

# EDMUND BURKE

THE WORKS OF THE  
RIGHT HONOURABLE  
EDMUND BURKE, VOL.  
08 (OF 12)

**Edmund Burke**  
**The Works of the Right**  
**Honourable Edmund**  
**Burke, Vol. 08 (of 12)**

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The Works of the Right Honourable Edmund Burke, Vol. 08 (of 12):*

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**NINTH REPORT OF THE**  
**SELECT COMMITTEE OF THE**  
**HOUSE OF COMMONS ON**  
**THE AFFAIRS OF INDIA.**

**June 25, 1783**

**NINTH REPORT**

From the SELECT COMMITTEE [of the House of Commons] appointed to take into consideration the state of the administration of justice in the provinces of Bengal, Bahar, and Orissa, and to report the same, as it shall appear to them, to the House, with their observations thereupon; and who were instructed to consider how the British possessions in the East

Indies may be held and governed with the greatest security and advantage to this country, and by what means the happiness of the native inhabitants may be best promoted.

# I.—OBSERVATIONS ON THE STATE OF THE COMPANY'S AFFAIRS IN INDIA

In order to enable the House to adopt the most proper means for regulating the British government in India, and for promoting the happiness of the natives who live under its authority or influence, your Committee hold it expedient to collect into distinct points of view the circumstances by which that government appears to them to be most essentially disordered, and to explain fully the principles of policy and the course of conduct by which the natives of all ranks and orders have been reduced to their present state of depression and misery.

Your Committee have endeavored to perform this task in plain and popular language, knowing that nothing has alienated the House from inquiries absolutely necessary for the performance of one of the most essential of all its duties so much as the technical language of the Company's records, as the Indian names of persons, of offices, of the tenure and qualities of estates, and of all the varied branches of their intricate revenue. This language is, indeed, of necessary use in the executive departments of the Company's affairs; but it is not necessary to Parliament. A language so foreign from all the ideas and

habits of the far greater part of the members of this House has a tendency to disgust them with all sorts of inquiry concerning this subject. They are fatigued into such a despair of ever obtaining a competent knowledge of the transactions in India, that they are easily persuaded to remand them back to that obscurity, mystery, and intrigue out of which they have been forced upon public notice by the calamities arising from their extreme mismanagement. This mismanagement has itself, as your Committee conceive, in a great measure arisen from dark cabals, and secret suggestions to persons in power, without a regular public inquiry into the good or evil tendency of any measure, or into the merit or demerit of any person intrusted with the Company's concerns.

Present laws relating to the East India Company, and internal and external policy. The plan adopted by your Committee is, first, to consider the law regulating the East India Company, as it now stands,—and, secondly, to inquire into the circumstances of the two great links of connection by which the territorial possessions in India are united to this kingdom, namely, the Company's commerce, and the government exercised under the charter and under acts of Parliament. The last [first] of these objects, the commerce, is taken in two points of view: the *external*, or the direct trade between India and Europe, and the *internal*, that is to say, the trade of Bengal, in all the articles of produce and manufacture which furnish the Company's investment.

The government is considered by your Committee under the like descriptions of internal and external. The internal regards the communication between the Court of Directors and their servants in India, the management of the revenue, the expenditure of public money, the civil administration, the administration of justice, and the state of the army. The external regards, first, the conduct and maxims of the Company's government with respect to the native princes and people dependent on the British authority,—and, next, the proceedings with regard to those native powers which are wholly independent of the Company. But your Committee's observations on the last division extend to those matters only which are not comprehended in the Report of the Committee of Secrecy. Under these heads, your Committee refer to the most leading particulars of abuse which prevail in the administration of India,—deviating only from this order where the abuses are of a complicated nature, and where one cannot be well considered independently of several others.

Second attempt made by Parliament for a reformation. Your Committee observe, that this is the second attempt made by Parliament for the reformation of abuses in the Company's government. It appears, therefore, to them a necessary preliminary to this second undertaking, *to consider the causes which, in their opinion, have produced the failure of the first*,—that the defects of the original plan may be supplied, its errors corrected, and such useful regulations as were then

adopted may be further explained, enlarged, and enforced.

Proceedings of session 1773. The first design of this kind was formed in the session of the year 1773. In that year, Parliament, taking up the consideration of the affairs of India, through two of its committees collected a very great body of details concerning the interior economy of the Company's possessions, and concerning many particulars of abuse which prevailed at the time when those committees made their ample and instructive reports. But it does not appear that the body of regulations enacted in that year, that is, in the East India Act of the thirteenth of his Majesty's reign, were altogether grounded on that information, but were adopted rather on probable speculations and general ideas of good policy and good government. New establishments, civil and judicial, were therefore formed at a very great expense, and with much complexity of constitution. Checks and counter-checks of all kinds were contrived in the execution, as well as in the formation of this system, in which all the existing authorities of this kingdom had a share: for Parliament appointed the members of the presiding part of the new establishment, the Crown appointed the judicial, and the Company preserved the nomination of the other officers. So that, if the act has not fully answered its purposes, the failure cannot be attributed to any want of officers of every description, or to the deficiency of any mode of patronage in their appointment. The cause must be sought elsewhere.

Powers and objects of act of 1773, and the effects thereof. The act had in its view (independently of several detached regulations) five fundamental objects.

1st. The reformation of the Court of Proprietors of the East India Company.

2ndly. A new model of the Court of Directors, and an enforcement of their authority over the servants abroad.

3rdly. The establishment of a court of justice capable of protecting the natives from the oppressions of British subjects.

4thly. The establishment of a general council, to be seated in Bengal, whose authority should, in many particulars, extend over all the British settlements in India.

5thly. To furnish the ministers of the crown with constant information concerning the whole of the Company's correspondence with India, in order that they might be enabled to inspect the conduct of the Directors and servants, and to watch over the execution of all parts of the act; that they might be furnished with matter to lay before Parliament from time to time, according as the state of things should render regulation or animadversion necessary.

Court of Proprietors. The first object of the policy of this act was to improve the constitution of the Court of Proprietors. In this case, as in almost all the rest, the remedy was not applied directly to the disease. The complaint was, that factions in the Court of Proprietors had shown, in several instances, a disposition to support the servants of the Company against the

just coercion and legal prosecution of the Directors. Instead of applying a corrective to the distemper, a change was proposed in the constitution. By this reform, it was presumed that an interest would arise in the General Court more independent in itself, and more connected with the commercial prosperity of the Company. New qualification. Under the new constitution, no proprietor, not possessed of a thousand pounds capital stock, was permitted to vote in the General Court: before the act, five hundred pounds was a sufficient qualification for one vote; and no value gave more. But as the lower classes were disabled, the power was increased in the higher: proprietors of three thousand pounds were allowed two votes; those of six thousand were entitled to three; ten thousand pounds was made the qualification for four. The votes were thus regulated in the scale and gradation of property. On this scale, and on some provisions to prevent occasional qualifications and splitting of votes, the whole reformation rested.

Several essential points, however, seem to have been omitted or misunderstood. No regulation was made to abolish the pernicious custom of voting by The ballot.*ballot*, by means of which acts of the highest concern to the Company and to the state might be done by individuals with perfect impunity; and even the body itself might be subjected to a forfeiture of all its privileges for defaults of persons who, so far from being under control, could not be so much as known in any mode of legal cognizance. Indian interest. Nothing was done or attempted to

prevent the operation of the interest of delinquent servants of the Company in the General Court, by which they might even come to be their own judges, and, in effect, under another description, to become the masters in that body which ought to govern them. Nor was anything provided to secure the independency of the proprietary body from the various exterior interests by which it might be disturbed, and diverted from the conservation of that pecuniary concern which the act laid down as the sole security for preventing a collusion between the General Court and the powerful delinquent servants in India. The whole of the regulations concerning the Court of Proprietors relied upon two principles, which have often proved fallacious: namely, that small numbers were a security against faction and disorder; and that integrity of conduct would follow the greater property. In no case could these principles be less depended upon than in the affairs of the East India Company. However, by wholly cutting off the lower, and adding to the power of the higher classes, it was supposed that the higher would keep their money in that fund to make profit,—that the vote would be a secondary consideration, and no more than a guard to the property,—and that therefore any abuse which tended to depreciate the value of their stock would be warmly resented by such proprietors.

If the ill effects of every misdemeanor in the Company's servants were to be *immediate*, and had a tendency to lower the value of the stock, something might justly be expected from the pecuniary security taken by the act. But from the then state of

things, it was more than probable that proceedings ruinous to the permanent interest of the Company might commence in great lucrative advantages. Against this evil large pecuniary interests were rather the reverse of a remedy. Accordingly, the Company's servants have ever since covered over the worst oppressions of the people under their government, and the most cruel and wanton ravages of all the neighboring countries, by holding out, and for a time actually realizing, additions of revenue to the territorial funds of the Company, and great quantities of valuable goods to their investment.

Proprietors. But this consideration of mere income, whatever weight it might have, could not be the first object of a proprietor, in a body so circumstanced. The East India Company is not, like the Bank of England, a mere moneyed society for the sole purpose of the preservation or improvement of their capital; and therefore every attempt to regulate it upon the same principles must inevitably fail. When it is considered that a certain share in the stock gives a share in the government of so vast an empire, with such a boundless patronage, civil, military, marine, commercial, and financial, in every department of which such fortunes have been made as could be made nowhere else, it is impossible not to perceive that capitals far superior to any qualifications appointed to proprietors, or even to Directors, would readily be laid out for a participation in that power. The India proprietor, therefore, will always be, in the first instance, a politician; and the bolder his enterprise, and the more corrupt

his views, the less will be his consideration of the price to be paid for compassing them. The new regulations did not reduce the number so low as not to leave the assembly still liable to all the disorder which might be supposed to arise from multitude. But if the principle had been well established and well executed, a much greater inconveniency grew out of the reform than that which had attended the old abuse: for if tumult and disorder be lessened by reducing the number of proprietors, private cabal and intrigue are facilitated at least in an equal degree; and it is cabal and corruption, rather than disorder and confusion, that was most to be dreaded in transacting the affairs of India. Whilst the votes of the smaller proprietors continued, a door was left open for the public sense to enter into that society: since that door has been closed, the proprietary has become, even more than formerly, an aggregate of private interests, which subsist at the expense of the collective body. At the moment of this revolution in the proprietary, as it might naturally be expected, those who had either no very particular interest in their vote or but a petty object to pursue immediately disqualified; but those who were deeply interested in the Company's patronage, those who were concerned in the supply of ships and of the other innumerable objects required for their immense establishments, those who were engaged in contracts with the Treasury, Admiralty, and Ordnance, together with the clerks in public offices, found means of securing qualifications at the enlarged standard. All these composed a much greater proportion than formerly they had

done of the proprietary body.

Against the great, predominant, radical corruption of the Court of Proprietors the raising the qualification proved no sort of remedy. The return of the Company's servants into Europe poured in a constant supply of proprietors, whose ability to purchase the highest qualifications for themselves, their agents, and dependants could not be dubious. And this latter description form a very considerable, and by far the most active and efficient part of that body. To add to the votes, which is adding to the power in proportion to the wealth, of men whose very offences were supposed to consist in acts which lead to the acquisition of enormous riches, appears by no means a well-considered method of checking rapacity and oppression. In proportion as these interests prevailed, the means of cabal, of concealment, and of corrupt confederacy became far more easy than before. Accordingly, there was no fault with respect to the Company's government over its servants, charged or chargeable on the General Court as it originally stood, of which since the reform it has not been notoriously guilty. It was not, therefore, a matter of surprise to your Committee, that the General Court, so composed, has at length grown to such a degree of contempt both of its duty and of the permanent interest of the whole corporation as to put itself into open defiance of the salutary admonitions of this House, given for the purpose of asserting and enforcing the legal authority of their own body over their own servants.

The failure in this part of the reform of 1773 is not stated

by your Committee as recommending a return to the ancient constitution of the Company, which was nearly as far as the new from containing any principle tending to the prevention or remedy of abuses,—but to point out the probable failure of any future regulations which do not apply directly to the grievance, but which may be taken up as experiments to ascertain theories of the operation of councils formed of greater or lesser numbers, or such as shall be composed of men of more or less opulence, or of interests of newer or longer standing, or concerning the distribution of power to various descriptions or professions of men, or of the election to office by one authority rather than another.

Court of Directors. The second object of the act was the Court of Directors. Under the arrangement of the year 1773 that court appeared to have its authority much strengthened. It was made less dependent than formerly upon its constituents, the proprietary. The duration of the Directors in office was rendered more permanent, and the tenure itself diversified by a varied and intricate rotation. At the same time their authority was held high over their servants of all descriptions; and the only rule prescribed to the Council-General of Bengal, in the exercise of the large and ill-defined powers given to them, was that they were to yield obedience to the orders of the Court of Directors. As to the Court of Directors itself, it was left with very little regulation. The custom of ballot, infinitely the most mischievous in a body possessed of all the ordinary executive powers, was still left;

and your Committee have found the ill effects of this practice in the course of their inquiries. Nothing was done to oblige the Directors to attend to the promotion of their servants according to their rank and merits. In judging of those merits nothing was done to bind them to any observation of what appeared on their records. Nothing was done to compel them to prosecution or complaint where delinquency became visible. The act, indeed, prescribed that no servant of the Company abroad should be eligible into the direction until two years after his return to England. But as this regulation rather presumes than provides for an inquiry into their conduct, a very ordinary neglect in the Court of Directors might easily defeat it, and a short remission might in this particular operate as a total indemnity. In fact, however, the servants have of late seldom attempted a seat in the direction,—an attempt which might possibly rouse a dormant spirit of inquiry; but, satisfied with an interest in the proprietary, they have, through that name, brought the direction very much under their own control.

As to the general authority of the Court of Directors, there is reason to apprehend that on the whole it was somewhat degraded by the act whose professed purpose was to exalt it, and that the only effect of the Parliamentary sanction to their orders has been, that along with those orders the law of the land has been despised and trampled under foot. The Directors were not suffered either to nominate or to remove those whom they were empowered to instruct; from masters they were reduced to the

situation of complainants,—a situation the imbecility of which no laws or regulations could wholly alter; and when the Directors were afterwards restored in some degree to their ancient power, on the expiration of the lease given to their principal servants, it became impossible for them to recover any degree of their ancient respect, even if they had not in the mean time been so modelled as to be entirely free from all ambition of that sort.

From that period the orders of the Court of Directors became to be so habitually despised by their servants abroad, and at length to be so little regarded even by themselves, that this contempt of orders forms almost the whole subject-matter of the voluminous reports of two of your committees. If any doubt, however, remains concerning the cause of this fatal decline of the authority of the Court of Directors, no doubt whatsoever can remain of the fact itself, nor of the total failure of one of the great leading regulations of the act of 1773.

Supreme Court of Judicature. The third object was a new judicial arrangement, the chief purpose of which was to form a strong and solid security for the natives against the wrongs and oppressions of British subjects resident in Bengal. An oporose and expensive establishment of a Supreme Court was made, and charged upon the revenues of the country. The charter of justice was by the act left to the crown, as well as the appointment of the magistrates. The defect in the institution seemed to be this,—that no rule was laid down, either in the act or the charter, by which the court was to judge. No descriptions of offenders

or species of delinquency were properly ascertained, according to the nature of the place, or to the prevalent mode of abuse. Provision was made for the administration of justice in the remotest part of Hindostan as if it were a province in Great Britain. Your Committee have long had the constitution and conduct of this court before them, and they have not yet been able to discover very few instances (not one that appears to them of leading importance) of relief given to the natives against the corruptions or oppressions of British subjects in power,—though they do find one very strong and marked instance of the judges having employed an unwarrantable extension or application of the municipal law of England, to destroy a person of the highest rank among those natives whom they were sent to protect. One circumstance rendered the proceeding in this case fatal to all the good purposes for which the court had been established. The sufferer (the Rajah Nundcomar) appears, at the very time of this extraordinary prosecution, a discoverer of some particulars of illicit gain then charged upon Mr. Hastings, the Governor-General. Although in ordinary cases, and in some lesser instances of grievance, it is very probable that this court has done its duty, and has been, as every court must be, of some service, yet one example of this kind must do more towards deterring the natives from complaint, and consequently from the means of redress, than many decisions favorable to them, in the ordinary course of proceeding, can do for their encouragement and relief. So far as your Committee has been able to discover, the court

has been generally terrible to the natives, and has distracted the government of the Company without substantially reforming any one of its abuses.

This court, which in its constitution seems not to have had sufficiently in view the necessities of the people for whose relief it was intended, and was, or thought itself, bound in some instances to too strict an adherence to the forms and rules of English practice, in others was framed upon principles perhaps too remote from the constitution of English tribunals. By the usual course of English practice, the far greater part of the redress to be obtained against oppressions of power is by process in the nature of civil actions. In these a trial by jury is a necessary part, with regard to the finding the offence and to the assessment of the damages. Both these were in the charter of justice left entirely to the judges. It was presumed, and not wholly without reason, that the British subjects were liable to fall into factions and combinations, in order to support themselves in the abuses of an authority of which every man might in his turn become a sharer. And with regard to the natives, it was presumed (perhaps a little too hastily) that they were not capable of sharing in the functions of jurors. But it was not foreseen that the judges were also liable to be engaged in the factions of the settlement,—and if they should ever happen to be so engaged, that the native people were then without that remedy which obviously lay in the chance that the court and jury, though both liable to bias, might not easily unite in the same identical act of injustice. Your Committee,

on full inquiry, are of opinion *that the use of juries is neither impracticable nor dangerous in Bengal.*

Your Committee refer to their report made in the year 1781, for the manner in which this court, attempting to extend its jurisdiction, and falling with extreme severity on the native magistrates, a violent contest arose between the English judges and the English civil authority. This authority, calling in the military arm, (by a most dangerous example,) overpowered, and for a while suspended, the functions of the court; but at length those functions, which were suspended by the quarrel of the parties, were destroyed by their reconciliation, and by the arrangements made in consequence of it. By these the court was virtually annihilated; or if substantially it exists, it is to be apprehended it exists only for purposes very different from those of its institution.

