

CORRESPONDENCE
AND
PROCEEDINGS
IN
THE NEGOCIATION
FOR
A RENEWAL
OF
THE EAST-INDIA COMPANY'S
CHARTER.

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The Publisher trusts he performs a Service not unacceptable to the Public, in offering to them a Cheap Edition of these important Papers, upon a Subject involving the dearest Interests of the Nation, and of the East-India Company.

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CORRESPONDENCE

AND

PROCEEDINGS, &c.

LETTER *from the Rt. Hon. ROBERT DUNDAS to the*
CHAIRMAN *and* DEPUTY CHAIRMAN.

Gentlemen, *Melville Castle, 30th September, 1808.*

The propriety and expediency of applying to Parliament for a renewal of the privileges of exclusive trade enjoyed by the East-India Company, with such modifications as may be deemed necessary, and for the continuance of the system of government in the British Territories in India on its present basis, but with such amendments, also, as the experience of its effects may appear to demand, having lately been the subject of frequent consideration and discussion, you will probably concur with me in opinion, that it is advisable now to ascertain, whether the Court of Directors are desirous of agitating the question at present, and of submitting it, in all its details, to the early consideration of Parliament.

I have the honor to be, Gentlemen,

Your most obedient and humble servant,
(Signed) ROBERT DUNDAS.

To the Chairman and Deputy Chairman
of the East-India Company.

LETTER to the Rt. Hon. ROBERT DUNDAS, from
the CHAIRMAN and DEPUTY CHAIRMAN.

(Secret.)

Sir, *East-India House, 12th October, 1808.*

We now propose to do ourselves the honour of replying to your letter of the 30th of last month.

From the communications we have at different times had with the Members of the Court of Directors, we are well assured it is the general sense of that body, that it will be for the interest of the Public and the Company, that the Charter should be early renewed. Convinced that this is their opinion, and apprehensive lest inconvenience might be produced, by setting this important subject afloat before it was in some degree matured, we have not thought it necessary formally to resort to the Court for a declaration of their judgment upon the question you are pleased to propose to us; but we have, in order to obtain what we conceive to be, with the knowledge we before possessed, sufficient warrant to us to give an answer to your preliminary enquiry, laid your letter before a Secret Committee of Correspondence: and we are authorized to state it to be their opinion, as it is our own, not only that the interests of the Public, as well as of the Company, will be best consulted, by continuing the present system of Indian administration, but that it is material the Charter should be speedily renewed.

With respect to any modifications which you or His Majesty's Government may have it in contemplation to propose, we shall be happy to be made acquainted with them, and to bring them under the most serious consideration of this House. We can at present only state, that we trust there will be no disposition to introduce any change, that would alter or weaken the main principles and substance of the present system, which, in the opinion of the Company, is essential to the due management and preservation of British India; and that, with respect to minor points, as far as they may be really compatible with those essential objects, the Court will not be influenced by any partial views to withhold from them the fair consideration due to them.

Glad

Glad that you have seen it proper to bring forward this weighty subject, and desirous to be favored with your further communications upon it, as soon as may suit your convenience,

We have the honor to be, Sir,

Your most obedient humble servants,

(Signed)

EDWARD PARRY,

CHARLES GRANT.

The Rt. Hon. Robert Dundas,
&c. &c. &c.

LETTER *from the* CHAIRMAN *and* DEPUTY CHAIRMAN *to the Right Honorable* ROBERT DUNDAS.

Sir, *East-India House, 16th December, 1808.*

In consequence of a conference which we lately had the honor to hold with you, we have laid before the Court of Directors the letter which you were pleased to write to us, under date the 30th September last, on the subject of renewing the Company's Charter, together with the answer which we returned to that letter, on the 12th October following; and we are now instructed by the Court to state to you, that they approve of that answer, and are ready to enter with you, through the medium of their Committee of Correspondence, into a consideration of the various objects to which it may be proper to attend, in bringing forward so important a measure.

At the present moment it would, in the opinion of the Court, be premature in them, to proceed to any detailed specification of those objects, to which it may be proper, on the part of the Company, to attend, or to anticipate any discussions which it may be the wish of His Majesty's Ministers to propose; but the Court beg leave to offer some suggestions of a general nature, as the principal foundations on which a new agreement between the Public and the East-India Company may be placed.

1st. The system by which the Legislature has continued to the Company the government of the territories acquired by it in the East, with a regulated monopoly of the trade, has been held by the most eminent persons

conversant with that quarter and its affairs, to be the most expedient, both for the foreign and domestic interests of this country. Under it, those territories have been improved, and the security and happiness of the vast population they contain have been signally increased. It is also a system which establishes salutary checks for the exercise of the authority lodged in this country over the Indian administration, and for all the local details of that administration, in its political, judicial, financial, and commercial departments; and provides with singular felicity for a succession of a body of able and honorable European servants, who yield in general character and utility to no class of public functionaries under the Empire. In like manner, the constitution of the Indian army has proved itself calculated to produce a body of officers of high military spirit, and of very distinguished skill and conduct. The Court, therefore, trust that no material change in this system;—no change which would affect its principles or impair its efficiency, will be proposed.

2d. In this case, it will be unnecessary to enter into any discussion of the right of the Company to the territorial possessions; a right which they hold to be clear, and must always maintain, as flowing from their acquisition of those territories, under due authority, and after long hazards and vicissitudes, and great expense.

3d. The situation of the Company is, at this time, very different from what it was at the last renewal of the Charter, in 1793. European war, with hardly any intermission, through the whole of the period that has since elapsed, has exceedingly increased the expenses, and reduced the profits of the Company at home; and has likewise enlarged the scale of expenses abroad; where, moreover, wars with the Native Powers have been repeatedly carried on, to the vast accumulation of the Indian debt, now advanced from eight millions sterling, at which it stood in 1793, to about thirty-two millions. Without meaning at all to advert, in this place, to the question concerning the policy of some of those wars with the Princes of India; it is safe and proper to affirm, that they were not, in any degree, directed by the Executive Body of the Company, but proceeded from causes which that body could not control. As, in consequence of all the events which have happened since the year 1793, the benefits

profits intended to the Proprietors of East-India Stock, by the Charter then passed, have not been realized; so the Court trust, that in the formation of a new Charter, due care will be taken to secure their proper share of advantage in any future amelioration of the Company's affairs, and especially that no measure will be adopted, which can have the effect of reducing the value of their capital stock. The dividend on that stock, which is only equivalent to the legal interest of money, is all that the Proprietors have ever received from the united sources of Indian revenue and Indian commerce, whilst the country has been enriched by the long continued influx of private wealth, and raised in the scale of nations by the political importance of the Indian empire.

4th. The liquidation of the Indian debt is, on all hands, agreed to be a measure of indispensable necessity. From the magnitude to which the debt has now risen, and the circumstances of the present unexampled time, the aid of the Public will probably be necessary to the attainment of this most desirable object. For the aid that may thus be afforded, the Court conceive that sufficient means of reimbursement from the Indian territory and revenue may be found; and the arrangement of a plan, for these purposes, might, as the Court conceive, form a very material part of the provisions of the new Charter.

5th. To apportion duty between the Public and the Company the military expenses of the Indian empire, is another measure now become unavoidable. For wars growing out of the Indian system, or out of sources purely Indian, the revenues and other means of the Company were long made to suffice, including even the charges of occasional attacks upon the Indian settlements of European nations; but the influence of European war has, in the present protracted period of hostility, extended itself more and more to India, occasioning the expense of various distant expeditions, and the increase of the military establishment, particularly in the European troops of his Majesty, which from being twenty years ago only a very few regiments now amount to above twenty thousand men, and those of the most expensive description of troops composing the military force of British India: nor is it at all improbable, that from the avowed design of France to invade our Indian possessions with great armies by land, it may be necessary still largely to augment our European

pean force in that quarter. For a war of this description the Indian revenues, if unincumbered with debt, would be very inadequate. It would be an European war for European objects; a struggle between Great-Britain and France, on the soil of India, for the maintenance and support of their power in Europe. For such an object, to which the national funds only are commensurate, the national funds undoubtedly ought to provide; and as we know that, in this, we state only what your own mind has already perceived and approved, we the more confidently hope, that in a new Charter proper attention will be paid to the due regulation of so important a concern.

6th. As the early renewal of the Charter will serve to strengthen the hands of the Company in the transaction of their affairs, and improve their credit, so its renewal, for the like period as the present one run, and from the time of its expiration, would conduce to the same ends; and the Court are not aware of any objection to the proposition of this term.

We have the honor to be, Sir,

Your most obedient humble servants,

(Signed)

EDWARD PARRY,

The Rt. Hon. Robert Dundas,

CHARLES GRANT.

&c. &c. &c.

LETTER from the Right Honorable ROBERT DUNDAS,
dated the 28th December 1808, to the CHAIRMAN
and DEPUTY.

Gentlemen, *Downing Street, 28th December 1808.*

In submitting to your consideration such observations as have occurred to me on your letter of the 16th instant, it is necessary that you should understand them to be merely preliminary, in contemplation of future discussions, and by no means as the result of any plan or projected system, matured in concert with His Majesty's confidential Servants. It will depend on the judgment which the Court of Directors may form on the propriety or necessity of adhering to the present system of their Indian trade and administration in all its parts, whether I shall be enabled to hold out to them any expectation, that their application to Parliament for a renewal of the
Company's

Company's Charter will meet with the concurrence of Government.

I shall follow the order adopted in your letter, in respect to the subjects which you have particularly mentioned, and shall offer some additional remarks on any other important branches of the present system, in which alterations may probably be deemed indispensably necessary.

1st. Concurring in substance with the proposition contained in the first article, I shall not enlarge upon its details. I have not yet heard or read any arguments against the continuance of the system under which the British Possessions in India are governed, of sufficient weight to counterbalance the practical benefits which have been derived from it, in their increased and increasing prosperity, and the general security and happiness of their inhabitants. It is possible that the same effects might have been produced under a government immediately dependent on the Crown; but for the attainment of those objects, the experiment is, at least, unnecessary, and it might be attended with dangers to the Constitution of this Country, which, if they can be avoided, it would be unwise to encounter. Any alteration, therefore, which may be suggested in this part of the system, will probably be only in its details. It may, however, be deemed advisable, to extend the controlling authority of the Board of Commissioners to such proceedings of the Court of Directors in England, as are immediately connected with the government or revenues of the Company's territorial possessions in India, more especially if the suggestion contained in your fourth article should be adopted.

2d. In the view which I have already taken of the proposition contained in the preceding article, it is certainly unnecessary to discuss the question of the Company's right to the permanent possession of the British territories in India. It is impossible that this right should be relinquished on the part of the Public, or that a claim can be admitted on the part of the Company, to the extent which has sometimes been maintained, and to which you seem to have adverted in the second article.

3d. It is equally impossible to acquiesce in *all* the reasoning, though I am perfectly willing to concur in the conclusion deduced from it in the third article. I think it very desirable, that no measure should be adopted, in the
renewal

renewal of the Charter, which would have the effect of reducing the value of the capital stock of the East-India Company, and that due care should be taken to secure their proper share of advantage, in any future amelioration of their affairs; but as the law has regulated the mode in which those affairs, at home and abroad, should be administered, I cannot enter into the distinction which is stated in this article, and which I have met with on other occasions, as to the equitable claim of the Company to any remuneration from the Public, or other benefit, on account of wars, or other events which, as represented in your letter, did not originate in "the Executive Body" of the Company, but proceeded from causes which "that Body could not control."

It would be premature, in this stage of the discussion, to enter into any details, as to the proportion of benefit to be derived by the Company or the Public, respectively, from any future amelioration in the state of your finances; and any contingent expectation of that nature must, at all events, be postponed, till a large portion of the Indian debt has been discharged.

4th. The liquidation of that debt is undoubtedly a measure of indispensable necessity, not only to the Company but to the Public. If we were now called upon to discuss the right of the Public to the territorial revenues which have been obtained in India, either by cession or conquest, it would be impossible to relieve the question from the fair claims of the Company and their creditors to a reimbursement of the expences which have been incurred, and the discharge of the debts which have been contracted, in the acquisition and maintenance of those possessions. Entertaining that opinion, and convinced that the liquidation of the Indian debt, in the most speedy and effectual mode, would be a measure of mutual interest and advantage, I do not suppose that your suggestion in the fourth article would be objected to by Government, provided the necessity, or at least the expediency of such an interference, on the part of the Public, is made obvious and apparent, and provided, also, that sufficient security is afforded for the punctual payment of the interest, and of an adequate sinking fund, for the liquidation of the principal of any sums advanced for that purpose. I need not remind you, however, that any such aid from the Public will be unavailing, and the relief afforded

forded by it will be temporary and delusive, unless by the zealous exertions of your Governments abroad, and the minute and detailed investigation and unremitting attention of the Court of Directors, the ordinary expenditure in India, including the interest of debt, shall be brought within the limit of your annual income. The most sanguine expectations of a result even more favorable, and of a large surplus revenue above your ordinary expences in time of peace, have recently been conveyed to you by Lord Minto; but I trust that the Court of Directors will not be induced by those hopes, however well founded, to relax in their exertions. Every item of those, or any other estimates, which the Court may exhibit, must be strictly scrutinized and compared with the actual results of former years, and with the detailed account of any reductions which may have been ordered or carried into effect.

