Mar. 1832; C. O. 54/122, Report upon the Revenues.

Colebrooke had to decide whether the tax thus limited should be extended to lands cultivated with other types of crops as well. He had already objected to an attempt of the colonial government to introduce a tax on coconut, a produce which was perhaps second only to grain in its importance to the indigenous population.¹⁸ Considering it manifestly unfair to leave gardens (in contradistinction to land under grain) without taxation, from the beginning of the British rule attempts had been made to impose a tax on these lands hitherto untaxed. The first attempt, limited to coconut lands, made in 1796 failed 'in consequence of the difficulty in regulating the assessment and the great opposition made to it by the proprietors'.¹⁹ A subsequent attempt, again only on coconut,²⁰ mooted by the Governor Sir Edward Barnes (1824-1831), was postponed several times in the face of the opposition of the landowners. Finally, at the time of the commission of inquiry, on the recommendation of Colebrooke the tax was withdrawn.²¹

Colebrooke objected to direct forms of taxation both on theoretical and pragmatic grounds. As he stated, the return cultivators received from land was 'precarious', and the population was 'too poor to advance a *direct* tax'.²² With the disastrous results of the first attempt to introduce a coconut tax before him, he firmly believed that the petty landholders of the colony would invariably resist a new direct tax.²³ 'When property is minutely subdivided and the people indigent, the collection of any direct tax from a great number of small proprietors or tenants is attended with greater expenses and inconveniences than of an equal amount by means of duties on articles consumed by them'.²⁴ In a country where the landholder cultivated for subsistence, a direct tax was objectionable on theoretical grounds as well; the tax would have to be paid, as in the case of the rents imposed upon the Irish peasantry, by resorting

18. Colebrooke wrote: 'These [coconut] plantations contribute largely to the subsistence of the people, and are a great resource when [grain] crops are destroyed from inundation. They also support several useful manufactures', C. O. 54/122, Colebrooke's Report upon the Administration of the Government of Ceylon, 24 Dec. 1831. For a printed version of the report see, *B. P. P.*, 1831/32, XXXII (274), pp. 3-33.
19. C. O. 54/122, Report upon the Revenues. The introduction of the tax coincided with the outbreak of popular discontent in certain areas of the Maritime Provinces in 1796-97. Controversy reigns as to what extent the coconut tax was responsible for this revolt. In a recent study, U. C. Wickremaratne contests the traditional view that the tax was a principal cause of the revolt, *British Administration in the Maritime Provinces of Ceylon, 1796-1802* (London University Ph. D. thesis, 1964), pp. 31-33. For the traditional view see, C. R. de Silva, *op. cit.*, ii, 331-334. Like many of the officials who were serving in Ceylon at the time, Colebrooke believed that the tax was partly responsible for the revolt. See, C. O. 54/122: Report upon the Revenues.
20. This measure was also designed to promote certain commercial crops, for lands cultivated with coffee, cotton, pepper, and arecanut were exempted from the new tax.
21. C. O. 54/121, Colebrooke to Goderich, 25 Aug. 1831. Colebrooke sustained the arguments put forward by the coconut landholders by pointing out that though there was no direct tax on coconut, the indirect taxes imposed upon it contributed more (£35,573) than the entire revenue from grain lands (£21,000).
22. *Ibid.* Colebrooke to Hay, 24 Dec. 1832.
23. *Ibid.* Colebrooke to Hay, 2 May 1832.
24. C. O. 54/122, Report upon the Revenues.

to other resources such as wages of their labour. Moreover, 'even at present with every disadvantage under which the country has laboured, the indirect revenue had exceeded more than ten fold the land tax'.²⁵ Even in England the revenue was primarily raised by customs and excise, and the land tax was redeemable, and formed only an inconsiderable part of the revenue. The main source of revenue in Ceylon too should be in the form of duties on articles consumed by the people, the tax on tea in England being the guide line.