The fourth object of the act of 1773 was the Council-General. This institution was intended to produce uniformity, consistency, and the effective coöperation of all the settlements in their common defence. By the ancient constitution of the Company's foreign settlements, they were each of them under the orders of a President or Chief, and a Council, more or fewer, according to the discretion of the Company. Among those, Parliament (probably on account of the largeness of the territorial acquisitions, rather than the conveniency of the situation) chose Bengal for the residence of the controlling power, and, dissolving the Presidency, appointed a new establishment, upon a plan

somewhat similar to that which had prevailed before; but the number was smaller. This establishment was composed of a Governor-General and four Counsellors, all named in the act of Parliament. They were to hold their offices for five years, after which term the patronage was to revert to the Court of Directors. In the mean time such vacancies as should happen were to be filled by that court, with the concurrence of the crown. The first Governor-General and one of the Counsellors had been old servants of the Company; the others were new men.

On this new arrangement the Courts of Proprietors and Directors considered the details of commerce as not perfectly consistent with the enlarged sphere of duty and the reduced number of the Council. Therefore, to relieve them from this burden, they instituted a new office, called the Board of Trade, for the subordinate management of their commercial concerns, and appointed eleven of the senior servants to fill the commission.

Object of powers to Governor-General and Council. The powers given by the act to the new Governor-General and Council had for their direct object the kingdom of Bengal and its dependencies. Within that sphere (and it is not a small one) their authority extended over all the Company's concerns of whatever description. In matters of peace and war it seems to have been meant that the other Presidencies should be subordinate to their board. But the law is loose and defective, where it professes to restrain the subordinate Presidencies from making war without

the consent and approbation of the Supreme Council. They are left free to act without it *in cases of imminent necessity*, or *where they shall have received special orders from the Company*. The first exception leaves it open to the subordinate to judge of the necessity of measures which, when taken, bind or involve the superior: the second refers a question of peace or war to two jurisdictions, which may give different judgments. In both instances cases in point have occurred.<sup>1</sup> With regard to their local administration, their powers were exceedingly and dangerously loose and undetermined. Their powers were not given directly, but in words of reference, in which neither the objects related to nor the mode of the relation were sufficiently expressed. Their legislative and executive capacities were not so accurately drawn, and marked by such strong and penal lines of distinction, as to keep these capacities separate. Where legislative and merely executive powers were lodged in the same hands, the legislative, which is the larger and the more ready for all occasions, was constantly resorted to. The Governor-General and Council, therefore, immediately gave constructions to their ill-defined authority which rendered it perfectly despotic,—constructions which if they were allowed, no action of theirs ought to be regarded as criminal.

Armed as they were with an authority in itself so ample, and by abuse so capable of an unlimited extent, very few, and these very insufficient correctives, were administered. Ample salaries

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<sup>1</sup> See the Secret Committee's Reports on the Mahratta War.

were provided for them, which indeed removed the necessity, but by no means the inducements to corruption and oppression. Nor was any barrier whatsoever opposed on the part of the natives against their injustice, except the Supreme Court of Judicature, which never could be capable of controlling a government with such powers, without becoming such a government itself.

There was, indeed, a prohibition against all concerns in trade to the whole Council, and against all taking of presents by any in authority. A right of prosecution in the King's Bench was also established; but it was a right the exercise of which is difficult, and in many, and those the most weighty cases, impracticable. No considerable facilities were given to prosecution in Parliament; nothing was done to prevent complaint from being far more dangerous to the sufferer than injustice to the oppressor. No overt acts were fixed, upon which corruption should be presumed in transactions of which secrecy and collusion formed the very basis; no rules of evidence nor authentic mode of transmission were settled in conformity to the unalterable circumstances of the country and the people.

Removal of servants. One provision, indeed, was made for restraining the servants, in itself very wise and substantial: a delinquent once dismissed, could not be restored, but by the votes of three fourths of the Directors and three fourths of the proprietors: this was well aimed. But no method was settled for bringing delinquents to the question of removal: and if they should be brought to it, a door lay wide open for evasion of

the law, and for a return into the service, in defiance of its plain intention,—that is, by resigning to avoid removal; by which measure this provision of the act has proved as unoperative as all the rest. By this management a mere majority may bring in the greater delinquent, whilst the person removed for offences comparatively trivial may remain excluded forever.

Council-General The new Council nominated in the act was composed of two totally discordant elements, which soon distinguished themselves into permanent parties. One of the principal instructions which the three members of the Council sent immediately from England, namely, General Clavering, Colonel Monson, and Mr. Francis, carried out with them was, to "*cause the strictest inquiry to be made into all oppressions and abuses,*" among which *the practice of receiving presents from the natives*, at that time generally charged upon men in power, was principally aimed at.

Presents to any considerable value were justly reputed by the legislature, not as marks of attention and respect, but as bribes or extortions, for which either the beneficial and gratuitous duties of government were sold, or they were the price paid for acts of partiality, or, finally, they were sums of money extorted from the givers by the terrors of power. Against the system of presents, therefore, the new commission was in general opinion particularly pointed. In the commencement of reformation, at a period when a rapacious conquest had overpowered and succeeded to a corrupt government, an act of indemnity might

have been thought advisable; perhaps a new account ought to have been opened; all retrospect ought to have been forbidden, at least to certain periods. If this had not been thought advisable, none in the higher departments of a suspected and decried government ought to have been kept in their posts, until an examination had rendered their proceedings clear, or until length of time had obliterated, by an even course of irreproachable conduct, the errors which so naturally grow out of a new power. But the policy adopted was different: it was to begin with *examples*. The cry against the abuses was strong and vehement throughout the whole nation, and the practice of presents was represented to be as general as it was mischievous. In such a case, indeed in any case, it seemed not to be a measure the most provident, without a great deal of previous inquiry, to place two persons, who from their situation must be the most exposed to such imputations, in the commission which was to inquire into their own conduct,—much less to place one of them at the head of that commission, and with a casting vote in case of an equality. The persons who could not be liable to that charge were, indeed, three to two; but any accidental difference of opinion, the death of any one of them or his occasional absence or sickness, threw the whole power into the hands of the other two, who were Mr. Hastings and Mr. Barwell, one the President, and the other high in the Council of that establishment on which the reform was to operate. Thus those who were liable to process as delinquents were in effect set over the reformers; and that did actually happen

which might be expected to happen from so preposterous an arrangement: a stop was soon put to all inquiries into the capital abuses.

Nor was the great political end proposed in the formation of a superintending Council over all the Presidencies better answered than that of an inquiry into corruptions and abuses. The several Presidencies have acted in a great degree upon their own separate authority; and as little of unity, concert, or regular system has appeared in their conduct as was ever known before this institution. India is, indeed, so vast a country, and the settlements are so divided, that their intercourse with each other is liable to as many delays and difficulties as the intercourse between distant and separate states. But one evil may possibly have arisen from an attempt to produce an union, which, though undoubtedly to be aimed at, is opposed in some degree by the unalterable nature of their situation,—that it has taught the servants rather to look to a superior among themselves than to their common superiors. This evil, growing out of the abuse of the principle of subordination, can only be corrected by a very strict enforcement of authority over that part of the chain of dependence which is next to the original power.

Powers given to the ministers of the crown. That which your Committee considers as the fifth and last of the capital objects of the act, and as the binding regulation of the whole, is the introduction (then for the first time) of the ministers of the crown into the affairs of the Company. The state claiming a concern

and share of property in the Company's profits, the servants of the crown were presumed the more likely to preserve with a scrupulous attention the sources of the great revenues which they were to administer, and for the rise and fall of which they were to render an account.

The interference of government was introduced by this act in two ways: one by a control, in effect by a share, in the appointment to vacancies in the Supreme Council. The act provided that his Majesty's approbation should be had to the persons named to that duty. Partaking thus in the patronage of the Company, administration was bound to an attention to the characters and capacities of the persons employed in that high trust. The other part of their interference was by way of inspection. By this right of inspection, everything in the Company's correspondence from India, which related to the civil or military affairs and government of the Company, was directed by the act to be within fourteen days after the receipt laid before the Secretary of State, and everything that related to the management of the revenues was to be laid before the Commissioners of the Treasury. In fact, both description of these papers have been generally communicated to that board.

Defects in the plan. It appears to your Committee that there were great and material defects in both parts of the plan. With regard to the approbation of persons nominated to the Supreme Council by the Court of Directors, no sufficient means were provided for carrying to his Majesty, along with the nomination,

the particulars in the conduct of those who had been in the service before, which might render them proper objects of approbation or rejection. The India House possesses an office of record capable of furnishing, in almost all cases, materials for judging on the behavior of the servants in their progress from the lowest to the highest stations; and the whole discipline of the service, civil and military, must depend upon an examination of these records inseparably attending every application for an appointment to the highest stations. But in the present state of the nomination the ministers of the crown are not furnished with the proper means of exercising the power of control intended by the law, even if they were scrupulously attentive to the use of it. There are modes of proceeding favorable to neglect. Others excite inquiry and stimulate to vigilance.

Proposition to remedy them. Your Committee, therefore, are of opinion, that for the future prevention of cabal, and of private and partial representation, whether above or below, that, whenever any person who has been in the service shall be recommended to the King's ministers to fill a vacancy in the Council-General, the Secretary of the Court of Directors shall be ordered to make a strict search into the records of the Company, and shall annex to the recommendation the reasons of the Court of Directors for their choice, together with a faithful copy of whatever shall be found (if anything can be found) relative to his character and conduct,—as also an account of his standing in the Company's service, the time of his abode in India, the reasons

for his return, and the stations, whether civil or military, in which he has been successively placed.

With this account ought to be transmitted the names of those who were proposed as candidates for the same office, with the correspondent particulars relative to their conduct and situation: for not only the separate, but the comparative merit, probably would, and certainly ought, to have great influence in the approbation or rejection of the party presented to the ministers of the crown. These papers should be laid before the Commissioners of the Treasury and one of the Secretaries of State, and entered in books to be kept in the Treasury and the Secretary's office.

Appointment of Counsellors, &c. These precautions, in case of the nomination of any who have served the Company, appear to be necessary from the improper nomination and approbation of Mr. John Macpherson's appointment. Macpherson, notwithstanding the objections which stood against him on the Company's records. The choice of Mr. John Stables's. Stables, from an inferior military to the highest civil capacity, was by no means proper, nor an encouraging example to either service. His conduct, indeed, in the subaltern military situation, had received, and seems to have deserved, commendation; but no sufficient ground was furnished for confounding the lines and gradations of service. This measure was, however, far less exceptionable than the former; because an irregular choice of a less competent person, and the preference given to proved

delinquency in prejudice to uncensured service, are very different things. But even this latter appointment would in all likelihood have been avoided, if rules of promotion had been established. If such rules were settled, candidates qualified from ability, knowledge, and service would not be discouraged by finding that everything was open to every man, and that favor alone stood in the place of civil or military experience. The elevation from the lowest stations unfaithfully and negligently filled to the highest trusts, the total inattention to rank and seniority, and, much more, the combination of this neglect of rank with a confusion (unaccompanied with strong and evident reasons) of the lines of service, cannot operate as useful examples on those who serve the public in India. These servants, beholding men who have been condemned for improper behavior to the Company in inferior civil stations elevated above them, or (what is less blamable, but still mischievous) persons without any distinguished civil talents taken from the subordinate situations of another line to their prejudice, will despair by any good behavior of ascending to the dignities of their own: they will be led to improve, to the utmost advantage of their fortune, the lower stages of power, and will endeavor to make up in lucre what they can never hope to acquire in station.

The temporary appointment by Parliament of the Supreme Council of India arose from an opinion that the Company, at that time at least, was not in a condition or not disposed to a proper exercise of the privileges which they held under their charter.

It therefore behoved the Directors to be particularly attentive to their choice of Counsellors, on the expiration of the period during which their patronage had been suspended. The duties of the Supreme Council had been reputed of so arduous a nature as to require even a legislative interposition. They were called upon, by all possible care and impartiality, to justify Parliament at least as fully in the restoration of their privileges as the circumstances of the time had done in their suspension.

But interests have lately prevailed in the Court of Directors, which, by the violation of every rule, seemed to be resolved on the destruction of those privileges of which they were the natural guardians. Every new power given has been made the source of a new abuse; and the acts of Parliament themselves, which provide but imperfectly for the prevention of the mischief, have, it is to be feared, made provisions (contrary, without doubt, to the intention of the legislature) which operate against the possibility of any cure in the ordinary course.

In the original institution of the Supreme Council, reasons may have existed against rendering the tenure of the Counsellors in their office precarious. A plan of reform might have required the permanence of the persons who were just appointed by Parliament to execute it. But the act of 1780 gave a duration coexistent with the statute itself to a Council not appointed by act of Parliament, nor chosen for any temporary or special purpose; by which means the servants in the highest situation, let their conduct be never so grossly criminal, cannot be removed, unless

the Court of Directors and ministers of the crown can be found to concur in the same opinion of it. The prevalence of the Indian factions in the Court of Directors and Court of Proprietors, and sometimes in the state itself, renders this agreement extremely difficult: if the principal members of the Direction should be in a conspiracy with any principal servant under censure, it will be impracticable; because the first act must originate there. The reduced state of the authority of this kingdom in Bengal may be traced in a great measure to that very natural source of independence. In many cases the instant removal of an offender from his power of doing mischief is the only mode of preventing the utter and perhaps irretrievable ruin of public affairs. In such a case the process ought to be simple, and the power absolute in one or in either hand separately. By contriving the balance of interests formed in the act, notorious offence, gross error, or palpable insufficiency have many chances of retaining and abusing authority, whilst the variety of representations, hearings, and conferences, and possibly the mere jealousy and competition between rival powers, may prevent any decision, and at length give time and means for settlements and compromises among parties, made at the expense of justice and true policy. But this act of 1780, not properly distinguishing judicial process from executive arrangements, requires in effect nearly the same degree of solemnity, delay, and detail for removing a political inconvenience which attends a criminal proceeding for the punishment of offences. It goes further, and gives the same

tenure to all who shall succeed to vacancies which was given to those whom the act found in office.

Another regulation was made in the act, which has a tendency to render the control of delinquency or the removal of incapacity in the Council-General extremely difficult, as well as to introduce many other abuses into the original appointment of Counsellors. Provisional appointment for vacancies. The inconveniences of a vacancy in that important office, at a great distance from the authority that is to fill it, were visible; but your Committee have doubts whether they balance the mischief which may arise from the power given in this act, of a provisional appointment to vacancies, not on the event, but on foresight. This mode of providing for the succession has a tendency to promote cabal, and to prevent inquiry into the qualifications of the persons to be appointed. An attempt has been actually made, in consequence of this power, in a very marked manner, to confound the whole order and discipline of the Company's service. Means are furnished thereby for perpetuating the powers of some given Court of Directors. They may forestall the patronage of their successors, on whom they entail a line of Supreme Counsellors and Governors-General. And if the exercise of this power should happen in its outset to fall into bad hands, the ordinary chances for mending an ill choice upon death or resignation are cut off.

In these provisional arrangements it is to be considered that the appointment is not in consequence of any marked event which calls strongly on the attention of the public, but is made at

the discretion of those who lead in the Court of Directors, and may therefore be brought forward at times the most favorable to the views of partiality and corruption. Candidates have not, therefore, the notice that may be necessary for their claims; and as the possession of the office to which the survivors are to succeed seems remote, all inquiry into the qualifications and character of those who are to fill it will naturally be dull and languid.

Your Committee are not also without a grounded apprehension of the ill effect on any existing Council-General of all strong marks of influence and favor which appear in the subordinates of Bengal. This previous designation to a great and arduous trust, (the greatest that can be reposed in subjects,) when made out of any regular course of succession, marks that degree of countenance and support at home which may overshadow the existing government. That government may thereby be disturbed by factions, and led to corrupt and dangerous compliances. At best, when these Counsellors elect are engaged in no fixed employment, and have no lawful intermediate emolument, the natural impatience for their situations may bring on a traffic for resignations between them and the persons in possession, very unfavorable to the interests of the public and to the duty of their situations.

Since the act two persons have been nominated to the ministers of the crown by the Court of Directors for this succession. Neither has yet been approved. But by the description

of the persons a judgment may be formed of the principles on which this power is likely to be exercised.

Stuart and Sullivan's appointment to succeed to vacancies. Your Committee find, that, in consequence of the above-mentioned act, the Honorable Charles Stuart and Mr. Sullivan were appointed to succeed to the first vacancies in the Supreme Council. Mr. Stuart's first appointment in the Company's service was in the year 1761. He returned to England in 1775, and was permitted to go back to India in 1780. In August, 1781, he was nominated by the Court of Directors (Mr. Sullivan and Sir William James were Chairman and Deputy-Chairman) to succeed to the first vacancy in the Supreme Council, and on the 19th of September following his Majesty's approval of such nomination was requested.

Mr. Stuart's situation at the time of his appointment. In the nomination of Mr. Stuart, the consideration of rank in the service was not neglected; but if the Court of Directors had thought fit to examine their records, they would have found matter at least strongly urging them to a suspension of this appointment, until the charges against Mr. Stuart should be fully cleared up. That matter remained (as it still remains) unexplained from the month of May, 1775, where, on the Bengal Revenue Consultations of the 12th of that month, peculations to a large amount are charged upon oath against Mr. Stuart under the following title: "*The Particulars of the Money unjustly taken by Mr. Stuart, during the Time he was at Burdwan.*" The sum

charged against him in this account is 2,17,684 Sicca rupees (that is, 25,253*l.* sterling); besides which there is another account with the following title: "*The Particulars of the Money unjustly taken by Callypersaud Bose, Banian to the Honorable Charles Stuart, Esquire, at Burdwan, and amounting to Sicca Rupees 1,01,675*" (that is, 11,785*l.*),—a large sum to be received by a person in that subordinate situation.