5th. I can have no hesitation in acceding, with some limitations, to the principle for which you contend in your fifth article. It is absurd and unreasonable to suppose, that the East-India Company, out of their own revenues, can long maintain a contest against the power of France, aided by the greater part of Europe and a large portion of Asia. If the principal theatre of the war between European nations is to be transferred to Hindostan, it must be supported, to a considerable extent, by European resources; and if our empire in India is an object worth preserving, this country must contribute to its defence, against any attack of the description which we have been taught to expect. The extraordinary expences incurred in the necessary preparations for such a warfare, or in the actual contest, ought not, in justice, to be imposed as a burthen on the Company alone, even if they were able to sustain it.

6th. I am not aware of any reason for extending the duration of the Charter beyond such a limit, as, with the unexpired term, will be equal to the period granted in 1793; but I state this merely on the first consideration of the subject: and if the general question is to be discussed, I shall pay due attention to any suggestions which the Court may think it right to offer on that particular point.

Having thus adverted, at greater length perhaps than was necessary, to the various topics introduced into your letter, I shall proceed to state such observations as appear

to me necessary to be submitted to the consideration of the Court of Directors, for the purpose of enabling them finally to decide, whether, under the circumstances of the present situation of the Company's affairs, and of the expectations which will probably be entertained by the Public, and sanctioned by Government, they will adhere to their intention of applying now to Parliament for a renewal of the Company's Charter.

It will readily occur to the Court, that whenever an opportunity is afforded of deciding in Parliament on the propriety of continuing in the Company any privileges of a commercial nature, it will be important to consider, whether the system established by the Act of 1793, for the trade of private individuals between Britain and India, has answered the expectations, or fulfilled the intentions of the Legislature. It is wholly unnecessary for me, at present, to enter into any detail of the various discussions which have taken place on that subject. The arguments on both sides of the question must be familiar to the Court, and the opinions of those persons who have turned their attention to it, have, in all probability, been long since fixed and settled: it is fit, therefore, that the Court should now understand distinctly, that I cannot hold out to them the expectation, that His Majesty's Ministers will concur in an application to Parliament for a renewal of any privileges to the East-India Company, which will prevent British merchants and manufacturers from trading to and from India, and the other countries within the present limits of the Company's exclusive trade (the dominions of the Empire of China excepted), in ships and vessels hired or freighted by themselves, instead of being confined, as at present, to ships in the service of the Company, or licensed by the Court of Directors. In the detail of any legislative provisions which it might be expedient to enact on this subject, it would be absolutely necessary to guard against the abuses which would arise, from facilities thus afforded to persons attempting to settle and reside in the British territories, without a license from the Company, or without the sanction or knowledge of the local Governments.

There are various other points to which it would also be necessary to pay due attention, not only as being important to the Company and to the general trade of the country, but essential to the security and easy col-
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lection of the public revenue. It would obviously, however, be premature, on this occasion, to enter into any further detail, and I have confined myself to a mere statement of the general proposition.

Another point, which would probably be deemed indispensable, is an alteration in the military system in India, for the removal of those jealousies and divisions, which have unfortunately been too prevalent, between the different branches of the military service in that quarter, and which must, at all times, be highly prejudicial to the public interest; and for the correction of the anomalous system of divided responsibility, which prevails at present in this country, in every thing that relates to the military defence of India. The only effectual remedy for these evils will, probably, be found in arrangements for consolidating your Indian army with the King's troops, founded upon the plan so strongly recommended by Lord Cornwallis, with such modifications as the actual constitution of your service may render expedient or necessary. These arrangements need not be attended with any alteration in the system of promotion now in operation among the officers of the native branch of the service, or with any diminution (they might more probably produce an increase) of any other professional advantages which those officers now enjoy; neither would they, in any degree, interfere with the general authority now possessed by the Court of Directors and the Governments in India over all His Majesty's forces serving in those parts, or with their control over all disbursements of a military nature. I am, moreover, not aware of any reason against continuing in the Court of Directors the nomination of all cadets, destined to hold commissions in the Indian army.

Having thus stated to you, for the consideration of the Court of Directors, the principal points to which I was desirous of drawing their attention upon this occasion, I have only to assure you, that it will be the earnest desire of His Majesty's Government to suggest to Parliament such a system only, as shall be conformable to the principles on which the regulations of 1784 and 1793 were founded, as will secure to this kingdom all the benefit that can practicably be derived from its trade with our possessions in India, and to the natives of those countries a government, and an administration of laws,

suited to their customs, habits, and prejudices, and consistent with the British character, and which shall also be strong and efficient, without adding unnecessarily to the authority of the Executive Government at home, or increasing, to any dangerous extent, the influence of the Crown.

I have the honor to be, Gentlemen,

Your most obedient humble servant,

(Signed) ROBERT DUNDAS.

To the Chairman and Deputy Chairman
of the East-India Company.

LETTER *from the Chairman and Deputy Chairman
to the Rt. Hon. Robert Dundas.*

Sir, *East-India House, 13th January 1809.*

The letter which you did us the honor to address to us, on the 28th of last month, on the important subject of a renewal of the Company's Charter, has received the most serious consideration of the Court of Directors, and we are, by their unanimous resolution, instructed to submit to you the following answer to it.

The Court having, in the letter which we had the honor to address to you on the 16th of last month, thought it sufficient to sketch the outlines of those principles and propositions which should, in their opinion, form the basis of a new Charter, and the reply you have been pleased to make to it, declaring the same intention of stating observations merely preliminary, and "not the result of any plan, or projected system, matured in concert with His Majesty's confidential Servants," our present letter will abstain from any discussion of minor points, those especially relating to the proceedings of the Court of Directors with servants of the Company returned from India, to which article your letter is understood to allude; and likewise from some other points, connected with the exercise of their authority at home, which may be found to require revision and modification. Neither can it be necessary to go now into the subject of the Indian Expenditure, although it is impossible, after the notice taken of it in your letter, to omit saying, that the Court feel with the liveliest solicitude, how indispensable it is

to reduce that article far below the income, and are determined to act accordingly.

The attention of the Court will, therefore, be confined, at present, to two propositions of the highest importance, contained in your letter; the one suggesting such an enlargement of the trade of individuals with British India, as shall admit into it indiscriminately the merchants and the ships of this country; and the other, the transfer of the Company's Indian army to His Majesty. If these propositions had not been accompanied by the declaration with which your letter concludes, they would have filled the Court with the deepest concern; but you are pleased to close the whole of your observations with an assurance, "that it will be the earnest desire of His Majesty's Government to suggest to Parliament such a system only, as shall be conformable to the principles on which the regulations of 1784 and 1793 were founded, as will secure to this kingdom all the benefit that can practicably be derived from its trade with our possessions in India, and to the natives of those countries a government and an administration of laws, suited to their customs, habits, and prejudices, and consistent with the British character, and which shall also be strong and efficient, without adding unnecessarily to the authority of the Executive Government at home, or increasing, to any dangerous extent, the influence of the Crown." Satisfied, by this declaration, that His Majesty's Government understand the interests of this country and of British India too well, to intend any alteration that would subvert or endanger the system by which those vast possessions have been acquired, governed, and improved, and by which alone they can be held, to the mutual benefit of their immense population and of the paramount state, the Court must, of course, believe, that the propositions which have just been quoted, are supposed to be compatible with the continuance of that system, or reducible to a consistency with it. These suppositions the Court are now called upon to examine, and they will endeavour to do so with the respect due to the authority with which they have to treat, with the duty which they owe to their constituents, and with that regard for the interests of their country, which they do not intend, nor feel themselves required

required to sink, in supporting the integrity of the present Indian system.

If either of the two propositions, respecting the Indian trade and the Indian army, were to be acted upon, in the sense which the terms of it seem obviously to convey, the Court have no hesitation in declaring their decided conviction, that it would effectually supercede and destroy, not merely the rights of the East-India Company, but the system of Indian administration, established by the Acts of 1784 and 1793; and with respect to the latter proposition, for the transfer of the native army, it appears to be incapable of any modification, which would not still make the overthrow of the present system the certain consequence of it. The Court will take the liberty to state the reasons on which these opinions are founded, with as much fulness as the bounds of a letter, and the dispatch necessary at this period, will permit, premising only, that in the time and space to which they must now confine themselves, many things, belonging to the consideration of both subjects, must be omitted.

With respect to the Private Trade, the Company are not governed by narrow considerations of commercial profit or commercial jealousy; and, in fact, the Indian trade, as an object of gain, has gradually ceased to be of importance either to the Company or to individuals.

The admission into it already accorded to British residents in India, with the prodigious increase of the cotton manufactures of Europe, the changed circumstances of the European Continent, and the almost incessant wars which have prevailed for the last sixteen years (wars still without any near prospect of termination) have reduced the value of that trade to a very low point. The Court are actuated by a thorough persuasion, that the unlimited freedom, for which some persons have, of late years, contended, would have political consequences more injurious to the power of this country and of British India, than the advantages anticipated by sanguine minds, from an enlargement of the commerce, could compensate, if those advantages were to be realized; and that, moreover, the expectation of such advantages is unfounded, resulting from general presumptions, which are contradicted by the nature of the Indian people, climate, and productions, and by the experience of more than two centuries.

In any scheme of intercourse, purely commercial, between

tween this Country and India, the leading objects must be to export as many as possible of our home manufactures, and to import those commodities, which would either beneficially supply our own consumption, or the demand of other countries, European or Transatlantic: and it is, no doubt, imagined by many persons, that if the trade to India were perfectly free, these objects could be attained, in a degree extending far beyond its present scale. The ardour of individual enterprize, it will be thought, could find out channels, which the settled routine of a Company cannot explore, and carry on commercial operations more economically and expeditiously than suits with the habits of monopoly, whilst our most active rivals in the Indian trade would thus be best counteracted. The present times, it will also be said, peculiarly demand new attempts and discoveries in commerce, and His Majesty's Government may very naturally wish, at such a crisis, to procure for the country every possible facility for the exertion of its commercial spirit, and the employment of its commercial capital. But before a change in its principle altogether novel, and obviously connected with national interests of the highest importance, is adopted, it ought to be seen, not only on what rational grounds the expectation of advantages entertained from it rests, but to what consequences so material a change might expose the country and its Indian dependencies.

Now, with respect to the benefits supposed to be derivable from opening the trade with India, it is, in the first place, to be observed, that no material enlargement, if any enlargement at all, is to be expected in the exports of our manufactures to that quarter. The records of the Company, for two centuries, are filled with accounts of their endeavours to extend the sale of British products in India, and of the little success which has attended them. The French, Dutch, and other European nations trading thither, have equally failed in introducing the manufactures of Europe there. This was not owing to their trading chiefly in the form of Companies; the Americans, who within the last twenty years have entered into the Indian commerce, and traded largely, not as a Company, but by numerous individuals, each pursuing his own scheme in his own way, in which course no part of the East is left unexplored, carry hardly any
European

European manufactures thither, their chief article for the purchase of Indian goods being silver; and such has been the state of the trade from Europe to India since the time of the Romans. This state results from the nature of the Indian people, their climate, and their usages. The articles of first necessity their own country furnishes, more abundantly and more cheaply than it is possible for Europe to supply them. The labour of the great body of the common people only enables them to subsist on rice, and to wear a slight covering of cotton cloth; they, therefore, can purchase none of the superfluities we offer them. The comparatively few in better circumstances, restricted, like the rest, by numerous religious and civil customs, of which all are remarkably tenacious, find few of our commodities to their taste, and their climate, so dissimilar to ours, renders many of them unsuitable to their use; so that a commerce between them and us cannot proceed far upon the principle of supplying mutual wants. Hence, except woollens, in a very limited degree, for mantles in the cold season, and metals, on a scale also very limited, to be worked up by their own artizans for the few utensils they need, hardly any of our staple commodities find a vent among the Indians; the other exports which Europe sends to India being chiefly consumed by the European population there, and some of the descendants of the early Portuguese settlers, all of whom, taken collectively, form but a small body, in view to any question of national commerce.