When one considers these views expressed by Colebrooke, it is no surprise that he decided to strike out an entirely new approach to the question of land tax. Initially he showed some uncertainty as to what course of action should be recommended - a permanent settlement, a redemption as well as an abolition were equally considered - but the proposal he advocated was that of a redemption of the tax. The redemption, at an equitable rate, was to be afforded to all landholders in the colony. They were to be given the option of either redeeming the tax in consecutive years or in years when their crops were most productive, paying in other years a rate no more than the ordinary tithe or other assessment already imposed upon their lands; the redemption itself could be by payment either in cash or produce.²⁶ To overcome the practical difficulties that could arise in consequence of the greatly subdivided nature of land held by cultivators, the returns of which were at best only marginally profitable, Colebrooke suggested that the redemption should be introduced over a long period of time, ten or twenty year schemes being most suitable. Colebrooke believed that under this measure the revenue of the colony would be augmented, while its agriculture would be brought back to its former state of prosperity, and 'time would be thus gained for the realization of other branches of revenue'.²⁷

Practical consideration, no doubt, guided Colebrooke in recommending this measure, but a more important influence of a doctrinaire nature can be traced. The period during which Colebrooke conducted investigations in Ceylon, saw the emergence of the most productive era in English economic thought. The prolific writings of Adam Smith, David Ricardo, T. R. Malthus, James Mill and J. R. MacCulloch, among others, marked the age. The publication of Mrs. Marcett's *Conversations on Political Economy* (in which, it was claimed in the sub-title, 'Elements of that science are familiarly explained') in 1816, exemplified the public interest in the work of the masters. The discussions on political economy were no longer confined to a narrow band of activists. A Political Economy Club was formed in 1822 to disseminate the new ideas among the masses. Professorships in political economy were founded in the Universities of Oxford, Cambridge, Edinburgh and London soon after. Among the several questions which were subjected to debate by the political economists was the question

25. C. O. 54/121, Colebrooke's memo., 11 Oct. 1831 and C. O. 54/122, Report upon the Revenues.

26. C. O. 54/122, Report upon the Revenues. See also, C. O. 54/121, Colebrooke's memo., 14 Apr. 1832.

27. *Idem.*

of rent. The theories of distribution, which together with the theories of production were central in the work of the political economists, led to a deepening interest and discussion on the origins and causes of rent.²⁸ Although this interest stemmed mainly from a theoretical point of view, it had important practical bearings. Malthus stated in his *Nature and Progress of Rent* (1815) that rent 'had perhaps a particular claim to our attention at the present moment on account of the discussions which are going on respecting the Corn Laws, and the effects of rent on the price of raw produce and the progress of agricultural improvements'.²⁹ The controversy that arose over the commutation of the tithe in England, gave a new dimension to the question of rent; an immense mass of pamphlets on the question flooded the public.

The dominant group of political economists during this period of time were those who came to be known as the Classical Economists. Beginning from the time Adam Smith published his *Wealth of Nations* (1776) until the publication of John Stuart Mill's *Principles of Political Economy* (1848), the classical economists held a position of primacy in English economic thought.³⁰ Much of the theoretical framework of the economic reforms that were undertaken during the following years of the century was erected by them. But even at the height of their success, rumblings of dissent were heard. The first significant attempt to contest the methodology adopted by the classical economists was made by the Reverend Richard Jones, a forerunner of the historical school of economists who successfully challenged the supremacy of the classics. It was Richard Jones who provided Colebrooke with his theoretical inspiration.

Although now of relative obscurity, Richard Jones (1796-1855) was not devoid of influence during his life time.³¹ He was the Professor of Political Economy at King's College, London, and later the successor of Malthus at East India College at Haileybury. He was actively associated with the movement for the commutation of the tithe in England, writing several influential pamphlets upon the question.³² In his chief work,

28. See, E. Cannan, *A History of the Theories of Production and Distribution in English Political Economy from 1776 to 1848* (3rd ed., London, 1924), chapter vi.

29. Cited, *Ibid.*, p. 223.

30. J. Schumpeter, *Economic Doctrine and Method* (London, 1954), p. 69.

31. On Jones the following works have been consulted: J. A. Schumpeter, *History of Economic Analysis* (London, 1955), p. 822; M. Blaug, *Economic History in Retrospect* (Homewood, Illinois, 1962), p. 127, 202 and 251; E. Cannan, *op. cit.*, pp. 333-335; and *D. N. B.*, X, p. 1045.

32. See for example, *A Few Remarks on the Proposed Commutation of the Tithe...* (London, 1833); *Remarks on the Government Bill for the Commutation of the Tithe...* (London, 1836); and *Remarks on the Manner in which Tithe should be Assessed...* (London, 1838). Jones was closely involved with the passage of the Tithe Commutation Act of 1836 (6 & William IV chap. 71) and was one of the assistant commissioners appointed under its provisions on the recommendation of the Archbishop of Canterbury.