The minuteness with which these accounts appear to have been kept, and the precision with which the date of each particular, sometimes of very small sums, is stated, give them the appearance of authenticity, as far as it can be conveyed on the face or in the construction of such accounts, and, if they were forgeries, laid them open to an easy detection. But no detection is easy, when no inquiry is made. It appears an offence of the highest order in the Directors concerned in this business, when, not satisfied with leaving such charges so long unexamined, they should venture to present to the king's servants the object of them for the highest trust which they have to bestow. If Mr. Stuart was really guilty, the possession of this post must furnish him not only with the means of renewing the former evil practices charged upon him, and of executing them upon a still larger scale, but of oppressing those unhappy persons who, under the supposed protection of the faith of the Company, had appeared to give evidence concerning his former misdemeanors.

This attempt in the Directors was the more surprising, when it is considered that two committees of this House were at that very

time sitting upon an inquiry that related directly to their conduct, and that of their servants in India.

It was in the same spirit of defiance of Parliament, that at the same time they nominated Mr. Sullivan, son to the then Chairman of the Court Mr. Sullivan's situation at the time of his appointment of Directors, to the succession to the same high trust in India. On these appointments, your Committee thought it proper to make those inquiries which the Court of Directors thought proper to omit. They first conceived it fitting to inquire what rank Mr. Sullivan bore in the service; and they thought it not unnecessary here to state the gradations in the service, according to the established usage of the Company.

The Company's civil servants generally go to India as *writers*, in which capacity they serve the Company *five years*. The next step, in point of rank, is to be a *factor*, and next to that a *junior merchant*; in each of which capacities they serve the Company *three years*. They then rise to the rank of *senior merchant*, in which situation they remain till called by rotation to the *Board of Trade*. Until the passing of the Regulation Act, in 1773, seniority entitled them to succeed to the *Council*, and finally gave them pretensions to the *government of the Presidency*.

The above gradation of the service, your Committee conceive, ought never to be superseded by the Court of Directors, without evident reason, in persons or circumstances, to justify the breach of an ancient order. The names, whether taken from civil or commercial gradation, are of no moment. The order itself is

wisely established, and tends to provide a natural guard against partiality, precipitancy, and corruption in patronage. It affords means and opportunities for an examination into character; and among the servants it secures a strong motive to preserve a fair reputation. Your Committee find that no respect whatsoever was paid to this gradation in the instance of Mr. Sullivan, nor is there any reason assigned for departing from it. They do not find that Mr. Sullivan had ever served the Company in any one of the above capacities, but was, in the year 1777, abruptly brought into the service, and sent to Madras to succeed as Persian Translator and Secretary to the Council.

Your Committee have found a letter from Mr. Sullivan to George Wombwell and William Devaynes, Esquires, Chairman and Deputy-Chairman of the Court of Directors, stating that he trusted *his applications* would have a place in their deliberations when Madras affairs were taken up. Of what nature those applications were your Committee cannot discover, as no traces of them appear on the Company's records,—nor whether any proofs of his ability, even as Persian Translator, which might entitle him to a preference to the many servants in India whose study and opportunities afforded them the means of becoming perfect masters of that language.

On the above letter your Committee find that the Committee of Correspondence proceeded; and on their recommendation the Court of Directors unanimously approved of Mr. Sullivan to be appointed to succeed to the posts of Secretary and Persian

Translator.

Mr. Sullivan's succession of offices. Conformably to the orders of the court, Mr. Sullivan succeeded to those posts; and the President and Council acquainted the Court of Directors that they had been obeyed. About five months after, it appears that Mr. Sullivan thought fit to resign the office of Persian Translator, to which he had been appointed by the Directors. In April, 1780, Mr. Sullivan is commended for his *great diligence as Secretary*; in August following he obtains leave to accompany Mrs. Sullivan to Bengal, whence she is to proceed to Europe on account of her health; and he is charged with a commission from the President and Council of Fort St. George to obtain for that settlement supplies of grain, troops, and money, from the Governor-General and Council of Bengal. In October the Governor-General requests permission of the Council there to employ Mr. Sullivan as his *Assistant*, for that he had experienced (between his arrival in Bengal and that time) the abilities of Mr. Sullivan, and made choice of him as *completely qualified for that trust*; also requests the board to appoint him Judge-Advocate-General, and likewise to apply to the Presidency of Madras for him to remain in Bengal without prejudice to his rank on their establishment: which several requests the board at Madras readily complied with, notwithstanding their natural sensibility to the loss of a Secretary of such ability and diligence as they had described Mr. Sullivan to be.

On the 5th of December following, the President and Council

received a letter from Bengal, requesting that Mr. Sullivan might be allowed to keep his rank. This request brought on some discussion. A Mr. Freeman, it seems, who had acted under Mr. Sullivan as Sub-Secretary whilst his principal obtained so much praise for his diligence, addressed the board on the same day, and observed, "that, since Mr. Sullivan's arrival, *he* [Mr. Freeman] had, *without intermission*, done almost the *whole* of the duty allotted to the post of Secretary, *which it was notorious Mr. Sullivan had paid but little attention to*; and neither his inclination or duty led him to act any longer as Mr. Sullivan's deputy."

Here your Committee cannot avoid remarking the direct contradiction which this address of Mr. Freeman's gives to the letter from the President and Council to the Court of Directors in April, 1780, wherein Mr. Sullivan is praised for his "diligence and attention in his office of Secretary."

The President and Council do not show any displeasure at Mr. Freeman's representation, (so contrary to their own,) the truth of which they thus tacitly admit, but agree to write to the Governor-General and Council, "that it could not be supposed that they could carry on the public business for any length of time without *the services of a Secretary and Clerk of Appeals*, two offices that required personal attendance, and which would be a general injury to the servants on their establishment, and in particular to the person who acted in those capacities, as they learnt that Mr. Sullivan had been appointed Judge-Advocate-General in Bengal,—and to request the Governor-General and Council to inform

Mr. Sullivan of their sentiments, and to desire him to inform them whether he meant to return to his station or to remain in Bengal."

On the 5th December, as a mark of their approbation of Mr. Freeman, who had so plainly contradicted their opinion of Mr. Sullivan, the President and Council agree to appoint him to act as Secretary and Clerk of Appeals, till Mr. Sullivan's answer should arrive, with the emoluments, and to confirm him therein, if Mr. Sullivan should remain in Bengal.

On the 14th February, 1781, the President and Council received a letter from Bengal in reply, and stating their request that Mr. Sullivan might reserve the right of returning to his original situation on the Madras establishment, if the Court of Directors should disapprove of his being transferred to Bengal. To this request the board at Madras declare they have no objection: and here the matter rests; the Court of Directors not having given any tokens of approbation or disapprobation of the transaction.

Such is the history of Mr. Sullivan's service from the time of his appointment; such were the qualifications, and such the proofs of assiduity and diligence given by him in holding so many incompatible offices, (as well as being engaged in other dealings, which will appear in their place,) when, after three years' desultory residence in India, he was thought worthy to be nominated to the succession to the Supreme Council. No proof whatsoever of distinguished capacity in any line preceded his original appointment to the service: so that the whole of his

fitness for the Supreme Council rested upon his conduct and character since his appointment as Persian Translator.

Your Committee find that his Majesty has not yet given his approbation to the nomination, made by the Court of Directors on the 30th of August, 1781, of Messrs. Stuart and Sullivan to succeed to the Supreme Council on the first vacancies, though the Court applied for the royal approbation so long ago as the 19th of September, 1781; and in these instances the king's ministers performed their duty, in withholding their countenance from a proceeding so exceptionable and of so dangerous an example.

Your Committee, from a full view of the situation and duties of the Court of Directors, are of opinion that effectual means ought to be taken for regulating that court in such a manner as to prevent either rivalship with or subserviency to their servants. It might, therefore, be proper for the House to consider whether it is fit that those who are, or have been within some given time, Directors of the Company, should be capable of an appointment to any offices in India. Directors can never properly govern those for whose employments they are or may be themselves candidates; they can neither protect nor coerce them with due impartiality or due authority.

If such rules as are stated by your Committee under this head were observed in the regular service at home and abroad, the necessity of superseding the regular service by strangers would be more rare; and whenever the servants were so superseded,

those who put forward other candidates would be obliged to produce a strong plea of merit and ability, which, in the judgment of mankind, ought to overpower pretensions so authentically established, and so rigorously guarded from abuse.

Deficiency of powers to ministers of government. The second object, in this part of the plan, of the act of 1773, namely, that of inspection by the ministers of the crown, appears not to have been provided for, so as to draw the timely and productive attention of the state on the grievances of the people of India, and on the abuses of its government. By the Regulating Act, the ministers were enabled to inspect one part of the correspondence, that which was received in England, but not that which went outward. They might know something, but that very imperfectly and unsystematically, of the state of affairs; but they were neither authorized to advance nor to retard any measure taken by the Directors in consequence of that state: they were not provided even with sufficient means of knowing what any of these measures were. And this imperfect information, together with the want of a direct call to any specific duty, might have, in some degree, occasioned that remissness which rendered even the imperfect powers originally given by the act of 1773 the less efficient. This defect was in a great measure remedied by a subsequent act; but that act was not passed until the year 1780.

Disorders increased since 1773. Your Committee find that during the whole period which elapsed from 1773 to the commencement of 1782 disorders and abuses of every kind

multiplied. Wars contrary to policy and contrary to public faith were carrying on in various parts of India. The allies, dependants, and subjects of the Company were everywhere oppressed;<sup>2</sup> dissensions in the Supreme Council prevailed, and continued for the greater part of that time; the contests between the civil and judicial powers threatened that issue to which they came at last, an armed resistance to the authority of the king's court of justice; the orders which by an act of Parliament the servants were bound to obey were avowedly and on principle contemned; until at length the fatal effects of accumulated misdemeanors abroad and neglects at home broke out in the alarming manner which your Committee have so fully reported to this House.<sup>3</sup>

Proceedings in India not known to Parliament. In all this time the true state of the several Presidencies, and the real conduct of the British government towards the natives, was not at all known to Parliament: it seems to have been very imperfectly known even to ministers. Indeed, it required an unbroken attention, and much comparison of facts and reasonings, to form a true judgment on that difficult and complicated system of politics, revenue, and commerce, whilst affairs were only in their progress to that state which produced the present inquiries. Therefore, whilst the causes of their ruin were in the height of their operation, both the Company and the natives were understood by the public as in circumstances the most assured and most flourishing;

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<sup>2</sup> Vide Secret Committee Reports.

<sup>3</sup> Vide Select Committee Reports, 1781

insomuch that, whenever the affairs of India were brought before Parliament, as they were two or three times during that period, the only subject-matter of discussion anywise important was concerning the sums which might be taken out of the Company's surplus profits for the advantage of the state. Little was thought of but the disengagement of the Company from their debts in *England*, and to prevent the servants abroad from drawing upon them, so as that body might be enabled, without exciting clamors here, to afford the contribution that was demanded. All descriptions of persons, either here or in India, looking solely to appearances at home, the reputation of the Directors depended on the keeping the Company's sales in a situation to support the dividend, that of the ministers depended on the most lucrative bargains for the Exchequer, and that of the servants abroad on the largest investments; until at length there is great reason to apprehend, that, unless some very substantial reform takes place in the management of the Company's affairs, nothing will be left for investment, for dividend, or for bargain, and India, instead of a resource to the public, may itself come, in no great length of time, to be reckoned amongst the public burdens.

Inspection of ministers has failed in effect. In this manner the inspection of the ministers of the crown, the great cementing regulation of the whole act of 1773, has, along with all the others, entirely failed in its effect.

Failure in the act. Your Committee, in observing on the failure of this act, do not consider the intrinsic defects or mistakes in the

law itself as the sole cause of its miscarriage. The general policy of the nation with regard to this object has been, they conceive, erroneous; and no remedy by laws, under the prevalence of that policy, can be effectual. Before any remedial law can have its just operation, the affairs of India must be restored to their natural order. The prosperity of the natives must be previously secured, before any profit from them whatsoever is attempted. For as long as a system prevails which regards the transmission of great wealth to this country, either for the Company or the state, as its principal end, so long will it be impossible that those who are the instruments of that scheme should not be actuated by the same spirit for their own private purposes. It will be worse: they will support the injuries done to the natives for their selfish ends by new injuries done in favor of those before whom they are to account. It is not reasonably to be expected that a public rapacious and improvident should be served by any of its subordinates with disinterestedness or foresight.

## II.—CONNECTION OF GREAT BRITAIN WITH INDIA

In order to open more fully the tendency of the policy which has hitherto prevailed, and that the House may be enabled, in any regulations which may be made, to follow the tracks of the abuse, and to apply an appropriated remedy to a particular distemper, your Committee think it expedient to consider in some detail the manner in which India is connected with this kingdom,—which is the second head of their plan.

The two great links by which this connection is maintained are, first, the East India Company's commerce, and, next, the government set over the natives by that company and by the crown. The first of these principles of connection, namely, the East India Company's trade, is to be first considered, not only as it operates by itself, but as having a powerful influence over the general policy and the particular measures of the Company's government. Your Committee apprehend that the present state, nature, and tendency of this trade are not generally understood.

Trade to India formerly carried on chiefly in silver. Until the acquisition of great territorial revenues by the East India Company, the trade with India was carried on upon the common principles of commerce,—namely, by sending out such commodities as found a demand in the India market, and, where that demand was not adequate to the reciprocal call of the

European market for Indian goods, by a large annual exportation of treasure, chiefly in silver. In some years that export has been as high as six hundred and eighty thousand pounds sterling. The other European companies trading to India traded thither on the same footing. Their export of bullion was probably larger in proportion to the total of their commerce, as their commerce itself bore a much larger proportion to the British than it does at this time or has done for many years past. But stating it to be equal to the British, the whole of the silver sent annually from Europe into Hindostan could not fall very short of twelve or thirteen hundred thousand pounds a year. This influx of money, poured into India by an emulation of all the commercial nations of Europe, encouraged industry and promoted cultivation in a high degree, notwithstanding the frequent wars with which that country was harassed, and the vices which existed in its internal government. On the other hand, the export of so much silver was sometimes a subject of grudging and uneasiness in Europe, and a commerce carried on through such a medium to many appeared in speculation of doubtful advantage. But the practical demands of commerce bore down those speculative objections. The East India commodities were so essential for animating all other branches of trade, and for completing the commercial circle, that all nations contended for it with the greatest avidity. The English company flourished under this exportation for a very long series of years. The nation was considerably benefited both in trade and in revenue; and the dividends of the proprietors were

often high, and always sufficient to keep up the credit of the Company's stock in heart and vigor.

How trade carried on since. But at or very soon after the acquisition of the territorial revenues to the English company, the period of which may be reckoned as completed about the year 1765, a very great revolution took place in commerce as well as in dominion; and it was a revolution which affected the trade of Hindostan with all other European nations, as well as with that in whose favor and by whose power it was accomplished. From that time bullion was no longer regularly exported by the English East India Company to Bengal, or any part of Hindostan; and it was soon exported in much smaller quantities by any other nation. A new way of supplying the market of Europe, by means of the British power and influence, was invented: a species of trade (if such it may be called) by which it is absolutely impossible that India should not be radically and irretrievably ruined, although our possessions there were to be ordered and governed upon principles diametrically opposite to those which now prevail in the system and practice of the British company's administration.

Investments. A certain portion of the revenues of Bengal has been for many years set apart to be employed in the purchase of goods for exportation to England, and this is called the *Investment*. The greatness of this investment has been the standard by which the merit of the Company's principal servants has been too generally estimated; and this main cause of the impoverishment of India has been generally taken as a measure

of its wealth and prosperity. Numerous fleets of large ships, loaded with the most valuable commodities of the East, annually arriving in England, in a constant and increasing succession, imposed upon the public eye, and naturally gave rise to an opinion of the happy condition and growing opulence of a country whose surplus productions occupied so vast a space in the commercial world. This export from India seemed to imply also a reciprocal supply, by which the trading capital employed in those productions was continually strengthened and enlarged. But the payment of a tribute, and not a beneficial commerce to that country, wore this specious and delusive appearance.

Increase of expenses. The fame of a great territorial revenue, exaggerated, as is usual in such cases, beyond even its value, and the abundant fortunes of the Company's officers, military and civil, which flowed into Europe with a full tide, raised in the proprietors of East India stock a premature desire of partaking with their servants in the fruits of that splendid adventure. Government also thought they could not be too early in their claims for a share of what they considered themselves as entitled to in every foreign acquisition made by the power of this kingdom, through whatever hands or by whatever means it was made. These two parties, after some struggle, came to an agreement to divide between them the profits which their speculation proposed to realize in England from the territorial revenue in Bengal. About two hundred thousand pounds was added to the annual dividends of the proprietors. Four hundred

thousand was given to the state, which, added to the old dividend, brought a constant charge upon the mixed interest of Indian trade and revenue of eight hundred thousand pounds a year. This was to be provided for at all events.

By that vast demand on the territorial fund, the correctives and qualifications which might have been gradually applied to the abuses in Indian commerce and government were rendered extremely difficult.