What is here said does not relate only to those parts of India where the Company have settlements or factories, but to all the shores that embrace the Indian Seas, from the Gulfs of Persia and Arabia to the Eastern Archipelago. Many advocates for a free trade may suppose, that in so vast a range, numerous positions, favorable for the vent of European commodities, are still unexplored; but they are not aware, that in the British settlements, which themselves extend on the west to Cambay, and on the east to China, there are a number of merchants, native and European, who carry on what is called the coasting trade of India, with great spirit, sending their ships to every mart, insular or continental, where any profitable commodities can be either sold or bought. At all those marts, European commodities have been tried by the enterprise of individuals. The little demand that has been found

found for them has been supplied ; and residents, settled in India, can carry into such parts the trade in European commodities, which it is now open to them to receive from this country, with more facility and advantage than merchants settled in England.

To these facts and observations, arising from the nature and circumstances of the people and countries of India, one remarkable argument may be added, furnished by our own experience at home. In the Charter of 1793, provision was made for the export of British manufactures to India, by any individuals who might choose to embark in that trade. The Company were required to find them tonnage to a certain extent, which has always been allotted at a rate of freight cheaper outward, as well as for the returns, than the Company themselves pay, or, as the Court think, than private ships could furnish it. But, in all the time that has elapsed since, very few applications, and these to a small extent, have been made, for leave to export the woollens, metals, and other staples of this country, on private account, the chief applications having been for the freight of wine, for the consumption of Europeans : and this is not properly a British production, nor is it so much an increase in the trade, as a transfer of it to the private merchants from the commanders and officers of the Company's ships, part of whose advantage used to arise from being the carriers of this commodity.

All these circumstances, to which other corroborations might be added, the Court trust will fully evince, that the entire opening of the Indian trade to the merchants of this country, would not, in reality, extend in any considerable degree, if at all, the consumption of British manufactures.

Let it be inquired, in the next place, whether the adoption of so great a change in our Indian system, would be followed by the discovery of such new and valuable productions of the East, as would serve materially to augment the trade of this country with the Continents of Europe and America ; for, with regard to the supply of our home consumption of Indian commodities, it cannot be asserted, that the importations already made by the Company and individuals do not abundantly suffice for it, or may not, at any time, be extended to the exigencies of the market ; in which, it may be noted, that a preference is given to the cotton and silk manufactures of our

own country, and to some of the tropical productions brought from our West-Indian Colonies. Nor can it be asserted, that new adventurers in the Eastern trade, fitting out from Great-Britain, could, with any profit to themselves, furnish the home consumption on cheaper terms than it is now supplied; for both the Company, and British individuals resident in India, must have an advantage over such adventurers in the provision of goods there (British residents in the freight also), and yet, of late, the great Indian staple of cotton piece goods has been a losing article in this country.

Now, as to the productions of India valuable for foreign commerce, the trade of Europeans, of different nations, to all parts of it, in the course of the last three centuries, may well be presumed to have left little for discovery in that way. The Portuguese, who, in their early time, spread themselves along all the shores of the East, explored every considerable part of it, and they were followed by the Dutch, English, and French Companies, with their numerous establishments, some of which extended inland to the Upper India. But the modern European merchants, resident in the East, who have long been the chief navigators and adventurers in what is called the coasting trade, have become well acquainted with the commercial capacity of every region washed by the Indian Seas; so that many countries supposed here to be little known, because little visited by the ships of Europe, are familiar to them, and whatever articles those countries furnish, valuable for the commerce of the West, are already conveyed, through the medium of private or foreign trade, to Europe.

The chief commodities suited to the European market, which India has hitherto been found to produce, are spices, pepper, drugs, sugar, coffee, raw-silk, saltpetre, indigo, raw cotton, and above all, cotton manufactures of singular beauty and in endless variety. These last have, as already intimated, formed, from time immemorial, the grand staple of India; but from the rise and excellence of similar manufactures in Europe, particularly in our own country, and from the general impoverishment which wars and revolutions have brought upon the Continent of Europe, with the obstructions opposed, in much the greater part of it, to our commerce, the consumption of the fine fabricks of India has considerably decreased, and

and it is not likely that it can be restored to its former standard. Spices, sugar, and coffee, have been furnished chiefly from the Moluccas and Java, Dutch islands not in our possession, nor, in a commercial view, worth the expense of conquering and keeping them. The cinnamon of Ceylon, now ours, may be brought, in sufficient quantity for the supply of all Europe, in one or two of the Company's ships. Pepper is a very losing article. Sugar has been, of late, imported from our territories; but the necessary expense of conveyance from so great a distance, prevents it from being profitable, and it can be much encouraged only at the expense of our West-India colonies. Raw-silk and indigo, now produced in great perfection in Bengal and its dependencies, have been brought to that state, by the expense incurred, and the support afforded by the Company. Both are articles occupying little space, in proportion to their value. The factories where the former is collected and prepared are in the hands of the Company, who have, in the course of many years, established them with great labour and expense. They can furnish not only all the raw-silk this country requires, but much for the consumption of the Continent, if it was possible to bring it there into competition with the raw-silk of Italy, and the tonnage already employed by the Company is quite sufficient for its importation from India. The indigo produced in Bengal and the adjacent Provinces is equal, probably, to three-fourths of the demand of all Europe, and may easily be raised to the whole demand; but the manufacture of this article is entirely, and the trade in it chiefly, in the hands of individuals, who need and require no shipping from this country, except what the Company provide, to convey to Europe, all that Europe can consume of it. Saltpetre, furnished only from Bengal, is, for political reasons, prohibited to foreigners, and exported exclusively in the ships of the Company: for the same reasons, it could never be prudent to allow the private ships of this country to carry it away at pleasure. Where then is the scope for the admission of new shipping and new adventurers, without limitation, into the trade of India with Great-Britain? In general, it may be observed, that the commodities which have hitherto come from that country, in a state prepared for use, such as the great staple of cotton piece goods, being articles of luxury, can have only a

limited consumption, and that the demand for them could not be increased, at all in proportion to the number of new competitors that should enter into the trade. The same may be said of all kinds of spices and drugs, which, from their nature, have a limited consumption; and, with regard to the important articles of raw-silk and indigo, which require a further preparation before they are used, there is already abundant provision made for their importation, to the utmost extent of demand.

There remains then to be considered, of all the commodities above enumerated, only the raw material of cotton; and to this may be added another, of high importance, which India is in time likely to produce abundantly, namely, hemp. Now, with respect to the former of these, the Company have formerly imported it, and permitted private merchants to do so; but it was found, that the cotton of India could not enter into competition with that produced nearer home, in the Brazils, the West-Indies, and North America. Of late, since the interruption of our trade with the last mentioned country, the Company have themselves commissioned cotton from India, and have been willing to encourage individuals to export it from thence; but that it can support a competition with the cotton of Georgia, when the American embargo is taken off, or become an article of extensive demand in this country, supplied with it from so many nearer quarters, is not very likely. The culture of hemp in India is yet in its infancy. A change in the circumstances of Europe may check it; but if it is not checked, years must elapse, before the quantity produced can form a considerable article of exportation. And with regard to both these commodities of cotton and hemp, it is to be observed, first, that cargoes for Europe cannot be composed of them only, some other, more ponderous for its bulk, being necessary for dead weight, and sugar, almost the only article of this nature that India can supply, must generally be rather a losing one: secondly, it is to be observed, that the private ships ready to be employed in India, must be abundantly sufficient for the supply of all the tonnage that can be required for these articles, which could hardly absorb any very large amount of capital. Thus, then, it is also apparent, that the country and productions of India afford no new field

of importance for the commercial enterprize of the merchants of Great Britain.

But were it indeed otherwise, where, in the present circumstances of the European Continent, could new commodities, imported into this country from India, find a vent, when many of those already made, and of articles which the Continent used to take off, remain in our warehouses? And hence may appear the inapplicability of that argument, which has sometimes been urged in favor of enlarging, or rather opening the Indian trade to individuals, "that they should be allowed to bring home *the surplus produce of India* which the Company did not require." There can be no room for additional importations, when the ordinary scale proves too large. But in the use of this plausible plea, respecting *surplus produce*, there was always a great fallacy. It seemed to imply, that there was a stock of commodities in India which continually remained undisposed of, whereas nothing is more evident, than that the productions of any country will be regulated by the demand, and that no agriculturists or manufacturers will go on from year to year to produce that for which they have no sale. The term, as connected with the Company, might also convey the idea, that *they* were the only purchasers in the country; whereas, at that very time, British residents and foreign nations had the privilege of exporting goods to the western world, and there was a great coasting and internal trade from one part of India to another. But the argument for permitting individuals to export the surplus produce, included fully, though not professedly, the principle of transplanting British capital to India, in order to raise produce there; a principle which, it may be thought, this country has already carried sufficiently far in its other distant dependencies, and which could not be applied to India without political consequences.

But it has been alleged, that the refusal of the Company to make a concession, which appeared to them to be claimed on unsound premises, and to be pregnant with danger, threw that trade, which might have been brought into the Thames, into the hands of foreigners, particularly the Americans, whose great progress in the Indian trade, of late years, has been charged to an erroneous policy on the part of the Company. Nothing
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can be more mistaken than the whole of this statement. Several European nations having from the native sovereigns of India the right of possessing settlements and carrying on trade there, a right which we had confirmed, we could not interrupt the exercise of it whilst they remained at peace with us; nor, therefore, divert from them whatever portion of the trade their means enabled them to embrace. And, with respect to the Americans, they owe their advancement and success in the Indian trade to the treaty made with them by our Government in 1794, to the belligerent state of Europe since that time, and, above all, to the neutral character they possessed, which enabled them to navigate more cheaply, more expeditiously, as well as more safely than our merchants or the Company could, and to supply many parts of the European Continent and of South America, to which our ships had no access. These, with the increase of the consumption of eastern commodities among themselves, are the true causes of the growth of the American trade with India; and even the abolition of the Company's privileges would not have transferred the share they acquired of it to our merchants, because it could not have lessened the advantages under which the Americans then carried it on, nor have gained us either the supply of their internal demand, or admission to many ports which were open to them. What the Company could do, in the way of regulation, to reduce the inequality between the American traders and our own merchants, you know, Sir, was effected, as soon after the expiration of the treaty of 1794 as His Majesty's Government thought expedient.

Among the speculations of the present day, the idea may perhaps be suggested, of carrying the productions of India directly to the ports of Portuguese and Spanish America; and eagerness for relief from the pressure which our commerce now feels, may be ready to make so great a sacrifice of the navigation laws. But such a measure would essentially exclude the mother country from being the medium and emporium of our Indian trade; and whilst it served to enrich India, rather than Britain, would facilitate the progress of the former to independence. If, however, so dangerous an innovation were not adopted into our commercial code, it is altogether probable that English ships, admitted without limitation
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into the Indian Seas, would take the liberty of sailing to those markets which would be thought the most promising; so that, in effect, the opening of the Indian trade would be not solely or chiefly for this country alone, but for other, perhaps for all parts of the world.

Having thus shewn, that the opening of the Indian trade to the subjects of Great Britain could not materially increase, either the export of the manufactures of this country, or its commerce in the productions of India, it will next be proper to consider, what the effects of the proposed change would be upon the East-India Company and upon British India.

And, in the first place, it would, in substance and in form, entirely abolish the qualified monopoly which the Company still enjoys of the Indian trade. The admission of all private merchants, at their pleasure, and of their ships, into that trade, would make it as perfectly free as the trade to our American or West-Indian colonies: There would, as to India, be an end of all exclusive privilege of trade. This would not be any modification of the Act of 1793, but an essential departure from it. That act permitted only the export of British manufactures, and intended only to provide for the returns to them, and for *the remittance, in goods, of British fortunes from India; both on the ships of the Company.* The proposed measure must, in the nature of it, make the trade from India not merely a vehicle for the remittance of fortunes acquired there, or the produce of British manufactures, but a general trade; and what is a still more radical change, instead of a limited amount of tonnage not incompatible with the Company's system, it admits all ships, without any limitation, or option on the part of the Company: it throws all India open to those ships, and thus sets aside the Company from being the sole channel and medium of the trade, through their own shipping, or shipping engaged by them, which completely divests them of the last remnant of exclusive privilege in that trade.

It would be no argument to say, that in a trade, by which they now gain little, they might admit, without much sacrifice, the rest of the commercial world to share.

The loss of the Indian monopoly, such as it was left by the Act of 1793, would lead, by no slow process; to the entire subversion of the Company; both in their commercial

commercial and political capacity, and of that system which the Legislature has appointed for the government of British India, of which system the Company forms an integral and essential part.