An Essay on the Distribution of Wealth and on the Sources of Taxation (1831)³³, Jones made the first 'real attempt to replace the theoretical treatment of economic problems by detailed historical research.'³⁴ He condemned hasty generalizations based on particular reasons or circumstances, the brunt of the attack being directed towards Ricardo, the theorist who by then had begun to dominate English economic thought, and advocated the patient use of factual research. With a much wider and deeper perspective than Ricardo, Jones in his study surveyed not only the history of but also the conditions prevailing in widely different countries of the world - as John Stuart Mill was to remark later, Jones' *Essay* contained 'a copious repertory of valuable facts on the landed tenures of different countries'.³⁵ It is generally admitted by modern economists that Jones failed to prove Ricardo wrong and that he did not establish any new significant principles in political economy, but nevertheless several intellectuals of his generation came under his influence, John Stuart Mill being the most noteworthy.³⁶

Colebrooke was attracted to Jones rather than to his more famous contemporaries by the wider perspective displayed by him. Having served in the East, where strikingly different conditions from his mother country prevailed,³⁷ Colebrooke was acutely conscious of the need for such an outlook. The importance with which Colebrooke held this factor was clearly revealed when he delivered a telling indictment on the classics for their narrow vision: 'Altho[ugh] an economist, I see great reason to differ from the views of Mr. Mill a[nd] MacCulloch a[nd] those of their school who reason from their observations in this country rejecting a more enlarged consideration of the facts and arguments to be deduced from the arrangements of policy which prevail in other countries'.³⁸ Thus it is no surprise that he chose Jones' *Essay* as his guiding light in deciding upon the question of land tax in Ceylon. For him, as revealed in his writings, Jones' *Essay* was the most distinguished work on the theory of rent produced in England.³⁹

33. Jones intended to issue several tracts on the subject, but only the first part, on rent, was published. The collected works of Jones have been edited by W. Whewell, *Literary Remains of Richard Jones* (Cambridge, 1859).

34. J. Schumpeter, *op. cit.*, p. 162.

35. J. S. Mill, *Principles of Political Economy* (6th ed., London, 1873), p. 152.

36. Mill in his *Principles of Political Economy*, the most authoritative of his works, accepted several arguments put forward by Jones relating to the position of the Indian peasants, and his emphasis on the role of 'custom', particularly with respect to land tenure, was thoroughly Jonesean, M. Blaug, *op. cit.*, p. 202 and E. Stokes, *op. cit.*, pp. 135-136.

37. With keen insight and interest, Colebrooke surveyed the different customs and tendencies that prevailed in the countries of Asia he served. See, for example, Royal Artillery Institution, Woolwich, MS/20; Description of the native inhabitants of Java, their language, local custom and manners, enclosed in Colebrooke to Watson, 22 Mar. 1813.

38. C. O. 54/121, Colebrooke to Hay, 24 Dec. 1832.

39. *Idem.*

Jones' study, in the opinion of Colebrooke, embodied 'an Elaborate investigation of the Ricardo Theory of Rent which is found at variance with the experience of different countries a[nd] quite inapplicable in India'.⁴⁰ Jones argued that in countries of Asia, where 'peasant rents' prevailed, the very nature of the rent systems prevented the productive powers of the earth from realizing their full potential. The encroachment of the tenant's share of the produce from time to time in the guise of tax under these systems, led to the 'increasing penury of the cultivators', retarding the growth of agriculture. The landlords, on the other hand, were invariably affected by the fluctuating fortunes of the cultivators. The landlords could not reap the advantages that could be derived from their position as the land owners until their income was fixed. Further, the entry of the capitalists into the field of agriculture, a necessary prerequisite for its improvement for they alone possessed the capital for investment, would be possible only when conditions under which both the landlords and the peasants were disposed to apply capital to land, were realized. The demands of the state upon land needed to be limited, for the interests of these categories, peasants, landlords and the capitalists, to coincide. This led him to conclude that a system of redemption of the land rents payable by cultivators of these countries should be initiated for the improvement of land.⁴¹

It has been generally assumed by historians that in proposing reforms for Ceylon, Colebrooke drew his inspiration from the Utilitarian movement which began to play a decisive role in England beginning from the later years of the 1820's.⁴² Like many of his contemporaries, Colebrooke too came under the influence of Utilitarianism, but it was far from doctrinaire, and not all embracing, and at times it was even completely subjugated to influences which had a strong anti-Utilitarian bias. This was best exemplified in his proposal for the redemption of the land tax in Ceylon. Richard Jones, Colebrooke's mentor, took a determined stand in opposition to the advocates of Utilitarian political economy, particularly against Ricardo whose doctrine became 'the orthodoxy of the Utilitarian group'.⁴³ Colebrooke not only accepted Jones' views, but he also came out against the Utilitarians. In the evidence he gave before a select committee of the House of Commons on the affairs of the East India Company, which clearly revealed to what extent his basic outlook differed from that of the Utilitarians, he argued that,

although the Cingalese (sic) have suffered from the government monopolies, from the restrictions of trade and the forced labour exacted from them, I believe that there are no peasantry throughout the territories of the East India Company