Progress of investments. The practice of an investment from the revenue began in the year 1766, before arrangements were made for securing and appropriating an assured fund for that purpose in the treasury, and for diffusing it from thence upon the manufactures of the country in a just proportion and in the proper season. There was, indeed, for a short time, a surplus of cash in the treasury. It was in some shape to be sent home to its owners. To send it out in silver was subject to two manifest inconveniences. First, the country would be exhausted of its circulating medium. A scarcity of coin was already felt in Bengal. Cossim Ali Khân, (the Nabob whom the Company's servants had lately set up, and newly expelled,) during the short period of his power, had exhausted the country by every mode of extortion; in his flight he carried off an immense treasure, which has been variously computed, but by none at less than three millions sterling. A country so exhausted of its coin, and harassed by three revolutions rapidly succeeding each other, was rather an object that stood in need of every kind of refreshment and recruit

than one which could subsist under new evacuations. The next, and equally obvious inconvenience, was to the Company itself. To send silver into Europe would be to send it from the best to the worst market. When arrived, the most profitable use which could be made of it would be to send it back to Bengal for the purchase of Indian merchandise. It was necessary, therefore, to turn the Company's revenue into its commerce. The first investment was about five hundred thousand pounds, and care was taken afterwards to enlarge it. In the years 1767 and 1768 it arose to seven hundred thousand.

Consequences of them. This new system of trade, carried on through the medium of power and public revenue, very soon produced its natural effects. The loudest complaints arose among the natives, and among all the foreigners who traded to Bengal. It must unquestionably have thrown the whole mercantile system of the country into the greatest confusion. With regard to the natives, no expedient was proposed for their relief. The case was serious with respect to European powers. The Presidency plainly represented to the Directors, that some agreement should be made with foreign nations for providing their investment to a certain amount, or that the deficiencies then subsisting must terminate in an open rupture with France. The Directors, pressed by the large payments in England, were not free to abandon their system; and all possible means of diverting the manufactures into the Company's investment were still anxiously sought and pursued, until the difficulties of the foreign companies were

at length removed by the natural flow of the fortunes of the Company's servants into Europe, in the manner which will be stated hereafter.

But, with all these endeavors of the Presidency, the investment sunk in 1769, and they were even obliged to pay for a part of the goods to private merchants in the Company's bonds, bearing interest. It was plain that this course of business could not hold. The manufacturers of Bengal, far from being generally in a condition to give credit, have always required advances to be made to them; so have the merchants very generally,—at least, since the prevalence of the English power in India. It was necessary, therefore, and so the Presidency of Calcutta represented the matter, to provide beforehand a year's advance. This required great efforts; and they were made. Notwithstanding the famine in 1770, which wasted Bengal in a manner dreadful beyond all example, the investment, by a variety of successive expedients, many of them of the most dangerous nature and tendency, was forcibly kept up; and even in that forced and unnatural state it gathered strength almost every year. The debts contracted in the infancy of the system were gradually reduced, and the advances to contractors and manufacturers were regularly made; so that the goods from Bengal, purchased from the territorial revenues, from the sale of European goods, and from the produce of the monopolies, for the four years which ended with 1780, when the investment from the surplus revenues finally closed, were never less than a million sterling, and commonly

nearer twelve hundred thousand pounds. This million is the lowest value of the goods sent to Europe for which no satisfaction is made.<sup>4</sup>

Remittances from Bengal to China and the Presidencies. About an hundred thousand pounds a year is also remitted from Bengal, on the Company's account, to China; and the whole of the product of that money flows into the direct trade from China to Europe. Besides this, Bengal sends a regular supply in time of peace to those Presidencies which are unequal to their own establishment. To Bombay the remittance in money, bills, or goods, for none of which there is a return, amounts to one hundred and sixty thousand pounds a year at a medium.

Exports from England to India. The goods which are exported from Europe to India consist chiefly of military and naval stores, of clothing for troops, and of other objects for the consumption of the Europeans residing there; and, excepting some lead, copper utensils and sheet copper, woollen cloth, and other commodities of little comparative value, no sort of merchandise is sent from England that is in demand for the wants or desires of the native inhabitants.

Bad effects of investment. When an account is taken of the intercourse (for it is not commerce) which is carried on between Bengal and England, the pernicious effects of the system of investment from revenue will appear in the strongest point of

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<sup>4</sup> The sale, to the amount of about one hundred thousand pounds annually, of the export from Great Britain ought to be deducted from this million.

view. In that view, the whole exported produce of the country, so far as the Company is concerned, is not exchanged in the course of barter, but is taken away without any return or payment whatsoever. In a commercial light, therefore, England becomes annually bankrupt to Bengal to the amount nearly of its whole dealing; or rather, the country has suffered what is tantamount to an annual plunder of its manufactures and its produce to the value of twelve hundred thousand pounds.

Foreign companies. In time of peace, three foreign companies appear at first sight to bring their contribution of trade to the supply of this continual drain. These are the companies of France, Holland, and Denmark. Consequences of their trade. But when the object is considered more nearly, instead of relief, these companies, who from their want of authority in the country might seem to trade upon a principle merely commercial, will be found to add their full proportion to the calamity brought upon Bengal by the destructive system of the ruling power; because the greater part of the capital of all these companies, and perhaps the whole capital of some of them, is furnished exactly as the British is, out of the revenues of the country. The civil and military servants of the English East India Company being restricted in drawing bills upon Europe, and none of them ever making or proposing an establishment in India, a very great part of their fortunes, well or ill gotten, is in all probability thrown, as fast as required, into the cash of these companies.

In all other countries, the revenue, following the natural course

and order of things, arises out of their commerce. Here, by a mischievous inversion of that order, the whole foreign maritime trade, whether English, French, Dutch, or Danish, arises from the revenues; and these are carried out of the country without producing anything to compensate so heavy a loss.

Foreign companies' investments. Your Committee have not been able to discover the entire value of the investment made by foreign companies. But, as the investment which the English East India Company derived from its revenues, and even from its public credit, is for the year 1783 to be wholly stopped, it has been proposed to private persons to make a subscription for an investment on their own account. This investment is to be equal to the sum of 800,000*l*. Another loan has been also made for an investment on the Company's account to China of 200,000*l*. This makes a million; and there is no question that much more could be readily had for bills upon Europe. Now, as there is no doubt that the whole of the money remitted is the property of British subjects, (none else having any interest in remitting to Europe,) it is not unfair to suppose that a very great part, if not the whole, of what may find its way into this new channel is not newly created, but only diverted from those channels in which it formerly ran, that is, the cash of the foreign trading companies.

Of the silver sent to China. Besides the investment made in goods by foreign companies from the funds of British subjects, these subjects have been for some time in the practice of sending very great sums in gold and silver directly to China on their own

account. In a memorial presented to the Governor-General and Council, in March, 1782, it appears that the principal money lent by British subjects to one company of merchants in China then amounted to seven millions of dollars, about one million seven hundred thousand pounds sterling; and not the smallest particle of silver sent to China ever returns to India. It is not easy to determine in what proportions this enormous sum of money has been sent from Madras or from Bengal; but it equally exhausts a country belonging to this kingdom, whether it comes from the one or from the other.

Revenue above the investment, how applied. But that the greatness of all these drains, and their effects, may be rendered more visible, your Committee have turned their consideration to the employment of those parts of the Bengal revenue which are not employed in the Company's own investments for China and for Europe. What is taken over and above the investment (when any investment can be made) from the gross revenue, either for the charge of collection or for civil and military establishments, is in time of peace two millions at the least. From the portion of that sum which goes to the support of civil government the natives are almost wholly excluded, as they are from the principal collections of revenue. With very few exceptions, they are only employed as servants and agents to Europeans, or in the inferior departments of collection, when it is absolutely impossible to proceed a step without their assistance. Allowance to Nabob of Bengal. For some time after the acquisition of the territorial

revenue, the sum of 420,000*l.* a year was paid, according to the stipulation of a treaty, to the Nabob of Bengal, for the support of his government. This sum, however inconsiderable, compared to the revenues of the province, yet, distributed through the various departments of civil administration, served in some degree to preserve the natives of the better sort, particularly those of the Mahomedan profession, from being utterly ruined. The people of that persuasion, not being so generally engaged in trade, and not having on their conquest of Bengal divested the ancient Gentoos proprietors of their lands of inheritance, had for their chief, if not their sole support, the share of a moderate conqueror in all offices, civil and military. But your Committee find that this arrangement was of a short duration. Without the least regard to the subsistence of this innocent people, or to the faith of the agreement on which they were brought under the British government, How reduced. this sum was reduced by a new treaty to 320,000*l.*, and soon after, (upon a pretence of the present Nabob's minority, and a temporary sequestration for the discharge of his debts,) to 160,000*l.*: but when he arrived at his majority, and when the debts were paid, (if ever they were paid,) the sequestration still continued; and so far as the late advices may be understood, the allowance to the Nabob appears still to stand at the reduced sum of 160,000*l.*

Native officers. The other resource of the Mahomedans, and of the Gentoos of certain of the higher castes, was the army. In this army, nine tenths of which consists of natives, no native,

of whatever description, holds any rank higher than that of a *Subahdar Commandant*, that is, of an officer below the rank of an English subaltern, who is appointed to each company of the native soldiery.

All lucrative employments in the hands of the English. Your Committee here would be understood to state the ordinary establishment: for the war may have made some alteration. All the honorable, all the lucrative situations of the army, all the supplies and contracts of whatever species that belong to it, are solely in the hands of the English; so that whatever is beyond the mere subsistence of a common soldier and some officers of a lower rank, together with the immediate expenses of the English officers at their table, is sooner or later, in one shape or another, sent out of the country.

Such was the state of Bengal even in time of profound peace, and before the whole weight of the public charge fell upon that unhappy country for the support of other parts of India, which have been desolated in such a manner as to contribute little or nothing to their own protection.

Your Committee have given this short comparative account of the effects of the maritime traffic of Bengal, when in its natural state, and as it has stood since the prevalence of the system of an investment from the revenues. Former state of trade. But before the formation of that system Bengal did by no means depend for its resources on its maritime commerce. The inland trade, from whence it derived a very great supply of silver and gold

and many kinds of merchantable goods, was very considerable. The higher provinces of the Mogul Empire were then populous and opulent, and intercourse to an immense amount was carried on between them and Bengal. A great trade also passed through these provinces from all the countries on the frontier of Persia, and the frontier provinces of Tartary, as well as from Surat and Baroach on the western side of India. These parts opened to Bengal a communication with the Persian Gulf and with the Red Sea, and through them with the whole Turkish and the maritime parts of the Persian Empire, besides the commercial intercourse which it maintained with those and many other countries through its own seaports.

During that period the remittances to the Mogul's treasury from Bengal were never very large, at least for any considerable time, nor very regularly sent; and the impositions of the state were soon repaid with interest through the medium of a lucrative commerce. But the disorders of Persia, since the death of Kouli Khân, have wholly destroyed the trade of that country; And the trade to Turkey. and the trade to Turkey, by Jidda and Bussorah, which was the greatest and perhaps best branch of the Indian trade, is very much diminished. The fall of the throne of the Mogul emperors has drawn with it that of the great marts of Agra and Delhi. The utmost confusion of the northwestern provinces followed this revolution, which was not absolutely complete until it received the last hand from Great Britain. Still greater calamities have fallen upon the fine provinces of Rohilcund and

Oude, and on the countries of Corah and Allahabad. By the operations of the British arms and influence, they are in many places turned to mere deserts, or so reduced and decayed as to afford very few materials or means of commerce.

State of trade in the Carnatic. Such is the actual condition of the trade of Bengal since the establishment of the British power there. The commerce of the Carnatic, as far as the inquiries of your Committee have extended, did not appear with a better aspect, even before the invasion of Hyder Ali Khân, and the consequent desolation, which for many years to come must exclude it from any considerable part of the trading system.

It appears, on the examination of an intelligent person concerned in trade, and who resided at Madras for several years, that on his arrival there, which was in the year 1767, that city was in a flourishing condition, and one of the first marts in India; but when he left it, in 1779, there was little or no trade remaining, and but one ship belonging to the whole place. The evidence of this gentleman purports, that at his first acquaintance with the Carnatic it was a well-cultivated and populous country, and as such consumed many articles of merchandise; that at his departure he left it much circumscribed in trade, greatly in the decline as to population and culture, and with a correspondent decay of the territorial revenue.

Your Committee find that there has also been from Madras an investment on the Company's account, taking one year with another, very nearly on the same principles and with the same

effects as that from Bengal; and they think it is highly probable, that, besides the large sums remitted directly from Madras to China, there has likewise been a great deal on a private account, for that and other countries, invested in the cash of foreign European powers trading on the coast of Coromandel. But your Committee have not extended their inquiries relative to the commerce of the countries dependent on Madras so far as they have done with regard to Bengal. They have reason to apprehend that the condition is rather worse; but if the House requires a more minute examination of this important subject, your Committee is willing to enter into it without delay.

### **III.—EFFECT OF THE REVENUE INVESTMENT ON THE COMPANY**

Hitherto your Committee has considered this system of revenue investment, substituted in the place of a commercial link between India and Europe, so far as it affects India only: they are now to consider it as it affects the Company. So long as that corporation continued to receive a vast quantity of merchantable goods without any disbursement for the purchase, so long it possessed wherewithal to continue a dividend to pay debts, and to contribute to the state. But it must have been always evident to considerate persons, that this vast extraction of wealth from a country lessening in its resources in proportion to the increase of its burdens was not calculated for a very long duration. For a while the Company's servants kept up this investment, not by improving commerce, manufacture, or agriculture, but by forcibly raising the land-rents, on the principles and in the manner hereafter to be described. When these extortions disappointed or threatened to disappoint expectation, in order to purvey for the avarice which raged in England, they sought for expedients in breaches of all the agreements by which they were bound by any payment to the country powers, and in exciting disturbances among all the neighboring princes. Stimulating their ambition, and fomenting their mutual animosities, they sold to them reciprocally their common servitude and ruin.

The Governor-General, Mr. Hastings, and the Council, tell the Directors, "that the supply for the investment has arisen from *casual* and *extraordinary* resources, which they could not expect *always* to command." In an earlier minute he expresses himself still more distinctly: he says, "If the internal resources of a state fail it, or are not equal to its *occasional* wants, whence can it obtain immediate relief but from *external* means?" Indeed, the investment has not been for any long time the natural product of the revenue of Bengal. When, by the vast charge and by the ill return of an evil political and military traffic, and by a prodigal increase of establishments, and a profuse conduct in distributing agencies and contracts, they found themselves under difficulties, instead of being cured of their immoral and impolitic delusion, they plunged deeper into it, and were drawn from expedient to expedient for the supply of the investment into that endless chain of wars which this House by its resolutions has so justly condemned. At home these measures were sometimes countenanced, sometimes winked at, sometimes censured, but always with an acceptance of whatever profit they afforded.

At length, the funds for the investment and for these wars together could no longer be supplied. In the year 1778 the provision for the investment from the revenues and from the monopolies stood very high. It was estimated at a million four hundred thousand pounds; and of this it appears that a great deal was realized. But this was the high flood-tide of the investment; for in that year they announce its probable decline, and that such

extensive supplies could not be continued. The advances to the Board of Trade became less punctual, and many disputes arose about the time of making them. However, knowing that all their credit at home depended on the investment, or upon an opinion of its magnitude, whilst they repeat their warning of a probable deficiency, and that their "finances bore an unfavorable aspect," in the year 1779 they rate their investment still higher. But their payments becoming less and less regular, and the war carrying away all the supplies, at length Mr. Hastings, in December, 1780, denounced sentence of approaching dissolution to this system, and tells the Directors that "he bore too high a respect for their characters to treat them with the management of a preparatory and gradual introduction to an unpleasing report: that it is the *only substantial* information he shall have to convey in that letter." In confidence, therefore, of their fortitude, he tells them without ceremony, "that there will be a necessity of making a large reduction, or possibly a *total suspension*, of their investment;—that they had already been reduced to borrow near 700,000*l.* This resource," says he, "cannot last; it must cease at a certain period, and that perhaps not far *distant*."

He was not mistaken in his prognostic. Loans now becoming the regular resource for retrieving the investment, whose ruin was inevitable, the Council enable the Board of Trade, in April, 1781, to grant certificates for government bonds at eight per cent interest for about 650,000*l.* The investment was fixed at 900,000*l.*

But now another alarming system appeared. These new bonds overloaded the market. Those which had been formerly issued were at a discount; the Board of Trade was obliged to advance, therefore, a fourth more than usual to the contractors. This seemed to satisfy that description of dealers. But as those who bought on agency were limited to no terms of mutual advantage, and the bonds on the new issue falling from three to eight, nine, and ten per cent discount, the agents were unable to furnish at the usual prices. Accordingly a discount was settled on such terms as could be made: the lowest discount, and that at two places only, was at four per cent; which, with the interest on the bonds, made (besides the earlier advance) at the least twelve per cent additional charge upon all goods. It was evident, that, as the investment, instead of being supported by the revenues, was sunk by the fall of their credit, so the net revenues were diminished by the daily accumulation of an interest accruing on account of the investment. What was done to alleviate one complaint thus aggravating the other, and at length proving pernicious to both, this trade on bonds likewise came to its period.

Your Committee has reason to think that the bonds have since that time sunk to a discount much greater even than what is now stated. The Board of Trade justly denominates their resource for that year "the sinking credit of a paper currency, laboring, from the uncommon scarcity of specie, under disadvantages scarcely surmountable." From this they value themselves "on having effected an *ostensible* provision, at least for that investment." For

1783 nothing appears even ostensible.

By this failure a total revolution ensued, of the most extraordinary nature, and to which your Committee wish to call the particular attention of the House. For the Council-General, in their letter of the 8th of April, 1782, after stating that they were disappointed in their expectations, (how grounded it does not appear,) "thought that they should be able to spare a sum to the Board of Trade,"—tell the Court of Directors, "that they had adopted a *new* method of keeping up the investment, by private subscribers for eighty lacs of rupees, which will find *cargoes for their ships* on the usual terms of privilege, *at the risk of the individuals*, and is to be repaid to them *according to the produce of the sales in England*,"—and they tell the Directors, that "a copy of the plan makes a number in their separate dispatches over land."