If the Indian trade were thrown open, ships would; at first no doubt, swarm into it, and there would be a ruinous competition in the markets, both abroad and at home. Goods would be enhanced in cost there, as well as deteriorated in quality: the selling prices at home, already too low, reduced still lower, and the market overstocked. This was the effect, in some measure, produced by throwing open the trade in the time of Oliver Cromwell, who, after the experience of a few years, revived the Company. The same effect followed from the collision of the Old and New Companies, in the beginning of the last century, which forced them to unite, and their union received the sanction of Government. It is not sufficient to say, on this head, that increased demand abroad will produce increased supply, and the diminished price of goods at home increase the sales, so that things will, at length, in both countries, find their due level. From the nature of the Indians and their division into castes, it is not so easy among them, as in Europe, to meet an increased demand by increased production; and it is still less easy, when they can subsist by furnishing things of low or ordinary quality, to make them aim at excellence, which the supposition of increased sales at home would require. But of such an increase, in the present and prospective state of the trade in Indian imports, enough has been above said to shew the improbability; and before that supposition could, in any case, be realised, the ruin of the parties immediately embarked in the trade (a trade so distant, requiring large capitals, and making slow returns) might be completed, with the ruin also of the Company, whose establishments would have been deranged by this great change. If the change itself did not occasion the fall of the Company, the disappointments which the private adventurers could not fail to experience would, by them, be charged to the influence of the remaining privileges of the Company, and they would not rest until the whole were extinguished. But it may be observed here, and it is an observation which might be urged more formally and fully, that although the Company have the just-
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est claim to those territories, which the powers vested in them by the laws of this land, the ability of their servants, and the hazards they have encountered, have enabled them to acquire, and that this right was never questioned, until the acquisitions, and consequently the merit of making them, became great; yet that, in a more peculiar sense, all the principal marts and factories of British India are their property, acquired in their purely commercial period, either with their money or by grants from the native princes of the country, and that the power of admitting settlers and traders to them strictly belongs to the Company.

One part of the present system, and a beneficial one for all parties, is to have only one place of sale for Indian goods; that is London; to make all sales by public auction at stated periods, and these sales to be regulated and conducted by the Company. With the proposed enlargements, it would seem hardly possible to continue that practice. Different towns would have their own sales, at their own times. Individuals might frequently chuse to dispose of their goods by private bargain. The general resort of buyers which the sales were wont to bring to London, a resort often productive of other commercial speculations, would thus be at an end; and the benefit derived from public auction, when that was the sole mode, would be lost, in the midst of many private sales and competitions: but to dispose of the goods of the Company by private negotiation, might open a door to many abuses, which would render that mode totally unsuitable for their business. The Company, with such a competition, could not go on to purchase the goods of India. With the cessation of their Indian trade, their Indian subordinate factories, which have been reared in the course of more than a century, and which are the seats of the best manufactures produced in the country, must be abandoned, and all the commercial branch of their civil servants be thrown out of employ. Their purchases of goods at home, for the Indian market, must also cease, with the circulation of money which has enabled them to support their credit in England, and to provide for the payment of bills, which it has been long and necessarily the practice to draw on them from India; a practice which, under such a change of circumstances, could not be continued: and, in general,

the great aid which the political affairs of British India have, at all times, derived from the commercial credit and resources of the Company with the reciprocally beneficial co-operation of the different parts of the Company's system, must thus be destroyed. In like manner, the Company must cease to employ the numerous class of excellent ships they have engaged for the Indian trade, ships constructed for warlike defence as well as for commerce, and rendered expensive only, by being necessarily destined and fitted for the performance of political services. Those ships the Company have contracted to employ for the term of their duration: there is a large capital embarked in them, and they can be employed in no other way than in that for which they were built. When they can no longer be kept up, the means of conveyance they have hitherto so well afforded for troops, and the large supplies of naval and military stores annually sent to India, must be lost.

But there is no reason to believe the evils would end here. The monopoly of the China trade, which it is proposed to continue, would not be safe. British ships, when permitted to range at pleasure through the Indian seas, however interdicted from that trade, would attempt to participate in it, either by resorting to it as the country ships do, under color of carrying on the coasting trade, or by other means obtaining teas, and the other productions of China, at the most convenient Indian ports. Love of gain, disappointments in other ways, the hope of impunity, would stimulate their conductors to break through restrictions imposed in this country. British subjects, who now navigate the Indian Seas, sail from some one of our established settlements there, and are amenable to the laws of it: it would not be so with men having no domicile in India. In ranging the numerous islands and coasts of the Eastern Seas, where they would be unknown, and whence they could not be followed to England by complaints, the probability of impunity might tempt them to commit upon the weak natives, accustomed to repose confidence in Englishmen, acts of injustice and licentiousness, which would wound the national character, raise complaints throughout India, and set the people against us. In this manner the Portuguese formerly rendered themselves odious in the East, and contributed to the downfall of their own power. In China, where the effects of such a
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spirit would be most to be feared, we could exercise no authority, sufficient to control men not within the reach of the Indian Governments, or to defeat their schemes and associations for eluding the laws. Practice would embolden them, and time increase their numbers. It is hardly conceivable they would not venture upon irregularities which would offend the Chinese Government, who, whilst the delinquents escaped to England with impunity, would doubtless take satisfaction of the national factory; and the pride and jealousy of that government, alarmed by repeated instances of this nature, from the desultory visits of a new order of Englishmen, insubordinate to the representatives of the nation, might determine to dismiss the whole together. If this extreme case be not supposed, which however is too probable and too momentous in its consequences to be hazarded, can it be doubted, that whilst the duties on tea continue at even the fourth part of what they are at present, private English ships adventuring to the Eastern Seas will not, by means of country vessels and intermediate ports, if by no other means, procure teas, and revive the practice of smuggling them into this kingdom? The consequence seems inevitable, and the ships of our own country, especially if allowed to chuse their port of discharge, as the proposed change seems to require, would have facilities, which those of foreign Europe or America could not command. In these ways, the China monopoly of the Company, reduced in its profits, would be rendered likewise insecure, and in the end untenable; and the noble fleet of ships, employed in that trade by the Company, must be also laid aside. How the immense revenue, now derived by Government from the very high duties on tea, could, under such circumstances, be realized, or a substitute found for them, may be an important, and, to all appearance, a most difficult subject of enquiry.

But a more serious consequence than all these would still remain. A free trade to India would, unavoidably, draw after it the residence of numerous and continually increasing Europeans there, whatever prohibitions might, at first, be opposed to their settling in the country. When all restraint to the importation of ships and goods is taken off, men must be allowed to follow their property, and to remain at the place where they land it till they

have disposed of it : they must be allowed to navigate the Indian Seas, and to return to the same place when their business calls them : they will thus, insensibly, and with hardly reasonable grounds for opposition, domiciliate themselves ; nor would an unsuccessful trade prevent them, but many would seek to indemnify themselves on shore for their losses by the voyage. The instances of such settlements will be numerous, and it will be impossible for any police to follow up the cases of individuals, and continually to exercise a rigorous system of exclusion. This has not hitherto been done, though attended with comparatively little difficulty ; and the attempt would soon, under the new order of things, be abandoned as hopeless. Colonization must, in such case, follow. Large communities of Europeans will struggle for popular rights : new feelings with respect to the mother country, new interests and attachments will then spring up ; and in a region so remote, so rich and populous, and so accustomed to yield to the ascendancy of the European character, the tendency and process of these things cannot be difficult to conceive.

With the prospect of all these consequences, commercial and political, before the Court, it is impossible that they, as faithful guardians of the interest committed to their care, or as men truly solicitous for the welfare of their country, which they profess themselves to be, can advise their constituents to seek a renewal of their Charter, on conditions which would despoil it of all its solid advantages, deprive the Company of their most valuable privileges, and incapacitate them from performing, for themselves and the nation, the part hitherto assigned to them in the Indian system. Such a further enlargement of the Indian trade, in favor of individuals, as may be compatible with the preservation of these essential objects, the Court will, in present circumstances, certainly be disposed to recommend. They will be ready to enter into a serious enquiry concerning the concessions which may be made, without trenching upon the principles established by the Act of 1793 ; and they trust that the justice and wisdom of His Majesty's Ministers will not require the Company to make essential sacrifices, for the sake of giving to the Public what would, after all, be more an ideal than a real benefit, and be, in other respects, productive of incalculable disadvantages.

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The other important proposition which is next to be considered, is the transfer of the Indian Army to the King. The reasons assigned for this proposition are, that an end may be put to the jealousies and divisions which have too much prevailed, between the officers of His Majesty's army and those employed by the Company, and that the responsibility in the country, of providing for the military defence of India, may be ascertained and strengthened.

The Indian army is the main instrument by which the Company have acquired and retained the territorial possessions they have added to the British Empire. The people of those countries submitted more easily to an authority exercised by means of a body formed from among themselves. We fought battles and governed provinces as the native powers did; and our new subjects, undisturbed with the sight of a foreign conquering army, supposed the government to continue substantially the same, and the principal change to be in the individuals who exercised it. The constitution and character which this Indian army has acquired, have been the subject of just admiration. These have been owing, essentially to the happy mixture of bravery and generosity, of firmness and kindness, exercised towards the Sepoys by their European officers. The superior lights and energy of the European character have directed the powers and conciliated the prejudices of the native troops; but it was because the officers knew the people and their prejudices well. These officers had been trained up among them from an early age: the nature, the usages, and the language of the natives, were become familiar to them; and the natives, remarkably the creatures of habit, in return, from being accustomed, became attached to them. Without such knowledge, however, on the part of the officers, they might every day have revolted the minds of so peculiar a race, and have alienated them from our service and government.

An Indian military education, from an early age, is essential to the formation of a good Sepoy officer, and gradual rise in the service by seniority, is no less indispensable. In this way, the Indian army has been constituted and rendered eminently efficient; and all measures, tending to change or weaken the constituent parts of this fabric, are to be deprecated. When, excepting a few regiments

regiments of European artillery and infantry, the whole military force of British India was composed of Sepoy corps; the officers of that army, of course, possessed entire the emoluments and advantages which the service afforded. The introduction of European troops from His Majesty's army into India altered this state of things. Young officers, of no Indian experience, who had obtained their commissions by purchase, took rank of men of long and tried service: the King's officers were thought to come in, also, for too large a share of employments and advantages. To redress the complaints which the Company's officers made of supercessions and partialities, and to give them a better share of the benefits of the service, was the leading object of Lord Cornwallis's Military Plan of 1794, and with him a principal motive for proposing to transfer the Indian army to the King, no other practicable means having then occurred to him. But the object was, in substance, attained by the Military Regulations of 1796, passed in concert with His Majesty's Government, without that transfer, of which his Lordship did not revive the idea on his last return to India, those regulations having given increased rank and retiring pay to the officers of the Company's army. The causes of complaint, however, did not entirely cease. To avoid the collision of authorities, the Company had adopted the usage of appointing the Commander-in-Chief of the King's troops, also their Commander-in-Chief; and one consequence of this has been, that the Company's officers, resident from early youth in India, possessing little influence in England, unknown to officers of high rank in His Majesty's service, have thought themselves treated with less favour and distinction, than younger officers of that service recently arrived, but better patronized. You know, Sir, that there have been instances of this sort, which the Court, with the sanction of your Board, have interposed to repress: but as long as the British force in India is made up of two armies, so differently constituted, with so large a portion of King's officers, the whole commanded by generals of His Majesty's service, there will, probably, be real or apprehended ground for the like complaints. They do not arise because one army has the honour to belong to His Majesty and the other serves the Company, but because the constitution of the two armies are radically different, and must continue so, whether the armies are

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are under one head or two. The Indian army cannot be maintained without officers attached to it from an early age, and rising by seniority. Frequent changes of King's regiments serving in India, and the consequent frequent arrival of young men, promoted in them by purchase, cannot be avoided: the former class will be comparatively unknown to the King's commanders, the latter will have among them the connections of those commanders, or of men of influence in England. It is not difficult to see, therefore, to which side the exercise of military patronage will lean; and to prevent causes of complaint, and to keep the balance even, must be an important object in the Government of India. It does not seem the way to effect this, to put the Indian army wholly in the power of the Commander-in-Chief. It is of the partiality of that station of which the Company's officers have sometimes complained; and the Court see no reason whatever to suppose, that their jealousy and dissatisfaction would be removed, by putting them entirely under its control: and, indeed, by placing two armies, of such different races and so differently constituted, under the same master, it would seem difficult to avoid attaching the idea of permanent inferiority to that which was Indian. Nor is it a thing to be taken for granted, that the Sepoys, so much, as already observed, under the influence of habit, would chuse to be transferred from that service to which they have been always accustomed, to one of which they have little experience, and that experience not always of a conciliatory kind. To place the officers of the Indian army wholly under that authority of which they have hitherto complained, does not certainly appear to be the way to render them easy. It might, on the contrary, lead to serious discontent; and though the Court would be far from countenancing that spirit among their officers, or yielding to any irregular exertion of it, yet it must be said, on the other hand, that those officers are a body of men who have deserved too well of the Company and their country, to have real causes of discontent; and that it would be impolitic to adopt any system, likely to generate such causes, either among them or the men they command.