40. *Idem.*

41. R. Jones, *An Essay on the Distribution of Rent*, pp. 157-164.

42. See for example, G. C. Mendis ed. *The Colebrooke - Cameron Papers* (London, 1956), i, introduction.

43. E. Halevy, *The Growth of Philosophic Radicalism* (London, 1928), p. 318.

who are so much at their ease as are the peasantry of Ceylon, where no zamindari and ryotwarry (sic) settlements have been made. I can only attribute this to the circumstances that the demands of the government upon land have been more limited in Ceylon, than in any parts of the continent of India.⁴⁴

The expansion of cultivation and the increase in general prosperity under the Permanent Settlement in Bengal was, in Colebrooke's view, because 'the limiting of the demand upon land . . . led to the employment of capital and to the improvement of the resources of the country'.⁴⁵ The argument thus put forward, that the limiting of the state's demands upon land would lead to increasing prosperity, an argument completely at variance with the teachings of the Utilitarians, no doubt was an important consideration in Colebrooke's proposal for a redemption of the land tax in Ceylon.

III

The stance Cameron, Colebrooke's colleague, took on the question of land tax, forms a study in contrast. Cameron had strong intellectual links with the Utilitarian movement. Ricardo, MacCulloch, George Grote, Charles Buller and the Mills were his intimate companions. His close association with the University College in London, an institution founded by the Utilitarians, and with the *Westminster Review*, the radical journal which espoused the cause of Benthamism, too reveal his Utilitarian connections. He was even described by a contemporary as 'a Benthamite Jurist and Philosopher of great learning and ability'.⁴⁶

Cameron's approach to reforms in Ceylon bore a strong doctrinaire Utilitarian imprint. Under the division of labour laid down by the commission of inquiry, Cameron was responsible only for the reforms in the judicial branch of the administration of the colony. This however, did not preclude him from offering his own suggestions on the question of reforms in the spheres covered by Colebrooke. Indeed, Cameron disagreed with many of the conclusions reached by Colebrooke. But, only rarely did he carry forward the differences to a stage where long drawn out debates between the two prevailed. Land tax was one subject which Cameron debated with much vigour - this perhaps is no surprise, for it constituted the core of Utilitarian political economy.

The question which should be posed as regards the land tax was, Cameron argued, 'simply whether the present Land Tax in Ceylon should be

44. *B. P. P.*, 1831/32, XI (735-III), p. 244.

45. *Idem*. Although he admired the Permanent Settlement, Colebrooke decided against a similar measure for Ceylon on the grounds that many tracts of fertile land of the colony were still left uncultivated, C. O. 54/121, Colebrooke to Hay, 2 May 1832.

46. H. Taylor, *Autobiography* (privately printed, London, 1877), ii, 33. Leslie Stephen, the historian of the Utilitarian movement, wrote of Cameron as 'a disciple, and ultimately perhaps the last surviving disciple of Jeremy Bentham', *D. N. B.*, VIII, p. 289. Stephen's *The English Utilitarians* (London, 1900), 3 vols., is the standard English work on the movement.

commuted for an annual payment fixed for a certain number of years, or should be redeemed'. There was not the need for him to dwell upon the advantages of a fixed annual payment over a tithe or other proportional assessment, for the differences between him and Colebrooke centred only on the merits of a commutation of the Land Tax as compared with those of a redemption. The levying of a tithe or another proportional tax on the gross produce, was not favoured by either of them. Commutation was advocated by Cameron because 'a Land Tax, in so far as it can be made to fall upon Rent, as distinguished from the return to capital laid out on Land, seems to me the very best of all taxes'. It was the only tax, claimed Cameron, which did not interfere with 'the natural, i. e. the most beneficial distribution of Capital'; by commuting the land tax, the revenue from land in Ceylon could be brought 'very nearly to the condition of a tax falling exclusively upon Rent'.⁴⁷