It is impossible, in reporting this revolution to the House, to avoid remarking with what fidelity Mr. Hastings and his Council have adhered to the mode of transmitting their accounts which your Committee found it necessary to mark and censure in their First Report. Its pernicious tendency is there fully set forth. They were peculiarly called on for a most accurate state of their affairs, in order to explain the necessity of having recourse to such a scheme, as well as for a full and correct account of the scheme itself. But they send only the above short minute by one dispatch over land, whilst the copy of the plan itself, on which the Directors must form their judgment, is sent separately in another

dispatch over land, which has never arrived. A third dispatch, which also contained the plan, was sent by a sea conveyance, and arrived late. The Directors have, for very obvious reasons, ordered, by a strict injunction, that they should send *duplicates of all* their dispatches by *every ship*. The spirit of this rule, perhaps, ought to extend to every mode of conveyance. In this case, so far from sending a duplicate, they do not send even one perfect account. They announce a plan by one conveyance, and they send it by another conveyance, with other delays and other risks.

At length, at nearly four months' distance, the plan has been received, and appears to be substantially that which had been announced, but developing in the particulars many new circumstances of the greatest importance. By this plan it appears that the subscription, even in idea or pretence, is not for the use of the Company, but that the subscribers are united into a sort of society for the remitting their *private fortunes*: the goods, indeed, are said to be *shipped on the Company's account*, and they are directed to be sold on the same account, and at the usual periods of sales; but, after the payment of duties, and such other allowances as they choose to make, in the eleventh article they provide "that *the remainder of the sales shall revert to the subscribers*, and be declared to be *their property*, and divided in proportion to *their* respective shares." The compensation which they allow in this plan to their masters for their brokerage is, that, if, after deducting all the charges which they impose, "the amount of the sales *should be found* to exceed two shillings and

two pence for the current rupee of the invoice account, it shall be taken by the Company." For the management of this concern in Bengal they choose commissioners by their own authority. By the same authority they form them into a body, they put them under rules and regulations, and they empower them also to make regulations of their own. They remit, by the like authority, the duties to which all private trade is subject; and they charge the whole concern with seven per cent, to be paid from the net produce of the sales in England, as a recompense to the commissioners: for this the commissioners contract to bear all the charges on the goods to the time of shipping.

The servants having formed this plan of trade, and a new commission for the conduct of it, on their private account, it is a matter of consideration to know who the commissioners are. They turn out to be the three senior servants of the Company's Board of Trade, who choose to take upon them to be the factors of others for large emoluments, whilst they receive salaries of two thousand pounds and fifteen hundred pounds a year from the Company. As the Company have no other fund than the new investment from whence they are to be paid for the care of their servants' property, this commission and those salaries being to take place of their brokerage, they in effect render it very difficult, if not impossible, for them to derive advantage from their new occupation.

As to the benefit of this *plan*: besides preventing the loss which must happen from the Company's ships returning empty

to Europe, and the stopping of all trade between India and England, the authors of it state, that it will "*open a new channel of remittance, and abolish the practice, by precluding the necessity, of remitting private fortunes by foreign bottoms, and that it may lead to some permanent mode for remittance of private fortunes, and of combining it with the regular provision of the Company's investment,—that it will yield some profit to the Company without risk, and the national gain will be the same as upon the regular trade.*"

As to the combination of this mode of remittance with the Company's investment, nothing can be affirmed concerning it until some satisfactory assurance can be held out that such an investment can ever be realized. Mr. Hastings and the gentlemen of the Council have not afforded any ground for such an expectation. That the Indian trade may become a permanent vehicle of the private fortunes of the Company's servants is very probable,—that is, as permanent as the means of acquiring fortunes in India; but that *some profit* will accrue to the Company is absolutely impossible. The Company are to bear all the charge outwards, and a very great part of that homewards; and their only compensation is the surplus commission on the sale of other people's goods. The nation will undoubtedly avoid great loss and detriment, which would be the inevitable consequence of the total cessation of the trade with Bengal and the ships returning without cargoes. But if this temporary expedient should be improved into a system, no occasional advantages to be derived

from it would be sufficient to balance the mischiefs of finding a great Parliamentary corporation turned into a vehicle for remitting to England the private fortunes of those for whose benefit the territorial possessions in India are in effect and substance under this project to be *solely* held.

By this extraordinary scheme the Company is totally overturned, and all its relations inverted. From being a body concerned in trade on their own account, and employing their servants as factors, the servants have at one stroke taken the whole trade into their own hands, on their own capital of 800,000*l.*, at their own risk, and the Company are become agents and factors to them, to sell by commission *their* goods for *their* profit.

To enable your Committee to form some judgment upon the profit which may accrue to the Company from its new relation and employment, they directed that an estimate should be made of the probable proceeds of an investment conducted on the principles of that intended to be realized for 1783. By this estimate, which is subjoined,<sup>5</sup> it appears to your Committee,

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<sup>5</sup> Estimate of the Sale Amount and Net Proceeds in England of the Cargoes to be sent from Bengal, agreeable to the Plan received by Letter dated the 8th April, 1782. This calculation supposes the eighty lac investments will be equal to the tonnage of five ships.[A] 1. The sale amount is computed on an average of the sales of the two last years' imports.[B] 2. The custom is computed on an average of what was paid on piece-goods and raw silk of said imports, adding additional imposts.[C] 3. The ships going out of this season, (1782,) by which the above investment is expected to be sent home, are taken up at 47*l.* 5*s.* per ton, for the homeward cargo; this charge amounts to 35,815*l.* each ship; the additional wages to the men, which the Company pay, and

that, so far from any surplus profit from this transaction, the Bengal adventurers themselves, instead of realizing 2*s.* 2*d.* the rupee, (the standard they fix for their payment,) will not receive the 1*s.* 9*d.* which is its utmost value in silver at the Mint, nor probably above 1*s.* 5*d.* With this certain loss before their eyes, it is impossible that they can ever complete their subscription, unless, by management among themselves, they should be able to procure the goods for their own account upon other terms than those on which they purchased them for their masters, or unless they have for the supply of the Company on their hands a quantity of goods which they cannot otherwise dispose of. This latter case is not very improbable, from their proposing to send ten sixteenths of the whole investment in silk,—which, as will be seen hereafter, the Company has prohibited to be sent on their account, as a disadvantageous article. Nothing but the servants being overloaded can rationally account for their choice of so great a proportion of so dubious a commodity.

On the state made by two reports of a committee of the General Court in 1782, their affairs were even then reduced

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a very small charge for demurrage, will increase the freight, &c., to 40,000*l.* per ship, agreeable to above estimate.[D] 4. The duty of five per cent is charged by the Company on the gross sale amount of all private trade licensed to be brought from India: the amount of this duty is the only benefit the Company are likely to receive from the subscription investment.[E] 5. This charge is likewise made on private trade goods, and is little, if anything, more than the real expense the Company are at on account of the same; therefore no benefit will probably arise to the Company from it on the sale of the said investment.[F] 6. This is the sum which will probably be realized in England, and is only equal to 1*s.* 6*d.* per rupee, on the eighty lacs subscribed.

to a low ebb. But under the arrangement announced by Mr. Hastings and his colleagues, it does not appear, after this period of the servants' investment, from what fund the proprietors are to make any dividend at all. The objects of the sale from whence the dividend is to arise are not *their* goods: they stand accountable to others for the whole probable produce. The state of the Company's commerce will therefore become an object of serious consideration: an affair, as your Committee apprehends, of as much difficulty as ever tried the faculties of this House. For, on the one hand, it is plain that the system of providing the Company's import into Europe, resting almost wholly by an investment from its territorial revenues, has failed: during its continuance it was supported on principles fatal to the prosperity of that country. On the other hand, if the nominal commerce of the Company is suffered to be carried on for the account of the servants abroad, by investing the emoluments made in their stations, these emoluments are therefore inclusively authorized, and with them the practices from which they accrue. All Parliamentary attempts to reform this system will be contradictory to its institution. If, for instance, five hundred thousand pounds sterling annually be necessary for this kind of investment, any regulation which may prevent the acquisition of that sum operates against the investment which is the end proposed by the plan.

On this new scheme, (which is neither calculated for a future security nor for a present relief to the Company,) it is not visible

in what manner the settlements in India can be at all upheld. The gentlemen in employments abroad call for the whole produce of the year's investment from Bengal; but for the payment of the counter-investment from Europe, which is for the far greater part sent out for the support of their power, no provision at all is made: they have not, it seems, agreed that it should be charged to their account, or that any deduction should be made for it from the produce of their sales in Leadenhall Street. How far such a scheme is preferable to the total suspension of trade your Committee cannot positively determine. In all likelihood, extraordinary expedients were necessary; but the causes which induced this necessity ought to be more fully inquired into; for the last step in a series of conduct may be justifiable upon principles that suppose great blame in those which preceded it.

After your Committee had made the foregoing observations upon the plan of Mr. Hastings and his colleagues, transmitted to the Court of Directors, an extract of the Madras Consultations was a few days ago laid before us. This extract contains a letter from the Governor-General and Council of Bengal to the Presidency of Fort St. George, which affords a very striking, though to your Committee by no means an unexpected, picture of the instability of their opinions and conduct. On the 8th of April the servants had regularly formed and digested the above-mentioned plan, which was to form the basis for the investment of their own fortunes, and to furnish the sole means of the commercial existence of their masters. Before the 10th of the

following May, which is the date of their letter to Madras, they inform Lord Macartney that they had fundamentally altered the whole scheme. "Instead," say they, "of allowing the subscribers to retain an interest in the goods, they are to be provided entirely on account of the Company, and transported *at their risk*; and the subscribers, instead of receiving certificates payable out of the produce of the sales in Europe, are to be granted receipts, on the payment of their advances, bearing an interest of eight per cent per annum, until exchanged for drafts on the Court of Directors, payable 365 days after sight, at the rate of two shillings per current rupee,—which drafts shall be granted in the proper time, of three eighths of the amount subscribed, on the 31st of December next, and the remaining five eighths on the 31st of December, 1783."

The plan of April divests the Company of all property in Bengal goods transported to Europe: but in recompense they are freed from all the risk and expense, they are not loaded with interest, and they are not embarrassed with bills. The plan of May reinstates them in their old relation: but in return, their revenues in Bengal are charged with an interest of eight per cent on the sum subscribed, until bills shall be drawn; they are made proprietors of cargoes purchased, under the disadvantage of that interest, at their own hazard; they are subjected to all losses; and they are involved in Europe for payments of bills to the amount of eighty lacs of rupees, at two shillings the rupee,—that is, in bills for eight hundred thousand pounds sterling. It is probably

on account of the previous interest of eight per cent that the value of the rupee on this scheme is reduced. Mr. Hastings and his colleagues announce to Lord Macartney no other than the foregoing alteration in their plan.

It is discouraging to attempt any sort of observation on plans thus shifting their principle whilst their merits are under examination. The judgment formed on the scheme of April has nothing to do with the project of May. Your Committee has not suppressed any part of the reflections which occurred to them on the former of these plans: first, because the Company knows of no other by any regular transmissions; secondly, because it is by no means certain that before the expiration of June the Governor-General and Council may not revert to the plan of April. They speak of that plan as likely to be, or make a part of one that shall be, *permanent*. Many reasons are alleged by its authors in its favor, grounded on the state of their affairs; none whatever are assigned for the alteration. It is, indeed, morally certain that persons who had money to remit must have made the same calculation which has been made by the directions of your Committee, and the result must have been equally clear to them,—which is, that, instead of realizing two shillings and twopence the rupee on their subscription, as they proposed, they could never hope to see more than one shilling and ninepence. This calculation probably shook the main pillar of the project of April. But, on the other hand, as the subscribers to the second scheme can have no certain assurance that the Company will

accept bills so far exceeding their allowance in this particular, the necessity of remitting their fortunes may beat them back to their old ground. The Danish Company was the only means of remitting which remained. Attempts have been made with success to revive a Portuguese trade for that purpose. It is by no means clear whether Mr. Hastings and his colleagues will adhere to either of the foregoing plans, or, indeed, whether any investment at all to that amount can be realized; because nothing but the convenience of remitting the gains of British subjects to London can support any of these projects.

The situation of the Company, under this perpetual variation in the system of their investment, is truly perplexing. The manner in which they arrive at any knowledge of it is no less so. The letter to Lord Macartney, by which the variation is discovered, was not intended for transmission to the Directors. It was merely for the information of those who were admitted to a share of the subscription at Madras. When Mr. Hastings sent this information to those subscribers, he might well enough have presumed an event to happen which did happen,—that is, that a vessel might be dispatched from Madras to Europe: and indeed, by that, and by every devisable means, he ought not only to have apprised the Directors of this most material change in the plan of the investment, but to have entered fully into the grounds and reasons of his making it.

It appears to your Committee that the ships which brought to England the plan of the 8th of April did not sail from Bengal

until the 1st of May. If the change had been in contemplation for any time before the 30th of April, two days would have sufficed to send an account of it, and it might have arrived along with the plan which it affected. If, therefore, such a change was in agitation before the sailing of the ships, and yet was concealed when it might have been communicated, the concealment is censurable. It is not improbable that some change of the kind was made or meditated before the sailing of the ships for Europe: for it is hardly to be imagined that reasons wholly unlooked-for should appear for setting aside a plan concerning the success of which the Council-General seemed so very confident, that a new one should be proposed, that its merits should be discussed among the moneyed men, that it should be adopted in Council, and officially ready for transmission to Madras, in twelve or thirteen days. In this perplexity of plan and of transmission, the Court of Directors may have made an arrangement of their affairs on the groundwork of the first scheme, which was officially and authentically conveyed to them. The fundamental alteration of that plan in India might require another of a very different kind in England, which the arrangements taken in consequence of the first might make it difficult, if not impossible, to execute. What must add to the confusion is, that the alteration has not the regular and official authority of the original plan, and may be presumed to indicate with certainty nothing more than that the business is *again* afloat, and that no scheme is finally determined on. Thus the Company

is left without any fixed data upon which they can make a rational disposition of their affairs.

The fact is, that the principles and economy of the Company's trade have been so completely corrupted by turning it into a vehicle for tribute, that, whenever circumstances require it to be replaced again upon a bottom truly commercial, hardly anything but confusion and disasters can be expected as the first results. Even before the acquisition of the territorial revenues, the system of the Company's commerce was not formed upon principles the most favorable to its prosperity; for, whilst, on the one hand, that body received encouragement by royal and Parliamentary charters, was invested with several ample privileges, and even with a delegation of the most essential prerogatives of the crown,—on the other, its commerce was watched with an insidious jealousy, as a species of dealing dangerous to the national interests. In that light, with regard to the Company's imports, there was a total prohibition from domestic use of the most considerable articles of their trade,—that is, of all silk stuffs, and stained and painted cottons. The British market was in a great measure interdicted to the British trader. Whatever advantages might arise to the general trading interests of the kingdom by this restraint, its East India interest was undoubtedly injured by it. The Company is also, and has been from a very early period, obliged to furnish the Ordnance with a quantity of saltpetre at a certain price, without any reference to the standard of the markets either of purchase or of sale. With regard to their export,

they were put also under difficulties upon very mistaken notions; for they were obliged to export annually a certain proportion of British manufactures, even though they should find for them in India none or but an unprofitable want. This compulsory export might operate, and in some instances has operated, in a manner more grievous than a tax to the amount of the loss in trade: for the payment of a tax is in general divided in unequal portions between the vender and consumer, the largest part falling upon the latter; in the case before us the tax may be as a dead charge on the trading capital of the Company.

The spirit of all these regulations naturally tended to weaken, in the very original constitution of the Company, the main-spring of the commercial machine, *the principles of profit and loss*. And the mischief arising from an inattention to those principles has constantly increased with the increase of its power. For when the Company had acquired the rights of sovereignty in India, it was not to be expected that the attention to profit and loss would have increased. The idea of remitting tribute in goods naturally produced an indifference to their price and quality,—the goods themselves appearing little else than a sort of package to the tribute. Merchandise taken as tribute, or bought in lieu of it, can never long be of a kind or of a price fitted to a market which stands solely on its commercial reputation. The indifference of the mercantile sovereign to his trading advantages naturally relaxed the diligence of his subordinate factor-magistrates through all their gradations and in all their functions; it gave rise,

at least so far as the principal was concerned, to much neglect of price and of goodness in their purchases. If ever they showed any extraordinary degrees of accuracy and selection, it would naturally be in favor of that interest to which they could not be indifferent. The Company might suffer above, the natives might suffer below; the intermediate party must profit to the prejudice of both.

Your Committee are of opinion that the Company is now arrived at that point, when, the investment from surplus revenue or from the spoil of war ceasing, it is become much more necessary to fix its commerce upon a commercial basis. And this opinion led your Committee to a detailed review of all the articles of the Indian traffic upon which the profit and loss was steady; and we have chosen a period of four years, during the continuance of the revenue investment, and prior to any borrowing or any extraordinary drawing of bills, in order to find out how far the trade, under circumstances when it will be necessary to carry it on by borrowing, or by bills, or by exportation of bullion, can be sustained in the former course, so as to secure the capital and to afford a reasonable dividend. And your Committee find that in the first four years the investment from Bengal amounted to 4,176,525*l.*; upon 2,260,277*l.* there was a gain of 186,337*l.*, and upon 1,916,248*l.* a loss of 705,566*l.*: so that the excess of loss above gain, upon the whole of the foregoing capital, was in the four years no less than 519,229*l.*

If the trade were confined to Bengal, and the Company were

to trade on those terms upon a capital borrowed at eight per cent Indian interest, their revenues in that province would be soon so overpowered with debt, that those revenues, instead of supporting the trade, would be totally destroyed by it. If, on the other hand, the Company traded upon bills with every advantage, far from being in a condition to divide the smallest percentage, their bankruptcy here would be inevitable.