With regard to the other reason assigned for the proposed change, the Court beg leave to observe, in the first place, that they do not perceive the necessary connection between the inconveniences which is alleged, and the
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remedy suggested for it; since, if it were true that the question of responsibility in England, respecting the appointment of Commander-in-Chief, lay under an obscurity and uncertainty detrimental to the public service, it does not appear to follow that the Indian army ought to be transferred to the King, to remedy this defect. But, in the humble apprehension of the Court, no obscurity hangs over that question. The appointment of Commanders-in-Chief of the King's forces there rests with His Majesty, and the officer chosen by him will, by virtue of his commission, generally command the Company's army on service. The appointment of Commanders-in-Chief for the Company's army is placed, by law, in the first instance, in the Court of Directors, but with a power vested in His Majesty to annul such appointments. This necessarily points to an agreement between His Majesty's Government and the Court of Directors, in respect to those appointments, and the Court are not aware, that they have, on any occasion, used the share of power left to them by this arrangement, for the exercise of which they feel that they are responsible, to the prejudice of the public service. They must, at the same time, humbly express their opinion, that the law, as it now stands, is wisely conceived, since it does not halve the responsibility, but double it, making both His Majesty's Government and the Court of Directors fully answerable for the appointment of the Company's Commanders-in-Chief: and if it should still be said, that, in point of fact, the selection of a Commander-in-Chief for His Majesty's forces may be rendered difficult, by reluctance, on the part of the Court, to accept of the same officer for the command of the Company's army, it may be justly replied, that they make a sacrifice to the public interest, in agreeing that the Commanders-in-Chief of His Majesty's shall also be the Company's; and when he is not only to command their army, but expects to be made a Member of their civil and political Government, it cannot be deemed unreasonable, that they should possess the right of satisfying themselves as to his competency for filling those high offices: neither is it, as they think, to be shewn from theoretical reasoning, or by an appeal to facts, that the service will suffer, or has suffered, by their assertion of this right.

But the strongest objections of the Court to the proposed

posed transfer arise from political considerations. They conceive the continuance of the Indian army in the hands of the Company to be essential to the administration of the civil, financial, and political affairs of British India, according to the present system. The Company's Government has hitherto been respected, both by its own subjects and foreign powers, because it possessed a great military force. Organizing this force, enlarging or reducing it at pleasure, appointing its officers, rewarding merit, punishing the unworthy, providing for the comfortable retirement of the veteran soldier and officer, and, in short, exercising all the functions of a governing power over a very numerous body of men of high military spirit, it has possessed all the respectability and the benefit of their attachment and fidelity. Looking upon the Members of the civil Government and the body of civil servants as belonging to the same master with themselves, and as the first order in the state, they have paid a willing obedience to their authority, and have thereby upheld their internal administration and their consequence abroad. The introduction of certain King's regiments has been understood, as it was intended, to be merely in support of the public interest under the existing system: but if the Company were to be divested of the whole of their military force and power; if they were to be no longer masters of a single regiment, no longer capable of entertaining any soldiers nor of giving one subaltern's commission; if the immense body of men, who have so long looked up to them, were to be transferred from them, the people must consider their power as fallen and drawing rapidly to a close. Continuing still to their Governments a general control over the employment of the army, and to their civil servants the internal administration of their affairs, would give the people no assurance to the contrary. Those servants, in the discharge of their different functions of judges, magistrates, collectors, could not expect the same respect and support, either from public opinion or the attachment of the native troops, as when all looked to the same head for protection, patronage, and reward. Indeed, to make so wide a separation of the military from the civil power; to take away the organization, the interior regulation, and with these, the patronage of the army, from the local Government; to place all those powers in the hands of the
Commander-

Commander-in-Chief, subject only, in the exercise of them, to an authority at the distance of half the globe, would throw the means and the temptation of a dangerous ascendancy into the scale of the military department, which, constituted by His Majesty, might easily be led to slight the civil servants of a meaner master, and their chance of distant redress. Among the natives of India it has been usual to consider the military power, and those possessing it, as pre-eminent; and they see, in some examples of the present day, *that* power, under the idea of assisting the civil and political administration, actually controlling it. The Company's Government, in short, lowered and over-shadowed in this way, would not, in the opinion of the Court, continue to possess the authority necessary for the proper administration of the affairs of that great empire; and it might then be conceived, that a further change only could supply what was defective.

But this is not the only way in which the measure in question appears to the Court to be pregnant with danger. It proposes to place in the entire disposal of the Crown, a regular army, amounting to one hundred and forty thousand men, commanded by above three thousand European officers, having a great variety of places of honor and emolument; and all the vast patronage attaching to such an army (saving the nomination of cadets) would, mediately or immediately, be under the influence or control of some of the Members of His Majesty's Government. This would be a signal departure from the spirit and letter of the Acts of 1784 and 1793, a professed principle of which was, that the Indian patronage, civil and military, should be kept entirely out of the hands of the servants of the Crown. It is not for the Court to enlarge upon a proposition so momentous; but they beg leave, with the utmost deference, to state, that they would deem it a dereliction of their duty, to which no consideration could induce them to submit, to recommend any measure of this description to the adoption of their constituents. Knowing however, Sir, your concern for the promotion of the public interest, a concern which we have frequently witnessed, the Court still flatter themselves, that the consideration of the renewal of the Company's Charter, a measure which they believe to be for the interest of the nation as well as of the Company, will go on without your insisting on this proposition, or any further

further on the other which has been above discussed, than may be really compatible with the preservation of the present Indian system.

We have the honor to be, Sir,

Your most obedient humble servants,

(Signed)

EDWARD PARRY,
CHARLES GRANT.

The Rt. Hon. Robert Dundas,
&c. &c. &c.

At a Secret Committee of Correspondence,

The 28th February 1809.

The Chairman and Deputy Chairman reported to the Committee, that in consequence of an invitation from the President of the Board of Commissioners, they had yesterday an interview with him, in which he discoursed with them on the present state of the negotiation for the renewal of the Company's Charter. He inquired, in the first place, whether the Company would have occasion to apply to the Public for pecuniary aid in the course of the present year. To this inquiry the Chairman and Deputy answered, that from an estimate lately made up of the Company's receipts and payments, till the month of January 1810, it appeared probable they might be able to do without any public assistance till that period; but that this could not be positively affirmed by the Chairs without further and more certain investigation. Mr. Dundas then said, that if the Company were not under a necessity of coming to Parliament this session on the score of their finances, he thought it would be expedient to delay the agitation of the subject of the Charter in Parliament till next session, because the Committee of the House of Commons for inquiring into the state of the Company's affairs, recently re-appointed, being about to examine into all the great branches of those affairs, which would necessarily engage the public attention on the renewal of the Charter, it would be expected by the House, that the reports of that Committee should be submitted to them, before the question of the renewal was brought forward, and from the number and weight of the subjects to be investigated, it would be impracticable to report upon them, soon enough to afford sufficient time to the House to

go through the consideration of them in the remainder of the session: it was, therefore, Mr. Dundas's opinion, that it would be advisable to postpone the agitation of the question until next session; but before he fixed his determination, he wished to receive the sentiments of the Chairs and the Committee of Correspondence on this important point, and those sentiments would probably influence him in shaping his answer to the last letter of the Court, dated 13th January 1809, on the renewal of the Charter. The Chairman and Deputy Chairman beg leave to state, that they, in reply, expressed their opinion to be clearly in favor of proceeding with the business of the Charter this session, if it should be practicable for the Committee of the House to make the requisite reports in due time.

The Committee having deliberated on this communication, are of opinion, first, that it will be necessary to form as accurate an estimate as possible of the home finances of the Company for the current year; secondly, that it is very desirable the renewal of the Company's Charter should be brought forward in Parliament this session, even if the Company should stand in need of no pecuniary aid; but, thirdly, that if the Select Committee cannot prepare their reports in due time, and His Majesty's Ministers deem it proper to wait till next session, the Court must, of course, acquiesce; yet in the wish and hope, that if any circumstances should occur in the course of the present session, favorable to the agitation of the measure, it may still be brought forward; and if not in this session, as early as possible in the next; to which end the Committee will be very ready to proceed with the President of the Board of Commissioners in the discussions already commenced.



LETTER *from the* CHAIRMAN *and* DEPUTY CHAIRMAN *to the Right Honorable* ROBERT DUNDAS.

(*Private.*)

Sir, *East-India House, 5th December, 1809.*

From the conference the Chairs had the honor to hold with you on the 13th of February, on the subject of a
renewal

renewal of the Company's Charter, we were given to understand, that although His Majesty's Ministers did not deem it expedient to bring that subject under the consideration of Parliament in the session then preceding, it might, in their opinion, be proper to prepare for the agitation of it in the next following one.

We now, therefore, by the authority of the Committee of Correspondence, whom the Court of Directors have empowered to conduct the details of negotiation on the subject in question, beg leave to state to you, that, in their opinion, it is desirable the discussion concerning the renewal of the Charter should be brought on in the ensuing session, both on account of the general situation of the Company's affairs, and also on account of the particular pressure on their finances (arising chiefly from the transfer of certain sums of the Indian debt to England) which we have already had the honor to represent to you and to Lord Harrowby, and which renders necessary such an application for public aid, as may, of itself, be expected to lead to a general consideration of the Company's affairs.

We therefore take the liberty to propose, that the discussions between you and the Court, on the subject of the Charter, be resumed, from the point at which they were left by the letter the Chairs addressed to you, under date the 13th January last.

We have the honor to be, Sir,

Your most obedient humble servants,

(Signed)

CHARLES GRANT,
WILLIAM ASTELL.

The Rt. Hon. Robert Dundas,
&c. &c. &c.

LETTER *from the Right Honorable LORD VISCOUNT MELVILLE to the CHAIRMAN and DEPUTY CHAIRMAN, dated the 17th December, 1811.*

Gentlemen, *India Board, 17th December, 1811.*

Understanding from you, that it is the wish and opinion of the Court of Directors, that a proposition should be submitted to Parliament in the course of the next session, for continuing to the East-India Company,

for

for a farther term, their privileges of exclusive trade and the government of the British territorial possessions in India; it will be necessary, before I can proceed with you to the discussion of that question in all its details, that certain preliminary matter should be again brought under your consideration.

In a letter which I addressed to the Chairman and Deputy Chairman, on the 28th December 1808, the outlines of such a system, in regard to the trade between this country and the East-Indies, were stated, as His Majesty's Government at that time were willing to propose to Parliament. In a reply to that letter, dated the 13th January 1809, detailed reasons were urged, for the Court of Directors declining to "advise their constituents to seek a renewal of their Charter, on conditions which" (as asserted by the Chairman and Deputy Chairman) "would despoil it of all its solid advantages, deprive the Company of their most valuable privileges, and incapacitate them for performing for themselves and the nation, the part hitherto assigned to them in the Indian system."

I do not feel it requisite, in this stage of the business, to enter upon a minute examination of the arguments from which that conclusion was drawn. Many of them have reference to possible dangers, which might arise from a system of trade wholly unrestricted; against which dangers, however, it was expressly admitted in my letter, that it would be essentially necessary to guard. A considerable portion of their reasoning, also, would lead to the inference, as a general proposition, applicable to all cases of foreign and distant trade, that a monopoly was more beneficial to both countries than an unrestrained commerce; and that the facilities intended to be afforded to private trade with India, by the Act of 1793, were inexpedient and impolitic. There are several statements in the letter, in which I fully concur; but it is unnecessary to advert to them at present, because, if the Court of Directors adhere to the above-mentioned determination, I cannot hold out to you the least expectation, that His Majesty's Government will be disposed to depart from the proposal contained in my letter, or that they will concur in any application to Parliament, for the continuance of a system of trade, conducted under all the restraints now imposed upon it, and for the permanency

manency of which the Court of Directors have so strenuously contended. If they are willing, on the other hand, that the ships as well as goods of private merchants, may be admitted into the trade with India, under such restrictions as may be deemed necessary, I shall be ready to discuss with you all the other details of the system.

There are two points, however, of considerable importance, which are adverted to in the above-mentioned letters, and on which it may be advisable that I should state to you shortly what occurs to me.

The first relates to the transfer of the Company's army to the Crown; a measure which has been frequently suggested by persons intimately acquainted with the military concerns of the Company, and whose opinions are entitled to great consideration. It is impossible, however, not to admit, that several weighty objections to such a change are stated in the letter of the 13th January 1809. Events which have since occurred must, also, have an influence in deciding this question, and may possibly suggest the expediency of adopting other measures for promoting the discipline and efficiency of the army in India. Further discussion on this subject may be deferred till a future opportunity, and any arrangements which may be deemed proper can be carried into effect, without having recourse to special legislative enactments.