Cameron's concept of land rent was closely modelled on the classical Utilitarian view. Rent, he defined as the difference between the return received for capital employed on land and the usual return received for capital invested in other speculations. In other words, the rent of a given portion of land was that sum which a capitalist could afford to pay for the right to apply his capital on that land. The rent therefore, Cameron argued in strictly Utilitarian terms, if taken by taxation would not lead to any pernicious results, for it would not interfere with the price or quantity of raw produce or with the rates of profit derived from the produce. If the state was not the owner of the soil, or was not in possession of a part or whole of the rent, or of any share of the produce of land, the veneration for private property would prevent the state from taking the rent from the hands of those to whom it rightfully belonged. But, if the state was actually in possession of a larger portion of the soil, and by tradition was the receiver of a share of the produce, as in Ceylon, the state had every right to collect the rent by taxation.⁴⁸

Cameron unequivocally rejected the view that the demands of the state upon land ought to be limited. He held that before any attempt was made to relinquish the state's rights over land, all the more oppressive modes of revenue ought to be removed.⁴⁹ Viewed in this light, Colebrooke's proposal for the redemption of the land tax in Ceylon, Cameron felt, was premature. He found the terms embodied in the proposal too favourable to landholders. He argued that by allowing the owner of land the purchase of the tithe, which rightfully belonged to the public, by paying in the course of ten or

47. C. O. 54/121, Cameron to Goderich, 25 Aug. 1831 and Cameron's memorandum, 8 Apr. 1832.

48. *Ibid.*, Cameron's memo., 13 Dec. 1832.

49. As an oppressive mode of revenue, Cameron instanced the salt monopoly. He wrote that the monopoly 'seems to me to unite all the bad qualities which it is possible for a tax to possess', and looked upon its abolition as one of the most essential financial reforms in the colony, *ibid.*, Cameron to Hay, 8 Apr. 1832, encl.

twenty years only five-tenths in addition to the customary payment, the state would unwarrantably give an advantage to the landholder over the public. He also doubted the practicality of Colebrooke's measure. For, as Colebrooke had argued, if the uncertainty of the seasons and the poverty of the landholder had led to difficulties in paying an annual sum not exceeding one-tenth of the average produce of the land, still less would the landholder be able to pay in any reasonable period of time a sum sufficient to redeem the perpetual charge.⁵⁰

Cameron admitted that there would be practical difficulties in the application of his proposal too. These however, could be overcome by 'talent a[nd] perseverance coupled with an intimate knowledge of the habits a[nd] opinions of the natives'. The principal objection to the commutation system had been that under its method of periodical assessment, the improvements made upon land by the land owners were subjected to increased taxation. This objection could be overcome by extending the period of each assessment.

If the Government is to step in at the end of three years a[nd] increase the tax because the produce of the land has been increased, the motive for the improvement in the mind of the cultivator will be much weaker than it would be if the whole profit to be derived from the improvements were left to him for twenty or thirty years, a[nd] as his prosperity a[nd] the prosperity of the Revenue both depend upon that motive, it ought to be impaired as little as it can be consistently with the principle that the Government ought not to relinquish any portion of the rent of land to which it is already entitled until it shall have remitted all other more objectionable taxes.⁵¹

In making a new agreement with the landholder at the expiration of each period of twenty or thirty years, Cameron stipulated that the state should rightly adhere to the principle that no advantage be taken of any increase of produce which may have resulted from the application of capital or labour by the landholder. However, if any increase had taken place in the average price of the raw produce, or if any diminution of the cost of transporting that produce to the markets had taken place, either on account of the construction of new towns or by the improvement of systems of communication, the state could increase the rate of the tax. He realised that in practice difficulties would arise in assessing accurately this increase. He advised that the state should act with circumspection, and added that if there was to be any margin of error in the new estimates, it should be in favour of the landholder rather than against him.⁵²

The limited manner in which the modes of collection of land revenue operated in the colony drew the criticism of Cameron. The exemption from

50. *Ibid.*, Cameron's memo., 13 Dec. 1832.

51. *Ibid.*, Cameron's memo., 1 May 1832.