Your Committee then turned to the trade of the other factories and Presidencies, and they constantly found, that, as the power and dominion of the Company was less, their profit on the goods was greater. The investments of Madras, Bombay, and Bencoolen have, in the foregoing four years, upon a capital of 1,151,176*l.*, had a gain upon the whole of 329,622*l.* The greatest of all is that of Bencoolen, which, on a capital of 76,571*l.*, produced a profit of 107,760*l.* This, however, is but a small branch of the Company's trade. The trade to China, on a capital of 1,717,463*l.*, produced an excess of gain amounting to 874,096*l.*, which is about fifty per cent. But such was the evil influence of the Bengal investment, that not only the profits of the Chinese trade, but of all the lucrative branches taken together, were so sunk and ingulfed in it, that the whole profit on a capital of 7,045,164*l.* reached to no more than 684,489*l.*, that is, to 189,607*l.* less than the profit on the Chinese trade alone,—less than the total profits on the gainful trades taken together, 520,727*l.*

It is very remarkable, that in the year 1778, when the Bengal

investment stood at the highest, that is, so high as 1,223,316*l.*, though the Chinese trade produced an excess of gain in that year of 209,243*l.*, and that no loss of moment could be added to that of Bengal, (except about 45,000*l.* on the Bombay trade,) the whole profit of a capital of 2,040,787*l.* amounted only to the sum of 9,480*l.*

The detail of the articles in which loss was incurred or gain made will be found in the Appendix, No. 24. The circumstances of the time have rendered it necessary to call up a vigorous attention to this state of the trade of the Company between Europe and India.

## INTERNAL TRADE OF BENGAL

The internal trade of Bengal has next attracted the inquiries of your Committee.

The great and valuable articles of the Company's investment, drawn from the articles of internal trade, are raw silk, and various descriptions of piece-goods made of silk and cotton. These articles are not under any formal monopoly; nor does the Company at present exercise a *declared* right of preëmption with regard to them. But it does not appear that the trade in these particulars is or can be perfectly free,—not so much on account of any direct measures taken to prevent it as from the circumstances of the country, and the manner of carrying on business there: for the present trade, even in these articles, is

built from the ruins of old monopolies and preëmptions, and necessarily partakes of the nature of its materials.

In order to show in what manner manufactures and trade so constituted contribute to the prosperity of the natives, your Committee conceives it proper to take, in this place, a short general view of the progress of the English policy with relation to the commerce of Bengal, and the several stages and gradations by which it has been brought into its actual state. The modes of abuse, and the means by which commerce has suffered, will be considered in greater detail under the distinct heads of those objects which have chiefly suffered by them.

During the time of the Mogul government, the princes of that race, who omitted nothing for the encouragement of commerce in their dominions, bestowed very large privileges and immunities on the English East India Company, exempting them from several duties to which their natural-born subjects were liable. The Company's *dustuck*, or passport, secured to them this exemption at all the custom-houses and toll-bars of the country. The Company, not being able or not choosing to make use of their privilege to the full extent to which it might be carried, indulged their servants with a qualified use of their passport, under which, and in the name of the Company, they carried on a private trade, either by themselves or in society with natives, and thus found a compensation for the scanty allowances made to them by their masters in England. As the country government was at that time in the fulness of its strength, and that this

immunity existed by a double connivance, it was naturally kept within tolerable limits.

But by the revolution in 1757 the Company's servants obtained a mighty ascendant over the native princes of Bengal, who owed their elevation to the British arms. The Company, which was new to that kind of power, and not yet thoroughly apprised of its real character and situation, considered itself still as a trader in the territories of a foreign potentate, in the prosperity of whose country it had neither interest nor duty. The servants, with the same ideas, followed their fortune in the channels in which it had hitherto ran, only enlarging them with the enlargement of their power. For their first ideas of profit were not official; nor were their oppressions those of ordinary despotism. The first instruments of their power were formed out of evasions of their ancient subjection. The passport of the Company in the hands of its servants was no longer under any restraint; and in a very short time their immunity began to cover all the merchandise of the country. Cossim Ali Khân, the second of the Nabobs whom they had set up, was but ill disposed to the instruments of his greatness. He bore the yoke of this imperious commerce with the utmost impatience: he saw his subjects excluded as aliens from their own trade, and the revenues of the prince overwhelmed in the ruin of the commerce of his dominions. Finding his reiterated remonstrances on the extent and abuse of the passport ineffectual, he had recourse to an unexpected expedient, which was, to declare his resolution at

once to annul all the duties on trade, setting it equally free to subjects and to foreigners.

Never was a method of defeating the oppressions of monopoly more forcible, more simple, or more equitable: no sort of plausible objection could be made; and it was in vain to think of evading it. It was therefore met with the confidence of avowed and determined injustice. The Presidency of Calcutta openly denied to the prince the power of protecting the trade of his subjects by the remission of his own duties. It was evident that his authority drew to its period: many reasons and motives concurred, and his fall was hastened by the odium of the oppressions which he exercised voluntarily, as well as of those to which he was obliged to submit.

When this example was made, Jaffier Ali Khân, who had been deposed to make room for the last actor, was brought from penury and exile to a station the terms of which he could not misunderstand. During his life, and in the time of his children who succeeded to him, parts of the territorial revenue were assigned to the Company; and the whole, under the name of residency at the Nabob's court, was brought, directly or indirectly, under the control of British subjects. The Company's servants, armed with authorities delegated from the nominal government, or attended with what was a stronger guard, the fame of their own power, appeared as magistrates in the markets in which they dealt as traders. It was impossible for the natives in general to distinguish, in the proceedings of the same persons,

what was transacted on the Company's account from what was done on their own; and it will ever be so difficult to draw this line of distinction, that as long as the Company does, directly or indirectly, aim at any advantage to itself in the purchase of any commodity whatever, so long will it be impracticable to prevent the servants availing themselves of the same privilege.

The servants, therefore, for themselves or for their employers, monopolized every article of trade, foreign and domestic: not only the raw merchantable commodities, but the manufactures; and not only these, but the necessaries of life, or what in these countries habit has confounded with them,—not only silk, cotton, piece-goods, opium, saltpetre, but not unfrequently salt, tobacco, betel-nut, and the grain of most ordinary consumption. In the name of the country government they laid on or took off, and at their pleasure heightened or lowered, all duties upon goods: the whole trade of the country was either destroyed or in shackles. The acquisition of the Duanné, in 1765, bringing the English into the immediate government of the country in its most essential branches, extended and confirmed all the former means of monopoly.

In the progress of these ruinous measures through all their details, innumerable grievances were suffered by the native inhabitants, which were represented in the strongest, that is, their true colors, in England. Whilst the far greater part of the British in India were in eager pursuit of the forced and exorbitant gains of a trade carried on by power, contests naturally arose among the

competitors: those who were overpowered by their rivals became loud in their complaints to the Court of Directors, and were very capable, from experience, of pointing out every mode of abuse.

The Court of Directors, on their part, began, though very slowly, to perceive that the country which was ravaged by this sort of commerce was their own. These complaints obliged the Directors to a strict examination into the real sources of the mismanagement of their concerns in India, and to lay the foundations of a system of restraint on the exorbitancies of their servants. Accordingly, so early as the year 1765, they confine them to a trade only in articles of export and import, and strictly prohibit them from all dealing in objects of internal consumption. About the same time the Presidency of Calcutta found it necessary to put a restraint upon themselves, or at least to make show of a disposition (with which the Directors appear much satisfied) to keep their own enormous power within bounds.

But whatever might have been the intentions either of the Directors or the Presidency, both found themselves unequal to the execution of a plan which went to defeat the projects of almost all the English in India,—possibly comprehending some who were makers of the regulations. For, as the complaint of the country or as their own interest predominated with the Presidency, they were always shifting from one course to the other; so that it became as impossible for the natives to know upon what principle to ground any commercial speculation, from

the uncertainty of the law under which they acted, as it was when they were oppressed by power without any color of law at all: for the Directors, in a few months after they had given these tokens of approbation to the above regulations in favor of the country trade, tell the Presidency, "It is with concern we see in *every page* of your Consultations *restrictions, limitations, prohibitions, affecting various articles of trade.*" On their side, the Presidency freely confess that these monopolies of inland trade "were the foundation of all the bloodsheds, massacres, and confusions which have happened of late in Bengal."

Pressed in this urgent manner, the Directors came more specifically to the grievance, and at once annul all the passports with which their servants traded without duties, holding out means of compensation, of which it does not appear that any advantage was taken. In order that the duties which existed should no longer continue to burden the trade either of the servants or natives, they ordered that a number of oppressive toll-bars should be taken away, and the whole number reduced to nine of the most considerable.

When Lord Clive was sent to Bengal to effect a reformation of the many abuses which prevailed there, he considered monopoly to be so inveterate and deeply rooted, and the just rewards of the Company's servants to be so complicated with that injustice to the country, that the latter could not easily be removed without taking away the former. He adopted, therefore, a plan for dealing in certain articles, which, as he conceived, rather ought to be

called "a regulated and restricted trade" than a formal monopoly. By this plan he intended that the profits should be distributed in an orderly and proportioned manner for the reward of services, and not seized by each individual according to the measure of his boldness, dexterity, or influence.

But this scheme of monopoly did not subsist long, at least in that mode and for those purposes. Three of the grand monopolies, those of opium, salt, and saltpetre, were successively by the Company taken into their own hands. The produce of the sale of the two former articles was applied to the purchase of goods for their investment; the latter was exported in kind for their sales in Europe. The senior servants had a certain share of emolument allotted to them from a commission on the revenues. The junior servants were rigorously confined to salaries, on which they were unable to subsist according to their rank. They were strictly ordered to abstain from all dealing in objects of internal commerce. Those of export and import were left open to young men without mercantile experience, and wholly unprovided with mercantile capitals, but abundantly furnished with large trusts of the public money, and with all the powers of an absolute government. In this situation, a religious abstinence from all illicit game was prescribed to men at nine thousand miles' distance from the seat of the supreme authority.

Your Committee is far from meaning to justify, or even to excuse, the oppressions and cruelties used by many in supplying the deficiencies of their regular allowances by all manner of

extortion; but many smaller irregularities may admit some alleviation from thence. Nor does your Committee mean to express any desire of reverting to the mode (contrived in India, but condemned by the Directors) of rewarding the servants of an higher class by a regulated monopoly. Their object is to point out the deficiencies in the system, by which restrictions were laid that could have little or no effect whilst want and power were suffered to be united.

But the proceedings of the Directors at that time, though not altogether judicious, were in many respects honorable to them, and favorable, in the intention at least, to the country they governed. For, finding their trading capital employed against themselves and against the natives, and struggling in vain against abuses which were inseparably connected with the system of their own preference in trade, in the year 1773 they came to the manly resolution of setting an example to their servants, and gave up all use of power and influence in the two grand articles of their investment, silk and piece-goods. They directed that the articles should be bought at an equal and public market from the native merchants; and this order they directed to be published in all the principal marts of Bengal.

Your Committee are clearly of opinion that no better method of purchase could be adopted. But it soon appeared that in deep-rooted and inveterate abuses the wisest principles of reform may be made to operate so destructively as wholly to discredit the design, and to dishearten all persons from the prosecution of it.

The Presidency, who seemed to yield with the utmost reluctance to the execution of these orders, soon made the Directors feel their evil influence upon their own investment; for they found the silk and cotton cloths rose twenty-five per cent above their former price, and a further rise of forty per cent was announced to them.

## SILK

What happened with regard to raw silk is still more remarkable, and tends still more clearly to illustrate the effects of commercial servitude during its unchecked existence, and the consequences which may be made to arise from its sudden reformation. On laying open the trade, the article of raw silk was instantly enhanced to the Company full eighty per cent. The contract made for that commodity, wound off in the Bengal method, which used to sell for less than six rupees, or thirteen shillings, for two pounds' weight, arose to nine rupees, or near twenty shillings, and the filature silk was very soon after contracted for at fourteen.

The Presidency accounted for this rise by observing that the price had before been *arbitrary*, and that the persons who purveyed for the Company paid no more than "what was *judged* sufficient for the maintenance of the first providers." This fact explains more fully than the most labored description can do the dreadful effects of the monopoly on the cultivators. They had the

*sufficiency* of their maintenance measured out by the judgment of those who were to profit by their labor; and this measure was not a great deal more, by their own account, than about two thirds of the value of that labor. In all probability it was much less, as these dealings rarely passed through intermediate hands without leaving a considerable profit. These oppressions, it will be observed, were not confined to the Company's share, which, however, covered a great part of the trade; but as this was an article permitted to the servants, the same power of arbitrary valuation must have been extended over the whole, as the market must be equalized, if any authority at all is extended over it by those who have an interest in the restraint. The price was not only raised, but in the manufactures the quality was debased nearly in an equal proportion. The Directors conceived, with great reason, that this rise of price and debasement of quality arose, not from the effect of a free market, but from the servants having taken that opportunity of throwing upon the market of their masters the refuse goods of their own private trade at such exorbitant prices as by mutual connivance they were pleased to settle. The mischief was greatly aggravated by its happening at a time when the Company were obliged to pay for their goods with bonds bearing an high interest.

The perplexed system of the Company's concerns, composed of so many opposite movements and contradictory principles, appears nowhere in a more clear light. If trade continued under restraint, their territorial revenues must suffer by checking the

general prosperity of the country: if they set it free, means were taken to raise the price and debase the quality of the goods; and this again fell upon the revenues, out of which the payment for the goods was to arise. The observations of the Company on that occasion are just and sagacious; and they will not permit the least doubt concerning the policy of these unnatural trades. "The amount of our Bengal cargoes, from 1769 to 1773, is 2,901,194*l.* sterling; and if the average increase of price be estimated at twenty-five per cent only, the amount of such increase is 725,298*l.* sterling. The above circumstances are exceedingly alarming to us; but what must be our concern, to find by the advices of our President and Council of 1773, that a further advance of forty per cent on Bengal goods was expected, and allowed to be the consequence of advertisements then published, authorizing a free trade in the service? We find the Duanné revenues are in general farmed for five years, and the aggregate increase estimated at only 183,170*l.* sterling (on a supposition that such increase will be realized); yet if the annual investment be sixty lacs, and the advance of price thirty per cent only, such advance will *exceed the increase of the revenue by no less than 829,330*l.* sterling.*"

The indignation which the Directors felt at being reduced to this distressing situation was expressed to their servants in very strong terms. They attributed the whole to their practices, and say, "We are far from being convinced that the competition which tends to raise the price of goods in Bengal is wholly

between public European companies, or between merchants in general who export to foreign markets: we are rather of opinion that the sources of this grand evil have been the extraordinary privileges granted to individuals in our service or under our license to trade without restriction throughout the provinces of Bengal, and the encouragement they have had to extend their trade to the uttermost, even in such goods as were proper for our investment, by observing the success of those persons who have from time to time *found means to dispose of their merchandise to our Governor and Council*, though of so bad a quality as to be sold here with great difficulty, after having been frequently refused, and put up at the next sale without price, to the very great discredit and disadvantage of the Company." In all probability the Directors were not mistaken; for, upon an inquiry instituted soon after, it was found that Cantû Babû, the banian or native steward and manager to Mr. Hastings, (late President,) held two of these contracts in his own name and that of his son for considerably more than 150,000*l.* This discovery brought on a prohibition from the Court of Directors of that suspicious and dangerous dealing in the stewards of persons in high office. The same man held likewise farms to the amount of 140,000*l.* a year of the landed revenue, with the same suspicious appearance, contrary to the regulations made under Mr. Hastings's own administration.

In the mortifying dilemma to which the Directors found themselves reduced, whereby the ruin of the revenues either by

the freedom or the restraint of trade was evident, they considered the first as most rapid and urgent, and therefore once more revert to the system of their ancient preëmption, and destroy that freedom which they had so lately and with so much solemnity proclaimed, and that before it could be abused or even enjoyed. They declare, that, "unwilling as we are to return to *the former coercive system* of providing an investment, or to abridge that freedom of commerce which has been so lately established in Bengal, yet at the same time finding it our indispensable duty to strike at the *root* of an evil which has been so severely felt by the Company, and which can no longer be supported, we hereby direct that all persons whatever in the Company's service, *or under our protection*, be absolutely prohibited, by public advertisement, from trading in any of those articles which compose our investment, directly or indirectly, except on account of and for the East India Company, until their investment is completed."

As soon as this order was received in Bengal, it was construed, as indeed the words seemed directly to warrant, to exclude all natives as well as servants from the trade, until the Company was supplied. The Company's preëmption was now authoritatively reëstablished, and some feeble and ostensible regulations were made to relieve the weavers who might suffer by it. The Directors imagined that the reëstablishment of their coercive system would remove the evil which fraud and artifice had grafted upon one more rational and liberal. But they were mistaken; for it only

varied, if it did so much as vary, the abuse. The servants might as essentially injure their interest by a direct exercise of their power as by pretexts drawn from the freedom of the natives,—but with this fatal difference, that the frauds upon the Company must be of shorter duration under a scheme of freedom. That state admitted, and indeed led to, means of discovery and correction; whereas the system of coercion was likely to be permanent. It carried force further than served the purposes of those who authorized it: it tended to cover all frauds with obscurity, and to bury all complaint in despair. The next year, therefore, that is, in the year 1776, the Company, who complained that their orders had been extended beyond their intentions, made a third revolution in the trade of Bengal. It was set free again,—so far, at least, as regarded the native merchants,—but in so imperfect a manner as evidently to leave the roots of old abuses in the ground. The Supreme Court of Judicature about this time (1776) also fulminated a charge against monopolies, without any exception of those authorized by the Company: but it does not appear that anything very material was done in consequence of it.