The other point to which I allude, is the proposition for enabling the Company to meet the heavy demands which were then expected, and which, to a certain extent, have since come upon them, by the transfer of their Indian debt to this country. All uncertainty, as to the possible amount of those demands, is now removed; and the period, I should hope, is arrived, to which, during some years, we have looked forward with anxiety, for providing out of the Company's own resources, without any pecuniary aid from the Public, the means of enabling them to satisfy all the claims of their Indian creditors. The sanction of Parliament will probably be necessary for carrying into effect any arrangement for that purpose; and if the Court of Directors are willing that these discussions, on the renewal of the Charter, shall proceed, in so far as relates to the question of the trade, on the principle to which I have adverted, I shall be ready to receive

receive from you any suggestions you may have to offer on the subject of the debt, and on the mode by which you propose that funds for its liquidation shall be provided.

I have the honor to be, Gentlemen,
Your most obedient humble servant,

(Signed) MELVILLE.

The Chairman and Deputy Chairman
of the East-India Company.

LETTER from the CHAIRMAN and DEPUTY CHAIRMAN to the Right Honorable LORD VISCOUNT MELVILLE.

My Lord, *East-India House, 4th March 1812.*

We duly received and laid before the Court of Directors your Lordship's letter of the 17th of December last. We trust that the great importance of the matter contained in it will explain, in a satisfactory manner, to your Lordship and to His Majesty's Government, why an answer has not been prepared at an earlier period.

By that letter we think it is to be understood, that His Majesty's Ministers have made up their minds, not to hold out to the East-India Company an expectation of their being disposed to concur in an offer to Parliament of any proposition for the continuance of the present system of trade with India, at the close of the term limited by the Act of 1793, which is now nearly expiring, without a previous consent, on the part of the East-India Company, as the basis of such concurrence, that the trade with India shall be extended to the ships, as well as goods of private merchants, under such restrictions as may be deemed necessary: but that His Majesty's Ministers are of opinion, with respect to the subject of the Indian army, that the idea which was held out in your Lordship's letter of the 28th December 1808, relative to the transfer of the Company's army to the Crown, will not be contended for; and that, upon these grounds of understanding, your Lordship will be prepared to receive from the Court of Directors any suggestions which they may have to offer on the subject of the Company's debt, and upon the mode by which the Court propose that funds for its liquidation should be provided.

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From the terms in which the first proposition, respecting the trade with India, has been brought to the notice of the Court, they conceive that it is intended, on the part of His Majesty's Government, to preclude the Court from any further agitation of a question already so fully discussed. The Court, indeed, cannot avoid considering this as the obvious interpretation of your Lordship's letter, respecting a point upon which, perhaps, it might be out of their power to offer any arguments, not contained in the letter of the Chairs to your Lordship, of the 13th of January 1809.

Whatever opinion, therefore, the past experience and daily observation of the Court may have justly induced them to form upon this subject, or however incontrovertible they may believe many of the arguments to be, that are made use of in the letter of the Chairs to your Lordship, to which they have referred, they think it their duty to state, that if this alteration be made an indispensable condition, on the part of His Majesty's Ministers, of their proposing to Parliament the renewal of the Company's privileges, the Court will, though reluctantly, offer this measure to the consideration of the Proprietors, with whom alone the power rests of consenting to such a fundamental change in the constitution of the Company. But they must, at the same time, beg leave, in the most unequivocal manner to declare their conviction, that though this alteration may, and probably will, be attended with many serious inconveniences to the whole frame of that Government, which, whatever opinion may have been formed of its imperfections, has, beyond all dispute, acquired and maintained for Great Britain a paramount, and almost undisputed sovereignty in the East, it will not give to the nation those commercial advantages, which it has been the habit of many of the commercial interests of this Country to contemplate.

The Court, however, hope it will be understood by your Lordship, that they have entertained this opinion, not upon the narrow, and now justly exploded ground, which they are sorry to see has been imagined by your Lordship to exist, that the Company have ever considered a monopoly to be more beneficial in all cases of "*foreign and distant trade, than an unrestrained commerce,*" but upon the conviction with which they have been impressed, that

that an exclusive trade with India is the only one really applicable to the maintenance of the public interests with that country, interwoven as that trade is with the very frame and integrity of those possessions, and resting, as it does, upon many highly important considerations, which are, in no wise, applicable to other commercial establishments.

In support of these opinions, the Court beg leave to enclose abstract copies of the Accounts (A and B), which have been called for, and laid before the Committee of the Honorable House of Commons upon East-India Affairs, established in 1808, and continued to the present time, which they imagine will afford a fair representation of the trade in bullion and in goods carried on with India, as well by individuals as by foreign nations; and these accounts will, they trust, establish, in a conclusive manner, the correctness of the sentiments entertained by the Court respecting this trade.

In communicating, however, those sentiments of reluctance, by which the determination of the Court to submit the proposition in question to the Proprietors of East-India Stock is accompanied, the Court hope it will be clearly understood, that this determination arises from a presumption, that such military powers as are now vested in the Company will be left unimpaired, which can alone induce them to entertain an expectation of their being able, in a manner satisfactory, either for the Company or the Public, to perform the part which has hitherto been assigned to the Company in the Government of a distant empire; and also, that such regulations will be adopted, as will prevent the highly dangerous intercourse of Europeans with the East; and that such arrangements will be made, in respect to pecuniary matters, as will enable the Company to meet with confidence the present state of their affairs. The Court also hope, that in the extension of the trade which the Company now enjoy, His Majesty's Ministers have not had in view the hazardous experiment of dispersing, over all the ports of England and Ireland, a trade now brought, with so much advantage, both to the Company and the Public, to the single port of London.

If the private intercourse with India should, in future, be extended, it may naturally be expected, that upon the
return

return of peace, a number of British seamen will be thrown out of employ ; and the Court are apprehensive that such an intercourse, carried on through the medium of Indian ships and Indian sailors, relaxing as it would do the spirit of the navigation laws, which have always been considered to be the basis of the maritime strength of this country, may be viewed by the nation with extreme alarm, and will probably give rise to many disorders. The Company's papers and offices might furnish material information, by which the relation of the Indian trade with the navigation system could be appreciated, and the Court, if it should be thought likely to be of public utility, are ready to have that information collected ; but without such call, and without pressing their reasons at length, either upon your Lordship or the other Members of His Majesty's Government, they will content themselves with the declaration they have already made of their opinion upon this subject.

The Court are desirous of taking this opportunity to offer some remarks, and to answer, in a cursory manner, part of those public accusations, which have been so assiduously urged against the East-India Company, and against the further continuance of a system, which, they hope, will appear to rest, not upon the grounds of individual interest, but upon the firm basis of national advantage.

Whatever opinions the Court may deliver, upon a subject in which they are manifestly interested, will doubtless be received with circumspection ; but the Court think, that they may be allowed, and with justice upon the present occasion, to assert, that the leading disposition of their minds is, to preserve the empire obtained in India to the parent state.

The first, and the most prominent of the charges, which have, at various times, been brought against the Company, is the repeated calls which they are accused of having made upon the public, for money for the prosecution of ruinous concerns ; as if they had dissipated large sums in useless and improvident undertakings. Upon this head it may be sufficient for the Court to observe, that their commercial affairs (and to those alone was the Company's management restricted) have been invariably attended with success, as they are prepared to shew, if the proof should be called for ; and that these advantages

have been sufficient to allow of a moderate dividend to the Proprietors of East-India Stock. Over and above this dividend, a surplus sum has been applied, arising from this source, towards the extension of that territory, the acquisition of which has been under the immediate direction of His Majesty's Ministers.

But the Court are persuaded, that the magnitude of the affairs which the Company have had to manage, has been little known and little attended to, otherwise it would, at once, have been seen, that one of the principal difficulties with which the Company have had to contend, is a capital, not in any respect equal to the great extent, variety, and importance of those affairs.

The disbursement of the Company upon the single article of commerce in goods and wares, &c. or of articles necessary for its management, a disbursement of sums going from and returning to the Company, from one moment to another, was, at the close of the year 1811, not less than about £14,847,673

To this must be added, the amount of advances in India and at home, for stores of various kinds, applicable to the purposes of Government, and in constant use for military equipments, &c. ; of cash, arms, &c. ; and of debts due to the Company from various states and princes, &c. ; and other articles, making, at the close of the Indian year 1810, about 21,282,279

If to these sums be subjoined the absolute expenditure made by the Company, for the acquirement of a territory, with forts, ammunition, &c. and the actual purchase of many factories and territories, building of docks, purchase of forests, &c. including a considerable sum which has been paid by them, at various times, to the Public, or disbursed for expeditions, and the maintenance of captures afterwards surrendered up to the enemy, viz..... 15,052,170

They form altogether an aggregate of £51,182,127
Aggregate

Aggregate disbursements brought forward £51,182,127

The capital of the Company is:—

In money advanced by the ad- venturers, about	£7,780,000	
And they receive from the aid of bonds at home	7,000,000	
And from other contingent credits, at home and abroad, about	7,787,953	
Together	<u> </u>	22,567,953

Leaving a balance of £28,614,174

Constituting, at this moment, a permanent debt in India and in Europe. (See C.)

This aggregate of £51,182,127, a part of which sum only has been employed upon the territorial acquisitions of the Company, forms an outlay, beyond the capital of the Company, of so large an amount, as to make it more matter of wonder, how the Company have hitherto been able to carry on the concern at all, than to render it extraordinary that they should have been constrained, respectfully and at various times, to represent the urgency of their affairs, and to press upon the Public for the mere return of those sums, which had been fairly expended by the Company abroad for the public service; a return which has never yet been granted to the Company, to the extent to which, in justice, it ought to have reached. In every war which has taken place since the Company became possessed of the territorial acquisitions, large sums of money have been expended in capturing the settlements of the French, Dutch, and Danes, and heavy expenses incurred in keeping the same, till the political views of the Public occasioned these settlements to be restored, in return for other objects, in which the Company had no particular interest. The Company have also been compelled to pay part of the expense of capturing and maintaining an island, afterwards reserved for the exclusive benefit of the Crown; to disburse a considerable sum for a force, of which the Public have derived all the benefit at home; and even to contribute to the Egyptian expedition, the whole of which expenses the Company have always thought ought to have fallen upon the State.

This

This large and necessary outlay, in fact, now constitutes the source of the Company's embarrassment. A considerable part of the money raised in India upon periodical loans, to meet this outlay, has (as your Lordship well knows) by the terms of these loans, which made them payable, if required, in England, and in consequence of a general reduction of interest from eight to six per cent., been at once thrown upon the Company for immediate payment in Europe; a sum which, without the aid of Parliament, it is impossible for the Company to discharge.

Of this large expenditure, sanctioned, and in many cases specifically directed by the Ministers of the Crown, it may with justice be asked, what part has been incurred for the partial or exclusive advantage of the Company? —It is evident, that the whole concern has been begun and continued by private exertions alone; nor have the Proprietors received, by any means, an adequate recompence for those exertions: they have scarcely derived more benefit than the common interest of money. And if India be an object of regard to the world, the Company may have the satisfaction of thinking, that they, at their own risk and expense, have rescued it from contending Nations, and may claim the merit of having laid it at the feet of their country; acquired and preserved, it is true, at a great pecuniary expense, and by such abilities and such exertions, both civil and military, as not only to reflect the highest credit upon the East-India Company, but also to raise, as the page of history will testify, the national character. They venture to hope, that when all the great political relations of this acquisition are considered, the price paid for it will not be deemed as out of proportion to its intrinsic value.

The wisdom of Parliament will, the Court make no doubt, be applied to preserve what has been so acquired, and finally do justice to those, at whose risk it has been obtained; and not be induced to barter positive, and very large immediate advantages, against speculative notions and theoretical plans.

In the second place, it has been often urged, that the Company have been favoured, during these exertions, with an exclusive trade, and that the nation has thereby lost an opportunity of extending their commercial enterprises over a large quarter of the globe. It is true, that
the

the Company have been favoured with this exclusive trade; but it may fairly be asked, would India have belonged to Great Britain if this exclusive trade had not existed? That this trade would have been of greater magnitude in the hands of individuals, is yet a matter that remains to be proved: but it is obvious, that during part of the above period, *viz.* from the year 1768 to 1812, the Public have received, in direct contributions from the Company, a sum not falling short of £5,135,319, as will appear by the accompanying Account (D).