52. *Ibid.*, Cameron's memo., 13 Dec. 1832.

the land tax received by commercial crops, Cameron pointed out (using a favourite phrase of the Utilitarians) interfered with the 'natural distribution of capital', and further was also detrimental to the revenue of the state. Yet, in consistent with the good faith demanded from a government, Cameron recommended that where landholders acted upon the exemption, the privilege should be continued without invalidation. With the exception of much specific instances, the provision for exemption should be immediately revoked, and the land tax and its commutation should be applied on a more realistic universal basis.⁵³

The tone and tenor of Cameron's argument were Utilitarian, the Utilitarian political economy as expounded in relation to India. The theories of James Mill seemed to have been the model upon which Cameron fashioned his. As Colebrooke perceptively observed, 'Mr. Cameron I found has taken precisely the same view that Mr. Mill has done in his evidence on the Indian system of Revenue'.⁵⁴

Predictably Colebrooke vehemently opposed the views put forward by Cameron. 'The prosecution of Mr. Mill's system', Colebrooke claimed, 'would be a complete bar to the prosperity of the country. It proceeds from a theory of rent which if not questionable, [had] at least no application to India'.⁵⁵ Colebrooke argued that the view, held by both Mill and Cameron, that a land tax was the most suitable mode of taxation because it was taken from rent, was inapplicable in a country where indigent landholders cultivated for subsistence, uniting in it the profits of their stock and the wages of their labour.⁵⁶ Apart from this major theoretical objection to Cameron's proposal, there were also the practical objections. The greatly subdivided nature of the land in Ceylon would necessitate the consultation with numerous petty landholders at each assessment, and this, Colebrooke pointed out, would become an insurmountable obstacle when effecting detailed settlements. The periodical reviews under which increased assessments might be applied, could act as a discouragement on the application of capital to land, and he doubted whether it would be possible to distinguish between public and private improvement in assessing the increase in the value of the produce of land. Again, as the payment in respect of the commutation would have to be remitted in years when failures of crops occur, the government would derive no advantage from abundant crops in prosperous seasons.⁵⁷

53. *Ibid.*, Cameron to Goderich, 25 Aug. 1831 and Cameron's memo., 13 Dec. 1832.

54. *Ibid.*, Colebrooke to Hay, 1 May 1832. Colebrooke referred to Mill's evidence before a select committee of the House of Commons. For the evidence see, *B. P. P.*, 1821/32, IX (735-I), XI (735-III), XII (735-VI), XIV (735-VI).

55. *Idem.*

56. C. O. 54/121, Colebrooke to Hay, 2 July 1832.

57. *Ibid.* Colebrooke's memo., 21 Dec. 1832.

IV

By contrast to India, where there was a bewildering mass of conflicting proposals for land revenue, the choice before the Colonial Office in deciding upon the question of land tax in Ceylon was limited to the proposals brought forward by the two commissioners of inquiry, Colebrooke and Cameron. The issue became less complex mainly because no proposal in opposition to either commissioner was put forward from the colony. The views of the Governor and Council of the colony happily coincided with those expressed by Cameron.⁵⁸ Weighty though were the recommendations of Cameron, the decision taken by the Colonial Office was in favour of Colebrooke. In the decision-making undertaken on the reports of the Commission of Eastern Enquiry, the Colonial Office generally acted according to the recommendations put forward by the commissioner responsible for the investigation of the subject under consideration; the views expressed in opposition by the colleague were accepted only with great hesitation. This policy seemed to have been based on the belief that only the commissioner who investigated a particular subject, possessed the knowledge to submit a well balanced recommendation.⁵⁹ The verdict in favour of Colebrooke cannot be interpreted simply as an act which conformed to this general pattern of decision-making. The officials at the Colonial Office seemed to have been swayed by the intrinsic merits of the proposal as well. This clearly emerged in a communication of the Secretary of State addressed to the Governor of Ceylon:

The vexations attending the collection of [the land tax], particularly where property is so much subdivided as it is in Ceylon . . . have already given rise to representations and complaints . . . from the people . . . [This tax which is] imposed on the subsistence of the people, from which other articles of produce are exempt, or upon which alone a rate of duty is levied, must by discouraging the natural application of Capital, operate as a check to that branch of Agriculture, which is the most important, and which ought, on every ground to receive the utmost encouragement. Although [the tax] in Ceylon does not generally exceed a tenth of the produce, it appears to have been found necessary, in order to encourage the cultivation of waste lands to remove it for a term of years on such land.⁶⁰

The Secretary of State thus reiterated faithfully the objections raised by Colebrooke against the land tax, and considered it 'manifestly politic' to introduce in Ceylon 'the redemption, at an equitable rate, of the Tithe or Grain Tax, now chargeable on all Corn Lands'.⁶¹

58. *Ibid.*, Cameron's memo., 8 Apr. and 1 May 1832.

59. See, V. K. Samaraweera, *op. cit.*, pp. 284-285.

60. C. O. 55/74, Goderich to Horton, 23 Mar. 1833.

61. *Idem.*