The trade became nominally free; but the course of business established in consequence of coercive monopoly was not easily altered. In order to render more distinct the principles which led to the establishment of a course and habit of business so very difficult to change as long as those principles exist, your Committee think it will not be useless here to enter into the history of the regulations made in the first and favorite matter

of the Company's investment, the trade in *raw silk*, from the commencement of these regulations to the Company's perhaps finally abandoning all share in the trade which was their object.

## RAW SILK

The trade in *raw silk* was at all times more popular in England than really advantageous to the Company. In addition to the old jealousy which prevailed between the Company and the manufactory interest of England, they came to labor under no small odium on account of the distresses of India. The public in England perceived, and felt with a proper sympathy, the sufferings of the Eastern provinces in all cases in which they might be attributed to the abuses of power exercised under the Company's authority. But they were not equally sensible to the evils which arose from a system of sacrificing the being of that country to the advantage of this. They entered very readily into the former, but with regard to the latter were slow and incredulous. It is not, therefore, extraordinary that the Company should endeavor to ingratiate themselves with the public by falling in with its prejudices. Thus they were led to increase the grievance in order to allay the clamor. They continued still, upon a larger scale, and still more systematically, that plan of conduct which was the principal, though not the most blamed, cause of the decay and depopulation of the country committed to their care.

With that view, and to furnish a cheap supply of materials to the manufactures of England, they formed a scheme which tended to destroy, or at least essentially to impair, the whole manufacturing interest of Bengal. A policy of that sort could not fail of being highly popular, when the Company submitted itself as an instrument for the improvement of British manufactures, instead of being their most dangerous rival, as heretofore they had been always represented.

They accordingly notified to their Presidency in Bengal, in their letter of the 17th of March, 1769, that "there was no branch of their trade they more ardently wish to extend than that of raw silk." They disclaim, however, all desire of employing compulsory measures for that purpose, but recommended every mode of encouragement, and particularly by augmented wages, *"in order to induce manufacturers of wrought silk to quit that branch and take to the winding of raw silk."*

Having thus found means to draw hands from the manufacture, and confiding in the strength of a capital drawn from the public revenues, they pursue their ideas from the purchase of their manufacture to the purchase of the material in its crudest state. "We recommend you to give an *increased price*, if necessary, *so as to take that trade out of the hands of other merchants and rival nations.*" A double bounty was thus given against the manufactures, both in the labor and in the materials.

It is very remarkable in what manner their vehement pursuit of this object led the Directors to a speedy oblivion of those

equitable correctives before interposed by them, in order to prevent the mischiefs which were apparent in the scheme, if left to itself. They could venture so little to trust to the bounties given from the revenues a trade which had a tendency to dry up their source, that, by the time they had proceeded to the thirty-third paragraph of their letter, they revert to those very compulsory means which they had disclaimed but three paragraphs before. To prevent silk-winders from working in their private houses, where they might work for private traders, and to confine them to the Company's factories, where they could only be employed for the Company's benefit, they desire that the newly acquired power of government should be effectually employed. "Should," say they, "this practice, through *inattention*, have been suffered to take place again, it will be proper to put a stop to it, which may *now be more effectually done by an absolute prohibition, under severe penalties, by the authority of government.*"

This letter contains a perfect plan of policy, both of compulsion and encouragement, which must in a very considerable degree operate destructively to the manufactures of Bengal. Its effect must be (so far as it could operate without being eluded) to change the whole face of that industrious country, in order to render it a field for the produce of crude materials subservient to the manufactures of Great Britain. The manufacturing hands were to be seduced from their looms by high wages, in order to prepare a raw produce for our market; they were to be locked up in the factories; and the commodity

acquired by these operations was, in this immature state, carried out of the country, whilst its looms would be left without any material but the debased refuse of a market enhanced in its price and scantied in its supply. By the increase of the price of this and other materials, manufactures formerly the most flourishing gradually disappeared under the protection of Great Britain, and were seen to rise again and flourish on the opposite coast of India, under the dominion of the Mahrattas.

These restraints and encouragements seem to have had the desired effect in Bengal with regard to the diversion of labor from manufacture to materials. The trade of raw silk increased rapidly. But the Company very soon felt, in the increase of price and debasement of quality of the wrought goods, a loss to themselves which fully counterbalanced all the advantages to be derived to the nation from the increase of the raw commodity. The necessary effect on the revenue was also foretold very early: for their servants in the principal silk-factories declared that the obstruction to the private trade in silk must in the end prove detrimental to the revenues, and that the investment clashes with the collection of these revenues. Whatsoever by bounties or immunities is encouraged out of a landed revenue has certainly some tendency to lessen the net amount of that revenue, and to forward a produce which does not yield to the gross collection, rather than one that does.

The Directors declare themselves unable to understand how this could be. Perhaps it was not so difficult. But, pressed as

they were by the greatness of the payments which they were compelled to make to government in England, the cries of Bengal could not be heard among the contending claims of the General Court, of the Treasury, and of Spitalfields. The speculation of the Directors was originally fair and plausible,—so far as the mere encouragement of the commodity extended. Situated as they were, it was hardly in their power to stop themselves in the course they had begun. They were obliged to continue their resolution, at any hazard, increasing the investment. "The state of our affairs," say they, "requires the utmost extension of your investments. You are not to forbear sending even those sorts *which are attended with loss*, in case such should be necessary to supply an investment to as great an amount as *you can provide from your own resources*; and we have not the least doubt of your being thereby enabled to increase your consignments of this valuable branch of national commerce, even to the utmost of your wishes. But it is our positive order that no part of such investment be provided with borrowed money which is to be repaid by *drafts upon our treasury in London*; since the license which has already been taken in this respect has involved us in difficulties which we yet know not how we shall surmount."

This very instructive paragraph lays open the true origin of the internal decay of Bengal. The trade and revenues of that country were (as the then system must necessarily have been) of secondary consideration at best. Present supplies were to be obtained, and present demands in England were to be avoided,

at every expense to Bengal.

The spirit of increasing the investment from revenue at any rate, and the resolution of driving all competitors, Europeans or natives, out of the market, prevailed at a period still more early, and prevailed not only in Bengal, but seems, more or less, to have diffused itself through the whole sphere of the Company's influence. In 1768 they gave to the Presidency of Madras the following memorable instruction, strongly declaratory of their general system of policy.

"We shall depend upon your prudence," say they, "to discourage foreigners; and being intent, as you have been repeatedly acquainted, on bringing home as great a part of the revenues as possible in your manufactures, the outbidding them in those parts where they interfere with you would certainly prove an effectual step for answering that end. We therefore recommend it to you to offer such increase of price as you shall deem may be consistently given,—that, by beating them out of the market, the quantities by you to be provided may be proportionally enlarged; and if you take this method, it is to be so cautiously practised as not to enhance the prices in the places immediately under your control. On this subject we must not omit the approval of your prohibiting the weavers of Cuddalore from making up any cloth of the same sortments that are provided for us; and if such prohibition is not now, it should by all means be in future, *made general, and strictly maintained.*"

This system must have an immediate tendency towards

disordering the trade of India, and must finally end in great detriment to the Company itself. The effect of the restrictive system on the weaver is evident. The authority given to the servants to buy at an advanced price did of necessity furnish means and excuses for every sort of fraud in their purchases. The instant the servant of a merchant is admitted on his own judgment to overbid the market, or to send goods to his master which shall sell at loss, there is no longer any standard upon which his unfair practices can be estimated, or any effectual means by which they can be restrained. The hope entertained by the Directors, of confining this destructive practice of giving an enhanced price to a particular spot, must ever be found totally delusive. Speculations will be affected by this artificial price in every quarter in which markets can have the least communication with each other.

In a very few years the Court of Directors began to feel, even in Leadenhall Street, *the effects of trading to loss* upon the revenues, especially on those of Bengal. In the letter of February, 1774, they observe, that, "looking back to their accounts for the four preceding years, on several of the descriptions of silk there has been an *increasing loss*, instead of any alteration for the better in the last year's productions. This," they say, "threatens the destruction of that valuable branch of national commerce." And then they recommend *such regulations* (as if regulations in that state of things could be of any service) as may obtain "a profit in future, instead of so considerable a loss, which *we can*

*no longer sustain."*

Your Committee thought it necessary to inquire into the losses which had actually been suffered by this unnatural forced trade, and find the loss so early as the season of 1776 to be 77,650*l.*, that in the year 1777 it arose to 168,205*l.* This was so great that worse could hardly be apprehended: however, in the season of 1778 it amounted to 255,070*l.* In 1779 it was not so ruinously great, because the whole import was not so considerable; but it still stood enormously high,—so high as 141,800*l.* In the whole four years it came to 642,725*l.* The observations of the Directors were found to be fully verified. It is remarkable that the same article in the China trade produced a considerable and uniform profit. On this circumstance little observation is necessary.

During the time of their struggles for enlarging this losing trade, which they considered as a national object,—what in one point of view it was, and, if it had not been grossly mismanaged, might have been in more than one,—in this part it is impossible to refuse to the Directors a very great share of merit. No degree of thought, of trouble, or of reasonable expense was spared by them for the improvement of the commodity. They framed with diligence, and apparently on very good information, a code of manufacturing regulations for that purpose; and several persons were sent out, conversant in the Italian method of preparing and winding silk, aided by proper machines for facilitating and perfecting the work. This, under proper care, and in course of time, might have produced a real improvement to Bengal;

but in the first instance it naturally drew the business from native management, and it caused a revulsion from the trade and manufactures of India which led as naturally and inevitably to an European monopoly, in some hands or other, as any of the modes of coercion which were or could be employed. The evil was present and inherent in the act. The means of letting the natives into the benefit of the improved system of produce was likely to be counteracted by the general ill conduct of the Company's concerns abroad. For a while, at least, it had an effect still worse: for the Company purchasing the raw cocoon or silk-pod at a fixed rate, the first producer, who, whilst he could wind at his own house, employed his family in this labor, and could procure a reasonable livelihood by buying up the cocoons for the Italian filature, now incurred the enormous and ruinous loss of fifty per cent. This appears in a letter to the Presidency, written by Mr. Boughton Rouse, now a member of your Committee. But for a long time a considerable quantity of that in the old Bengal mode of winding was bought for the Company from contractors, and it continues to be so bought to the present time: but the Directors complain, in their letter of the 12th of May, 1780, that both species, and particularly the latter, had risen so extravagantly that it was become more than forty per cent dearer than it had been fifteen years ago. In that state of price, they condemn their servants, very justly, for entering into contracts for three years,—and that for several kinds of silk, of very different goodness, upon averages unfairly formed, where the commodities averaged at an

equal price differed from twenty to thirty per cent on the sale. Soon after, they formed a regular scale of fixed prices, above which they found they could not trade without loss.

Whilst they were continuing these methods to secure themselves against future losses, the Bengal ships which arrived in that year announced nothing but their continuance. Some articles by the high price, and others from their ill quality, were such "as never could answer to be sent to Europe at any price." The Directors renew their prohibition of making fresh contracts, the present being generally to expire in the year 1781. But this trade, whose fundamental policy might have admitted of a doubt, as applied to Bengal, (whatever it might have been with regard to England,) was now itself expiring in the hands of the Company, so that they were obliged to apply to government for power to enlarge their capacity of receiving bills upon Europe. The purchase by these bills they entirely divert from raw silk, and order to be laid out wholly in piece-goods.

Thus, having found by experience that this trade, whilst carried on upon the old principles, of whatever advantage it might have been to the British manufacturers, or to the individuals who were concerned in it in Bengal, had proved highly detrimental to the Company, the Directors resolved to expunge the raw silk from their investment. They gave up the whole to private traders, on condition of paying the freight, charges, and duties, —permitting them to send it to Europe in the Company's ships upon their own account.

The whole of this history will serve to demonstrate that all attempts, which in their original system or in their necessary consequences tend to the distress of India, must, and in a very short time will, make themselves felt even by those in whose favor such attempts have been made. India may possibly in some future time bear and support itself under an extraction of measure [treasure?] or of goods; but much care ought to be taken that the influx of wealth shall be greater in quantity and prior in time to the waste.

On abandoning the trade in silk to private hands, the Directors issued some prohibitions to prevent monopoly, and they gave some directions about the improvement of the trade. The prohibitions were proper, and the directions prudent; but it is much to be feared, that, whilst all the means, instruments, and powers remain, by which monopolies were made, and through which abuses formerly prevailed, all verbal orders will be fruitless.

This branch of trade, being so long principally managed by the Company's servants for the Company and under its authority, cannot be easily taken out of their hands and pass to the natives, especially when it is to be carried on without the control naturally inherent in all participation. It is not difficult to conceive how this forced preference of traffic in a raw commodity must have injured the manufactures, while it was the policy of the Company to continue the trade on their own account. The servants, so far from deviating from their course, since they have taken the trade

into their own management, have gone much further into it. The proportion of raw silk in the investment is to be augmented. The proportion of the whole cargoes for the year 1783, divided into sixteen parts, is ten of raw silk, and six only of manufactured goods. Such is the proportion of this losing article in the scheme for the investment of private fortunes.

In the reformed scheme of sending the investment on account of the Company, to be paid in bills upon Europe, no mention is made of any change of these proportions. Indeed, some limits are attempted on the article of silk, with regard to its price; and it is not improbable that the price to the master and the servant will be very different: but they cannot make profitable purchases of this article without strongly condemning all the former purchases of the Board of Trade.

## **CLOTHS, OR PIECE-GOODS**

The general system above stated, relative to the silk trade, must materially have affected the manufactures of Bengal, merely as it was a system of preference. It does by no means satisfactorily appear to your Committee that the freedom held out by the Company's various orders has been ever fully enjoyed, or that the grievances of the native merchants and manufacturers have been redressed; for we find, on good authority, that, at that very period at which it might be supposed that these orders had their operation, the oppressions were in full vigor. They appear

to have fallen heaviest on the city of Dacca, formerly the great staple for the finest goods in India,—a place once full of opulent merchants and dealers of all descriptions.

The city and district of Dacca, before the prevalence of the East India Company's influence and authority, manufactured annually to about three hundred thousand pounds' value in cloths. In the year 1776 it had fallen to about two hundred thousand, or two thirds of its former produce. Of this the Company's demand amounted only to a fourth part, that is, about fifty thousand pounds yearly. This was at that time provided by agents for the Company, under the inspection of their commercial servants. On pretence of securing an advantage for this fourth part for their masters, they exerted a most violent and arbitrary power over the whole. It was asserted, that they fixed the Company's mark to such goods as they thought fit, (to all goods, as stated in one complaint,) and disposed of them as they thought proper, excluding not only all the native dealers, but the Dutch Company, and private English merchants,—that they made advances to the weavers often beyond their known ability to repay in goods within the year, and by this means, having got them in debt, held them in perpetual servitude. Their inability to keep accounts left them at the discretion of the agents of the supreme power to make their balances what they pleased, and they recovered them, not by legal process, but by seizure of their goods and arbitrary imprisonment of their persons. One and the same dealer made the advance, valued the return, stated the account, passed the

judgment, and executed the process.

Mr. Rouse, Chief of the Dacca Province, who struggled against those evils, says, that in the year 1773 there were no balances due, as the trade was then carried on by the native brokers. In less than three years these balances amounted to an immense sum,—a sum lost to the Company, but existing in full force for every purpose of oppression. In the amount of these balances almost every weaver in the country bore a part, and consequently they were almost all caught in this snare. "They are in general," says Mr. Rouse, in a letter to General Clavering, delivered to your Committee, "a timid, helpless people; many of them poor to the utmost degree of wretchedness; incapable of keeping accounts; industrious as it were by instinct; unable to defend themselves, if oppressed; and satisfied, if with continual labor they derive from the fair dealing and humanity of their employer a moderate subsistence for their families."

Such were the people who stood accused by the Company's agents as *pretending* grievances, in order to be excused the payment of their balances. As to the commercial state of the province in general, Mr. Rouse represents it "to be for those two years a perpetual scene of complaint and disputation;—the Company's agents professing to pay higher rates to weavers, whilst the Leadenhall sales showed an heavy loss to the Company; the weavers have even travelled in multitudes to prefer their complaints at the Presidency; the amount of the investment comparatively small, with balances

comparatively large, and, as I understand, generally contested by the weavers; the native merchants, called *delâls*, removed from their influence, as prejudicial to the Company's concerns; and European merchants complaining against undue influence of the Company's commercial agents, in preventing the free purchase even of those goods which the Company never takes."

The spirit of those agents will be fully comprehended from a state of the proceedings before Mr. Rouse and Council, on the complaint of a Mr. Cree, an English free merchant at Dacca, who had been twice treated in the same injurious manner by the agents of Mr. Hurst, the Commercial Chief at that place. On his complaint to the board of the seizure of the goods, and imprisonment of his agents, Mr. Hurst was called upon for an explanation. In return he informed them that he had sent to one of the villages to inquire concerning the matter of fact alleged. The impartial person sent to make this inquiry was the very man accused of the oppressions into which he was sent to examine. The answer of Mr. Hurst is in an high and determined tone. He does not deny that there are some instances of abuse of power. "But I ask," says he, "what *authority* can guard against the conduct of individuals? but that a *single* instance cannot be brought of a general depravity." Your Committee have reason to believe these coercive measures to have been very general, though employed according to the degree of resistance opposed to the monopoly; for we find at one time the whole trade of the Dutch involved in the general servitude. But it appears very

extraordinary that nothing but the actual proof of a *general* abuse could affect a practice the very principle of which tends to make the coercion as general as the trade. Mr. Hurst's reflection concerning the abuse of *authority* is just, but in this case it is altogether inapplicable; because the complaint was not of the abuse, but of the use of authority in matters of trade, which ought to have been free. He throws out a variety of invidious reflections against the Council, as if they wanted zeal for the Company's service; his justification of his practices, and his declaration of his resolution to persevere in them, are firm and determined,—asserting the right and policy of such restraints, and laying down a rule for his conduct at the factory, which, he says, will give no cause of just complaint to private traders. He adds, "I have no doubt but that they have hitherto provided investments, and it cannot turn to my interest to preclude them *now*, though I must ever think it my duty to combat the private views of individuals who *set themselves up as competitors* under that very body under whose license and indulgence only they can derive their privilege of trade: all I contend for is the *same influence* my employers have ever had." He ends by declining any reply to any of their future references of this nature.