With respect to the immediate produce of this trade to the Public, the Court believe it will bear a comparison with that arising from any other distant possession. It produced last year to the Public the large sum of £4,213,425 (E), *viz.* in customs £759,595, and in excise £3,453,830; and though this return to the Public be larger, as the Court have reason to think, in respect to the capital employed, than the return from any other trade, it has, at the same time, been collected with a facility unknown to other concerns; an advantage which has been obtained, partly by the progressive enactment of regulations the fruit of many years experience, and partly by the concentration of the trade in a single port, and the prevention of smuggling, which has been the consequence of it.

But what has never yet been fairly estimated in the existence of the East-India Company is, that the whole of these returns have been brought into the exchequer of the Public, without the Public having been called upon for any direct contribution for the preservation of the source from whence they have had their rise, whilst the possessions of the Crown, in every quarter of the globe, have drawn from them a considerable sum for their support in troops. What has been saved to the State has thus, the Court conceive, been gained by the Public, and would amount, as the Court are satisfied, in only twenty years, to a sum of a very great magnitude. From the Navy, indeed, the East-India Company have received important assistance; but such assistance, it must be recollected, has been afforded to them only in common with the rest of His Majesty's subjects.

That the trade of the Company has been highly beneficial to the Public, in affording a nursery for seamen in time of war, and employment for them in time of peace,

and

and that the Company's maritime service has contributed materially towards those benefits, cannot, the Court apprehends, be doubted; nor that the fortunes of individuals, acquired either in the service of the Company, or by their industry and exertions under the Company's protection, have gradually contributed to the accumulation of that public stock of national wealth, which has enabled this country to stand, almost alone, against the united exertions of nearly all Europe.

Having offered these cursory observations upon matters of such obvious importance, we are directed by the Court to state, that as the pecuniary arrangements necessary for the support of the Company cannot, with propriety or with effect, be made the subject of correspondence, they beg to refer these points, as well as all those of inferior detail, of which there are a great many, to a personal conference between your Lordship and the Deputation of the Court, which had the honor to wait on your Lordship this morning.

We have the honor to be, My Lord,

Your Lordship's most obedient humble servants,

(Signed) JACOB BOSANQUET,
HUGH INGLIS,

The Rt. Hon. Lord Viscount Melville,
&c. &c. &c.

LETTER from the Right Honorable LORD VISCOUNT
MELVILLE to the CHAIRMAN and DEPUTY CHAIR-
MAN.

Gentlemen, *India Board, 21st March 1812.*

I have delayed answering your letter of the 4th instant (received the 6th) until I could transmit to you, at the same time, replies to the several propositions brought forward by the Deputation of the Court of Directors, at our conference on the 4th instant.

In submitting to you these observations, however, I beg to be distinctly understood, as conveying to you only the present sentiments of His Majesty's Government on the several points to which the propositions relate. Public discussion on such an important question, may possibly produce an alteration of opinion on some of the details; and though the subject has been fully considered, it may be deemed ne-

cessary, in the further progress of the measure, to propose, on some points, regulations of a different description from those which are suggested in the enclosed observations.

The Court of Directors are perfectly correct in supposing that it is now, as it has been for a considerable time past, the fixed intention of His Majesty's Government, to withhold their concurrence from any proposition which might be submitted to Parliament for continuing to the East-India Company their privileges of exclusive trade on their present footing. It is unnecessary now to discuss, whether the provisions of the Act of 1793 (by which the Company's monopoly was so far relaxed, as to admit the goods of private merchants to be conveyed in the Company's ships) have in any degree fulfilled the expectations or intentions of the Legislature. It will not be denied, that the facilities granted by that act have not been satisfactory, at least to the merchants, either of this country or of India. They have been the source of constant dispute, and they have even entailed a heavy expense upon the Company, without affording to the Public any adequate benefit from such a sacrifice. You will do me the justice to recollect, that in all our discussions on this subject, both recently and on former occasions, the admission of the ships of merchants in this country into the trade of India, in concurrence with those of the Company, has never been urged as a measure, from which much immediate benefit would, in my opinion, be derived, either to the country or to the individuals who might embark in the speculation; and I certainly am not without considerable apprehension, that, at least on the first opening of the trade, the public expectation, as to the British territories in India affording any considerable outlet for British manufactures, beyond the amount of our present exports, may be disappointed. On that admission, however, and on the necessity of guarding against the unrestrained intercourse of Europeans with the territories of the Company, or of the native States in India (in which also I fully concur), nearly the whole of the arguments adduced by the Court of Directors against any opening of the trade are founded. But it must be recollected, that in determining the question, as to continuing the whole or a part of the Company's monopoly, it will be the duty of Parliament to consider, not merely whether it may be safe to prolong it, but whether it may be unsafe to abridge or abolish it. As far as relates to the trade with India, and several other countries included within the limits

of the Company's Charter, the Court do not appear to have succeeded in establishing the proposition, that any detriment will arise to the public interest, either in this country or in India, or ultimately even to the interest of the Company themselves, from the introduction of private adventurers. If the Company carry on their trade more expensively and with less activity and industry than private individuals, it is unjust to the country, as well as to the inhabitants of British India, that the exclusive monopoly should be continued; and in such a state of things, the trade is more likely to be advantageous to the country, and beneficial to the individuals in their hands, than in those of the Company: but if the latter shall conduct it with skill and enterprize, and with due and unremitting attention to economy, the extent of their capital, and the superior facilities which they must continue to possess, of providing their investment in India at the cheapest rate, will undoubtedly afford them the means of successful rivalship with all other competitors.

In adverting, in your letter of the 4th instant, to the statement contained in mine of the 17th December, on the proposed transfer of the Company's army to the Crown, you do not appear to have understood accurately the purport of my suggestion. I entertained no doubt, as to the expediency of continuing to the Company's Governments in India the supremacy of their military, as well as civil authority: but though various regulations may possibly be necessary, with a view to promote the discipline and efficiency of the army in India, I am not aware, that any legislative enactments are requisite, except as to the amount of force which His Majesty may be empowered to maintain in India, at the expense of the Company, and perhaps also some provisions, in regard to the relative powers of the Board of Commissioners and the Court of Directors.

In your letter of the 4th instant, you advert to the question as to how far it may be expedient to admit into the trade with this country, ships built in India and manned with Indian seamen. This is undoubtedly an important consideration, as it involves in it, to a certain extent, a departure from the principles on which the navigation system of this country has hitherto been conducted. As far as the East-India Company is concerned, it will probably be necessary to leave the matter on its present footing, during the continuance of the war; but if the trade with India is to be opened to all British ships, in the manner already pointed out, there

there seems to be no sufficient reason for breaking in upon the system of our navigation laws, by permitting any other than British ships, with a due proportion of British seamen, to import colonial produce into the United Kingdom.

I have not thought it requisite, in this letter, to trouble you with any observations on several points adverted to in your's of the 4th instant, which are also noticed in the enclosed paper of hints and of replies to the several propositions. I shall abstain, also, from any remarks on the calculations detailed in your letter, and which are introduced more with the view, as I conceive, to vindicate the Company in their past management of the exclusive trade to India and the government of their territorial possessions, than to any practical results to be derived from your statement, in relation to the matters at present in discussion between His Majesty's Government and the Court of Directors. The Committee of the House of Commons on East-India Affairs have already submitted to the House detailed statements on that part of the subject, and in any further reports which they may present they will probably complete the investigation.

I am, Gentlemen,

Your most obedient humble Servant,

(Signed) MELVILLE.

To the Chairman and Deputy Chairman
of the East-India Company.

HINTS *submitted to the Consideration of the Rt. Hon. LORD MELVILLE by the DEPUTATION of the COURT of DIRECTORS, the 4th March, 1812.*

LORD MELVILLE'S OBSERVATIONS *on the Hints submitted to his Consideration by the DEPUTATION of the COURT of DIRECTORS, 21st March, 1812.*

That the renewal of the Charter shall proceed upon the basis of the Act of 1793, and that no greater extension of the trade shall be granted than what was allowed by that Act; but the Deputation are ready to recommend

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commend to the Court of Directors, and ultimately to the Court of Proprietors, to admit such modifications as may be deemed necessary to give greater facilities to the private trader.

1st. No British or Indian ship to sail, directly or circuitously, from a British port in Europe to China.

2d. No British subject to be permitted to reside in China, without the Company's licence.

3d. No goods, the growth or produce of China, to be imported into any of the ports of the United Kingdom, except by the East-India Company.

4th. The power of levying duties in India upon British subjects, and the subjects of foreign nations, to be continued to the Company, upon the footing on which it at present exists; and the same power, with respect to British subjects, to be extended to the districts within the jurisdiction of the courts of Calcutta, Madras, Bombay, and Prince of Wales Island.

5th. Saltpetre to be considered as a political article, and to be confined exclusively to the Company.

1st, 2d, and 3d. It is deemed advisable, with a view to the security of the revenue and to other objects connected with the trade to China, to leave it on its present footing, and to guard, by proper regulations, against any encroachment on that branch of the Company's exclusive privilege.

4th. This proposition ought to be acceded to; with the reservation, however, that the Governments in India ought to be restricted from imposing new duties, without the previous sanction of the authorities in England.

5th. The Company are understood to have, in some degree, the power of regulating the internal trade of saltpetre in India; it appears, therefore, to be scarcely necessary to impose any other restrictions on the exportation of saltpetre from India, than such as may be deemed

Hints.

6th. The whole of the Indian trade to be brought to the port of London, and the goods sold at the Company's sales, and to be, as at present, under the Company's management.

7th. The three per cent. now paid to the Company by the private traders, for the warehousing and management of the private trade, to be increased to five per cent.

8th. No private ship to be permitted to sail for India, except from the port of London.

9th. No ship to be permitted to sail, except under a licence from the East-India Company. Ships obtaining this licence, to deliver one copy of their journals at the East-India House; and the licence to contain such clauses, as may be likely to prevent an unlimited or improper intercourse of individuals with India.

10th. Fire-arms, military and naval stores, to be prohibited articles.

11th.

Observations.

deemed expedient for political objects, especially in time of war.

6th. The adoption of the regulation suggested in this proposition, will probably tend to the security and advantage of the public revenue, in collecting the duties on all articles imported from the East-Indies and China, as well as other countries to the eastward of the Cape of Good Hope.

7th. The Company ought at least to be indemnified from the charges incurred by this management.

8th. There does not appear to exist any sufficient reason for preventing ships from clearing out for the East-Indies from other ports of the United Kingdom besides the port of London.

9th. It will be necessary, either by the regulations suggested in this proposition, or by others of a similar description, to guard against the evil therein described.

10th. It will probably be necessary to regulate the exportation of military stores to

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Hints.

11th. Existing restrictions, with respect to the article of piece goods, to be continued.

12th. It being desirable, as well for the Public as for the Company, that the quality of the silk grown in India should not be deteriorated, it is submitted that this article be confined to the Company.

13th. The ships of private persons to be subject to the same regulations, in respect to convoys, &c. as those belonging to the Company.

14th. No private ship to be permitted to sail, either from Great Britain to India, or from India to Great Britain,

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the East-Indies, and also of naval stores in time of war.

11th. It is understood that the object of this proposition is to secure to the manufacturers of piece goods in India the continuance of regular and constant employment, under the same system of local management, for their benefit, which prevails at present. If that object is likely to be attained, without continuing the restrictions mentioned in this proposition, it certainly would be desirable that they should cease, except in so far as it may be necessary to regulate the importation of Indian piece goods, with a view to the protection of British manufactures.

12th. As no such restriction exists at present in the importation of silk by private merchants, and as the reasons which have hitherto been adduced, on the part of the Court of Directors, for establishing such a regulation, though entitled to much consideration, do not appear to be conclusive, it will scarcely be deemed expedient to agree to this proposal.

13th. This suggestion appears to be perfectly reasonable.

14th. It is understood, that this proposition is founded on a principle of guarding against the dangers to which vessels of

Hints.

tain, of a less burthen than four hundred tons.

15th. The Company to be subject to no obligation with respect to Exports to India, except in common with the private traders.

16th. The Lascars and Chinese sailors brought home in private ships to be placed under proper regulations. Not, upon any account, to be suffered to wander about the streets of London. Good treatment to be secured to them, and the Company to be enabled, by some summary process, to recover the expences to which they shall be subjected, in the event of neglect on the part of the owners of such ships in these respects.

17th. The Company to be indemnified for their unexpired engagements for extra shipping, provided for the accommodation of the private traders.

18th.

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of less burthen than four hundred tons would be exposed on a voyage to the East-Indies, and also of providing for the security of the revenue, which might be affected by permitting importations in smaller vessels. These reasons, though entitled to due consideration, do not appear to be sufficiently strong to justify the proposed restriction, or the making a distinction, in that respect, between ships trading to the East-Indies and to other countries.

15th. This seems to be reasonable.

16th. It will be necessary to provide, by proper regulations, for the care and maintenance of these persons, and for their return to the East-Indies.