The whole of this extraordinary letter is inserted in the Appendix, No. 51,—and Mr. Rouse's minute of observations upon it in Appendix, No. 52, fully refuting the few pretexts alleged in that extraordinary performance in support of the trade by influence and authority. Mr. Hollond, one of the

Council, joined Mr. Rouse in opinion that a letter to the purport of that minute should be written; but they were overruled by Messrs. Purling, Hogarth, and Shakespeare, who passed a resolution to defer sending any reply to Mr. Hurst: and none was ever sent. Thus they gave countenance to the doctrine contained in that letter, as well as to the mischievous practices which must inevitably arise from the exercise of such power. Some temporary and partial relief was given by the vigorous exertions of Mr. Rouse; but he shortly after removing from that government, all complaints were dropped.

It is remarkable, that, during the long and warm contest between the Company's agents and the dealers of Dacca, the Board of Trade seem to have taken a decided part against the latter. They allow some sort of justice in the complaints of the manufacturers with regard to low valuation, and other particulars; but they say, that, "although" (during the time of preëmption) "it appears that the weavers *were not allowed the same liberty of selling to individuals they before enjoyed*, our opinion on the whole is, that these complaints have originated upon the premeditated designs of the delâls [factors or brokers] *to thwart the new mode of carrying on the Company's business, and to render themselves necessary.*" They say, in another place, that there is no ground for the dissatisfactions and difficulties of the weavers: "that they are owing to the delâls, *whose aim it is to be employed.*"

This desire of being employed, and of rendering themselves

necessary, in men whose only business it is to be employed in trade, is considered by the gentlemen of the board as no trivial offence; and accordingly they declare, "they have established it as *an invariable rule*, that, *whatever deficiency* there might be in the Dacca investment, no purchase of the manufactures of *that quarter* shall be made for account of the Company from private merchants. We have passed this resolution, which we deem of importance, from a persuasion that private merchants are often *induced* to make advances for Dacca goods, not by the ordinary chance of sale, but merely from an expectation of disposing of them at an enhanced price to the Company, against *whom a rivalship* is by this manner encouraged"; and they say, "that they intend to observe the *same* rule with respect to the investment of other of the factories from whence similar complaints may come."

This positive rule is opposed to the positive directions of the Company to employ those obnoxious persons by preference. How far this violent use of authority for the purpose of destroying rivalship has succeeded in reducing the price of goods to the Company has been made manifest by the facts before stated in their place.

The recriminatory charges of the Company's agents on the native merchants have made very little impression on your Committee. We have nothing in favor of them, but the assertion of a party powerful and interested. In such cases of mutual assertion and denial, your Committee are led irresistibly to attach

abuse to power, and to presume that suffering and hardship are more likely to attend on weakness than that any combination of unprotected individuals is of force to prevail over influence, power, wealth, and authority. The complaints of the native merchants ought not to have been treated in any of those modes in which they were then treated. And when men are in the situation of complainants against unbounded power, their abandoning their suit is far from a full and clear proof of their complaints being groundless. It is not because redress has been rendered impracticable that oppression does not exist; nor is the despair of sufferers any alleviation of their afflictions. A review of some of the most remarkable of the complaints made by the native merchants in that province is so essential for laying open the true spirit of the commercial administration, and the real condition of those concerned in trade there, that your Committee observing the records on this subject and at this period full of them, they could not think themselves justifiable in not stating them to the House.

Your Committee have found many heavy charges of oppression against Mr. Barwell, whilst Factory Chief at Dacca; which oppressions are stated to have continued, and even to have been aggravated, on complaint at Calcutta. These complaints appear in several memorials presented to the Supreme Council of Calcutta, of which Mr. Barwell was a member. They appeared yet more fully and more strongly in a bill in Chancery filed in the Supreme Court, which was afterwards recorded before the

Governor-General and Council, and transmitted to the Court of Directors.

Your Committee, struck with the magnitude and importance of these charges, and finding that with regard to those before the Council no regular investigation has ever taken place, and finding also that Mr. Barwell had asserted in a Minute of Council that he had given a full answer to the allegations in that bill, ordered a copy of the answer to be laid before your Committee, that they might be enabled to state to the House how far it appeared to them to be full, how far the charges were denied as to the fact, or, where the facts might be admitted, what justification was set up. It appeared necessary, in order to determine on the true situation of the trade and the merchants of that great city and district.

The Secretary to the Court of Directors has informed your Committee that no copy of the answer is to be found in the India House; nor has your Committee been able to discover that any has been transmitted. On this failure, your Committee ordered an application to be made to Mr. Barwell for a copy of his answer to the bill, and any other information with which he might be furnished with regard to that subject.

Mr. Barwell, after reciting the above letter, returned in answer what follows.

"Whether the records of the Supreme Court of Judicature are lodged at the India House I am ignorant, but on those records my answer is certainly to be found. At this distance of time I am sorry I cannot from memory recover the circumstances of

this affair; but this I know, that the bill did receive a complete answer, and the people the fullest satisfaction: nor is it necessary for me to remark, that [in?] the state of parties at that time in Bengal, could party have brought forward any particle of that bill supported by any verified fact, the principle that introduced it in the proceedings of the Governor-General and Council would likewise have given the verification of that one circumstance, whatever that might have been. As I generally attend in my place in the House, I shall with pleasure answer any invitation of the gentlemen of the Committee to attend their investigations up stairs with every information and light in my power to give them.

"St. James's Square, 15th April, 1783."

Your Committee considered, that, with regard to the matter charged in the several petitions to the board, no sort of specific answer had been given at the time and place where they were made, and when and where the parties might be examined and confronted. It was considered also, that the bill had been transmitted, with other papers relating to the same matter, to the Court of Directors, with the knowledge and consent of Mr. Barwell,—and that he states that his answer had been filed, and no proceedings had upon it for eighteen months. In that situation it was thought something extraordinary that no care was taken by him to transmit so essential a paper as his answer, and that he had no copy of it in his hands.

Your Committee, in this difficulty, thought themselves obliged to decline any verbal explanation from the person who is

defendant in the suit, relative to matters which on the part of the complainant appear upon record, and to leave the whole matter, as it is charged, to the judgment of the House to determine how far it may be worthy of a further inquiry, or how far they may admit such allegations as your Committee could not think themselves justified in receiving. To this effect your Committee ordered a letter to be written Mr. Barwell; from whom they received the following answer.

"Sir,—In consequence of your letter of the 17th, I must request the favor of you to inform the Select Committee that I expect from their justice, on any matter of public record in which I am personally to be brought forward to the notice of the House, that they will at the same time point out to the House what part of such matter has been verified, and what parts have not nor ever were attempted to be verified, though introduced in debate and entered on the records of the Governor-General and Council of Bengal. I am anxious the information should be complete, or the House will not be competent to judge; and if it is complete, it will preclude all explanation as unnecessary.

"I am, Sir,

"Your most obedient humble servant,

"RICHARD BARWELL.

"St. James's Square, 22nd April, 1783.

"P.S. As I am this moment returned from the country, I had it not in my power to be earlier in acknowledging your letter of the 17th."

Your Committee applied to Mr. Barwell to communicate any papers which might tend to the elucidation of matters before them in which he was concerned. This he has declined to do. Your Committee conceive that under the orders of the House they are by no means obliged to make a complete state of all the evidence which may tend to criminate or exculpate every person whose transactions they may find it expedient to report: this, if not specially ordered, has not hitherto been, as they apprehend, the usage of any committee of this House. It is not for your Committee, but for the discretion of the party, to call for, and for the wisdom of the House to institute, such proceedings as may tend finally to condemn or acquit. The Reports of your Committee are no charges, though they may possibly furnish *matter* for charge; and no representations or observations of theirs can either clear or convict on any proceeding which may hereafter be grounded on the facts which they produce to the House. Their opinions are not of a judicial nature. Your Committee has taken abundant care that every important fact in their Report should be attended with the authority for it, either in the course of their reflections or in the Appendix: to report everything upon every subject before them which is to be found on the records of the Company would be to transcribe, and in the event to print, almost the whole of those voluminous papers. The matter which appears before them is in a summary manner this.

The Dacca merchants begin by complaining that in November, 1773, Mr. Richard Barwell, then Chief of Dacca, had

deprived them of their employment and means of subsistence; that he had extorted from them 44,224 Arcot rupees (4,731*l.*) by the terror of his threats, by long imprisonment, and cruel confinement in the stocks; that afterwards they were confined in a small room near the factory-gate, under a guard of sepoy's, that their food was stopped, and they remained starving a whole day; that they were not permitted to take their food till next day at noon, and were again brought back to the same confinement, in which they were continued for six days, and were not set at liberty until they had given Mr. Barwell's banian a certificate for forty thousand rupees; that in July, 1774, when Mr. Barwell had left Dacca, they went to Calcutta to seek justice; that Mr. Barwell confined them in his house at Calcutta, and sent them back under a guard of peons to Dacca; that in December, 1774, on the arrival of the gentlemen from Europe, they returned to Calcutta, and preferred their complaint to the Supreme Court of Judicature.

The bill in Chancery filed against Richard Barwell, John Shakespeare, and others, contains a minute specification of the various acts of personal cruelty said to be practised by Mr. Barwell's orders, to extort money from these people. Among other acts of a similar nature he is charged with having ordered the appraiser of the Company's cloths, who was an old man, and who asserts that he had faithfully served the Company above sixteen years without the least censure on his conduct, to be severely flogged without reason.

In the *manner* of confining the delâls, with ten of their

servants, it is charged on him, that, "when he first ordered them to be put into the stocks, it was at a time when the weather was exceedingly bad and the rain very heavy, without allowing them the least covering for their heads or any part of their body, or anything to raise them from the wet ground; in which condition they were continued for many hours, until the said Richard Barwell thought proper to remove them into a far worse state, if possible, as if studying to exercise the most cruel acts of barbarity on them, &c.; and that during their imprisonment they were frequently carried to and tortured in the stocks in the middle of the day, when the scorching heat of the sun was insupportable, notwithstanding which they were denied the least covering." These men assert that they had served the Company without blame for thirty years,—a period commencing long before the power of the Company in India.

It was no slight aggravation of this severity, that the objects were not young, nor of the lowest of the people, who might, by the vigor of their constitutions, or by the habits of hardship, be enabled to bear up against treatment so full of rigor. They were aged persons; they were men of a reputable profession.

The account given by these merchants of their first journey to Calcutta, in July, 1774, is circumstantial and remarkable. They say, "that, on their arrival, *to their astonishment, they soon learned that the Governor, who had formerly been violently enraged against the said Richard Barwell for different improprieties in his conduct, was now reconciled to him; and that ever since there was*

*a certainty of his Majesty's appointments taking place in India, from being the most inveterate enemies they were now become the most intimate friends; and that this account soon taught them to believe they were not any nearer justice from their journey to Calcutta than they had been before at Dacca."*

When this bill of complaint was, in 1776, laid before the Council, to be transmitted to the Court of Directors, Mr. Barwell complained of the introduction of such a paper, and asserted, *that he had answered to every particular of it on oath about eighteen months, and that during this long period no attempt had been made to controvert, refute, or even to reply to it.*

He did not, however, think it proper to enter his answer on the records along with the bill of whose introduction he complained.

On the declarations made by Mr. Barwell in his minute (September, 1776) your Committee observe, that, considering him only as an individual under prosecution in a court of justice, it might be sufficient for him to exhibit his defence in the court where he was accused; but that, as a member of government, specifically charged before that very government with abusing the powers of his office in a very extraordinary manner, and for purposes (as they allege) highly corrupt and criminal, it appears to your Committee hardly sufficient to say that he had answered elsewhere. The matter was to go before the Court of Directors, to whom the question of his conduct in that situation, a situation of the highest power and trust, was as much at least a question of state as a matter of redress to be solely left to the

discretion, capacity, or perseverance of individuals. Mr. Barwell might possibly be generous enough to take no advantage of his eminent situation; but these unfortunate people would rather look to his power than his disposition. In general, a man so circumstanced and so charged (though we do not know this to be the case with Mr. Barwell) might easily contrive by legal advantages to escape. The plaintiffs being at a great distance from the seat of government, and possibly affected by fear or fatigue, or seeing the impossibility of sustaining with the ruins of fortunes never perhaps very opulent a suit against wealth, power, and influence, a compromise might even take place, in which circumstances might make the complainants gladly acquiesce. But the public injury is not in the least repaired by the acquiescence of individuals, as it touched the honor of the very highest parts of government. In the opinion of your Committee some means ought to have been taken to bring the bill to a discussion on the merits; or supposing that such decree could not be obtained by reason of any failure of proceeding on the part of the plaintiffs, that some process official or juridical ought to have been instituted against them which might prove them guilty of slander and defamation in as authentic a manner as they had made their charge, before the Council as well as the Court.

By the determination of Mr. Hurst, and the resolutions of the Board of Trade, it is much to be apprehended that the native mercantile interest must be exceedingly reduced. The above-mentioned resolutions of the Board of Trade, if executed

in their rigor, must almost inevitably accomplish its ruin. The subsequent transactions are covered with an obscurity which your Committee have not been able to dispel. All which they can collect, but that by no means distinctly, is, that, as those who trade for the Company in the articles of investment may also trade for themselves in the same articles, the old opportunities of confounding the capacities must remain, and all the oppressions by which this confusion has been attended. The Company's investments, as the General Letter from Bengal of the 20th of November, 1775, par. 28, states the matter, "are never at a stand; advances are made and goods are received all the year round." Balances, the grand instrument of oppression, naturally accumulate on poor manufacturers who are intrusted with money. Where there is not a vigorous rivalship, not only tolerated, but encouraged, it is impossible ever to redeem the manufacturers from the servitude induced by those unpaid balances.

No such rivalship does exist: the policy practised and avowed is directly against it. The reason assigned in the Board of Trade's letter of the 28th of November, 1778, for its making their advances early in the season is, to prevent the foreign merchants and private traders *interfering* with the purchase of their (the Company's) assortments. "They also refer to the means taken to prevent this interference in their letter of 26th January, 1779." It is impossible that the small part of the trade should not fall into the hands of those who, with the name and authority of the

governing persons, have such extensive contracts in their hands. It appears in evidence that natives can hardly trade to the best advantage, (your Committee doubt whether they can trade to any advantage at all,) if not joined with or countenanced by British subjects. The Directors were in 1775 so strongly impressed with this notion, and conceived the native merchants to have been even then reduced to so low a state, that, notwithstanding the Company's earnest desire of giving them a preference, they "doubt whether there are at this time in Bengal native merchants possessed of property adequate to such undertaking, or of credit and responsibility sufficient to make it safe and prudent to trust them with such sums as might be necessary to enable them to fulfil their engagements with the Company."

The effect which so long continued a monopoly, followed by a præmption, and then by partial preferences supported by power, must necessarily have in weakening the mercantile capital, and disabling the merchants from all undertakings of magnitude, is but too visible. However, a witness of understanding and credit does not believe the capitals of the natives to be yet so reduced as to disable them from partaking in the trade, if they were otherwise able to put themselves on an equal footing with Europeans.

The difficulties at the outset will, however, be considerable. For the long continuance of abuse has in some measure conformed the whole trade of the country to its false principle. To make a sudden change, therefore, might destroy the few

advantages which attend any trade, without securing those which must flow from one established upon sound mercantile principles, whenever such a trade can be established. The fact is, that the forcible direction which the trade of India has had towards Europe, to the neglect, or rather to the total abandoning, of the Asiatic, has of itself tended to carry even the internal business from the native merchant. The revival of trade in the native hands is of absolute necessity; but your Committee is of opinion that it will rather be the effect of a regular progressive course of endeavors for that purpose than of any one regulation, however wisely conceived.

After this examination into the condition of the trade and traders in the principal articles provided for the investment to Europe, your Committee proceeded to take into consideration those articles the produce of which, after sale in Bengal, is to form a part of the fund for the purchase of other articles of investment, or to make a part of it in kind. These are, 1st, Opium,—2ndly, Saltpetre,—and, 3rdly, Salt. These are all monopolized.

## OPIUM

The first of the internal authorized monopolies is that of opium. This drug, extracted from a species of the poppy, is of extensive consumption in most of the Eastern markets. The best is produced in the province of Bahar: in Bengal it is of an inferior sort, though of late it has been improved. This monopoly is to

be traced to the very origin of our influence in Bengal. It is stated to have begun at Patna so early as the year 1761, but it received no considerable degree of strength or consistence until the year 1765, when the acquisition of the Duanné opened a wide field for all projects of this nature. It was then adopted and owned as a resource for persons in office,—was managed chiefly by the civil servants of the Patna factory, and for their own benefit. The policy was justified on the usual principles on which monopolies are supported, and on some peculiar to the commodity, to the nature of the trade, and to the state of the country: the security against adulteration; the prevention of the excessive home consumption of a pernicious drug; the stopping an excessive competition, which by an over-proportioned supply would at length destroy the market abroad; the inability of the cultivator to proceed in an expensive and precarious culture without a large advance of capital; and, lastly, the incapacity of private merchants to supply that capital on the feeble security of wretched farmers.

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