17th. This proposal would be wholly inadmissible, unless it were limited to such unexpired engagements as do not extend beyond March 1814, when the Company's present term of exclusive privileges

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18th. An unrestrained intercourse with India to be prevented, and the existing restrictions, with respect to residence in India, to be continued.

19th. The number of His Majesty's forces in India to be in future maintained by the East-India Company to be now fixed, and any troops sent beyond that number (except at the express requisition of the East-India Company) to be at the charge of the Public.

20th. The Company to be released from any future account with the Pay Office, and to be henceforward charged, either so much per regiment of a given force, or so much per man.

21st. The present heavy current and postponed demands of the Pay Office against the Company to be arranged upon some footing of general equity, and some advertance in settling this account

Observations.

privileges will expire; but the public may fairly look to the Company to bear this burthen, as a compensation, to a certain extent, for the continuance of the exclusive trade to China.

18th. It will be indispensably necessary, for the purpose of guarding against the inconvenience herein alluded to, that the existing restrictions shall be continued, with such alterations as may be requisite, in the new system of trade.

19th. The number of His Majesty's forces to be maintained by the East-India Company may, without inconvenience, be limited, as herein suggested. It will be necessary, however, in consequence of the increased extent of the British territories in India, since the passing of the Act by which the number is at present regulated, that a considerable addition should be made to it.

20th. It will be necessary, that the present system of accounting between the East-India Company and the Paymaster General should be abolished, and new regulations enacted.

21st. These demands must necessarily be arranged on the principles suggested by the Committees of the House of Commons, who have reported upon the subject of the accounts herein referred to. If

it

*Hints.**Observations.*

account made to the share which the Company have been obliged to bear in foreign captures not retained by them, and to their having been constrained to maintain an European and native force, larger than what was required for the defence of the Peninsula, and other heavy expences.

22d. The Proprietors to be secured, as at present, in the receipt of their dividend of ten and a half per cent., upon the faith of which dividend the capital in 1793 was raised.

23d. The whole of the surplus of the East-India Company to be appropriated to a diminution of their debts, until the debts be reduced to the sum of ten millions sterling.

24th. The sums required by the East-India Company to liquidate the debt transferred from India to Europe, and becoming payable in

it were necessary or proper, in discussing the future regulations which it may be deemed advisable to establish, respecting the affairs of the East-India Company, there would be no difficulty in demonstrating, that the amount of force maintained in India has not gone beyond what was requisite for the defence and security of the Company's possessions, and for other operations, intimately and inseparably connected with those objects.

22d. The Proprietors ought to be secured, as at present, in their dividend of ten and a half per cent.

23d. The whole of the surplus funds of the East-India Company, at home and abroad, ought to be applied, in the first instance, to the reduction of debt, till it is reduced in India to the sum of ten millions, and the bond debt at home to the sum of three millions, after providing for a proportionate increase of the capital stock of the Company, if they shall think fit to avail themselves of the power now vested in them by law to that effect.

24th. It is intended to submit to Parliament a proposition to that effect, or similar in substance.

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1812 and 1813, to be funded by the Minister, the interest of which shall be regularly paid into His Majesty's Exchequer by the Company, together with any such per centage, for the gradual liquidation of the capital or redemption of the fund, as shall be deemed proper by His Majesty's Ministers.

The twenty-fifth article did not form a part of the propositions submitted to Lord Melville, but is now introduced by the Committee of Correspondence, and is as follows, *viz.*

25th. That, in order to give the utmost possible extension to the commerce of private merchants, and at the same time to secure the Company's exclusive trade to and from China, private ships be not permitted to go farther eastward than Point Romania, at the entrance of the China Seas, and to the northward not beyond the equinoctial line.

N.B. Should it be the intention of Government that private traders shall be excluded from the Spice Islands, the limits ought then to be for them not to go to the eastward of the Straits of Bally, nor to the northward of the Line.

25th. If the object adverted to in this proposition can be obtained by exclusion from the dominions of the Emperor of China, and a prohibition to import the produce of that country without license from the Company, it will be preferable to the mode hereinsuggested. There seems to be no reason for excluding the private trade from the Spice Islands.

At a GENERAL COURT of the United Company of Merchants of England trading to the East-Indies, held on Thursday, the 2d April 1812.

Minutes of the last Court of the 25th ultimo were read.

The Chairman acquainted the Court that it was assembled for the purpose of taking into consideration the papers which were laid by the Court of Directors before the General Court on the 25th ultimo.

It was then moved, and after a mature deliberation,

Resolved Unanimously, That this Court having perused the papers laid before them at the last General Court, desire to express the high sense which they entertain of the great ability, zeal, and fidelity, with which the Directors have maintained the interest of the East-India Company. They return them thanks for the powerful and convincing arguments by which they have shewn the danger which would await the British empire, from opening the trade of India, and the immense advantages which the nation has derived, in strength, revenue, territory, and character, from the capital and the exertions of this Corporation.

That although this Court will feel it their duty, on all occasions, to bow to the determination of the Legislature, they cannot but observe with extreme concern, that no proposition is suggested of an increased or further dividend, either now or hereafter, or advantage of any kind whatever, to the Proprietors of East-India Stock; notwithstanding the negotiation for the renewal of the Charter, in 1793, begun with a proposal for an increase of dividend of two per cent., which Charter opened the trade but in a limited and partial degree; and notwithstanding that, while such great and progressive advantages have been obtained for the public at large, the Proprietors themselves have made little more than common interest of their money. That now to be called upon to part with an undefined proportion of a trade thus established, and maintained hitherto at their sole expence, without any consideration for the same, seems to them to be wholly inequitable. Under these impressions, this Court confides to the Honorable Court of Directors the care of its interests in the farther negotiation for a new Charter, trusting to the justice of their fellow citizens, as well as to His Majesty's Government

and to Parliament, that they shall receive that liberal treatment, which they regard themselves as so eminently entitled to at the hands of their country.

And that the Directors be requested to report their proceedings, from time to time, to this Court.

That this Court cannot contemplate the essential change proposed in the constitution of the Company, by an unrestrained trade to and from India, without great concern and apprehension; not so much on account of the injury to which it will subject the Company in their commercial privileges and profits, as on account of the tendency which such a change must have to affect the system established by the Legislature, for the civil and political government of the Company's territorial possessions, whilst it is not at all likely to afford to the commercial interests of this country the advantages expected from it.

Should, therefore, the opening of the trade to India be the ultimate determination of Parliament, this Court cannot but express its hope, that all due care will be taken to accompany the enlargements which shall be given to individuals in the Indian trade, with such regulations as shall most effectually guard against the dangers to which those enlargements might expose the existing system of Indian administration.

Draft of a petition to the Honorable House of Commons was read

It was then moved, and on the question,

Resolved, That this Court do approve the above petition.

The Court then, on the question adjourned.

LETTER from the Deputation appointed by the Court of Directors to the Right Honorable the Earl of Buckinghamshire.

My Lord,

East-India House, 15th April 1812.

The correspondence between the President of the Board of Commissioners, on the part of His Majesty's Government, and the Court of Directors of the East-India Company, on the subject of the renewal of the Company's Charter, having been laid before the General Court of Proprietors, we now, in consequence of the resolutions of that

body,

body, propose to ourselves the honor of continuing the correspondence with your Lordship, and especially to reply to the letters of the late President, dated the 21st and 23d of March, and to his *Observations* accompanying the former of these letters.

In the first place, however, permit us to offer some remarks on the outlines of the negotiation, as far as it has hitherto advanced, and on the opposition which has begun to shew itself to certain propositions, respecting the necessity and importance of which His Majesty's Government and the East-India Company appear to have entertained similar sentiments.

It is manifest, from the letters written on the part of the Court of Directors, that they have contemplated with the utmost reluctance such an enlargement of the trade to India, as seemed to be desired by His Majesty's Ministers, because they believed that the commercial advantages expected from it to this country would not be realized, and feared that it might eventually endanger the security of the British possessions in the East. We must desire on the part of the Court of Directors, distinctly, and in the face of the country, to state this opinion, not as advanced without conviction, to serve a cause, but as the genuine result of such knowledge and experience as the Court possess, upon a subject respecting which they have better means of information, than any of those associations who are now eager to take full possession of the Eastern trade, and upon which also it is certainly material that the Public should form just ideas. We have, indeed, yet seen no arguments advanced, in answer to those reasons which the Court have offered against the opening of the trade, and particularly against the expectation of the great increase to be produced by such a measure in the exports from this country to India, and the imports thence. Lord Melville has signified his concurrence with the Court, in thinking that the public will be disappointed, at least at first, in this expectation, and though his Lordship has said, that "the Court do not appear to have succeeded in establishing the proposition, that any detriment will arise to the Public interest, either here or in India, or ultimately even to the interest of the Company themselves, from the introduction of private adventurers," we must beg leave to observe, first, that we cannot doubt, "the introduction of private adventurers," which his Lordship had in view, was less extensive than is now likely to be contended for by some portions of the public, and was connected, in his mind, with limitations

tations and restrictions in the conduct of the trade, which those who claim the largest opening of it exclude; and, secondly, that several reasons which the Court have urged, to shew that much detriment would arise from a general opening of the trade, remain unanswered, either in his Lordship's letters, or in any of the public resolutions we have yet seen. Until of late, the general language held on the subject of the Indian trade was rather that the merchants of Great Britain should be allowed to apply their industry to such branches of it, and to such ports of the Indian Seas, as the commerce of the Company did not embrace, than that they should invade the portion of the trade which the Company carried on. But now little is said about the advantages to be derived from adventures to the unexplored parts of India, and the objects likely to be most warmly contended for are not new accessions of commerce to the nation, but a transfer of much of those branches of trade, already carried on by the Company in London, to individuals in the outports. The large concessions at first required from the Company by His Majesty's Government appear only to have encouraged the merchants of the outports to make still further demands; regardless, as it would seem, of the political consequences that might ensue from a compliance with them, and apparently unaware, too, that the corporate capacity of the East-India Company is perpetual, and cannot be annulled, even if the qualified monopoly they have enjoyed were to cease.

We are confident, my Lord, it was not the intention of His Majesty's Ministers, that the East-India Company should be broken down and despoiled of those faculties, necessary to enable it to perform the important part assigned to it by the Legislature in the government of the British empire in the East; a part which probably it will be allowed to have performed well, and with more safety and advantage to the mother country, than any other system, hitherto thought of, could have done. The benefits accruing to that government by the reciprocal aids of revenue and commerce, the powers of which are united in the constitution of the Company, in a way peculiar to it, have been often seen and fully acknowledged, and were it necessary, it would be easy to enlarge upon them. These powers have now become so incorporated, that it is impossible to separate them, without essentially endangering the whole of a system that has proved in practice eminently useful. If, therefore, the commercial part of that system were now to be destroyed, the political func-

tions

tions exercised by the Company would be so weakened, as necessarily to bring into view questions of the last importance to the safety of the British empire in India, and of the British constitution at home.

We hence assuredly rely, that the wisdom of Parliament, and the good sense of the nation in general, will resist those rash and violent innovations upon the system of the Company, which the merchants of different towns, proceeding upon theoretical ideas, and overlooking most material facts, now appear to intend, without any certainty, even of extending the commerce of this country, but to the unavoidable detriment of its political interests abroad and its financial interest at home.

It was in contemplation of dangers less immediate and alarming than the designs now avowed threaten, that the Court so earnestly proposed, that the renewal of the Charter should proceed, with certain modifications, upon the basis of the Act of 1793, which made the Company the medium of the enlargements of private trade; but having been forced to depart from this preliminary principle, which they still maintain consults the true policy of this country, and the sacrifice of which they may observe, by the way, inflicts great injury upon all the private interests and parties engaged in the Indian trade, as established by that Act, particularly on the commanders and officers of the Company's ships, whose professional merits are universally acknowledged, the Court are, however, perfectly satisfied, from the assurances already given by His Majesty's Ministers from the beginning, that any enlargements which may be given in the Indian trade shall be accompanied with such provisions, as will guard against the dangers to which such enlargements might otherwise expose the existing system.

Several of the precautions necessary in this view were suggested in the *Hints* submitted by the Deputation of the Court to Lord Melville, on the 4th March; and upon these, and the *Observations* made on them by him, we now feel ourselves called upon further to offer some elucidations to your Lordship.

(Articles 1, 2, 3.) On the very important head of the China trade, permit us, my Lord, to remark, that although the *security of the revenue* is doubtless a very fit consideration for His Majesty's Government and for Parliament, yet the Company do not understand that the continuance of their exclusive privilege in this trade is rested on considera-
tions

tions of revenue alone, nor that it ought to be affected by any varying circumstances in that branch of the public affairs. The Company have the actual possession of the monopoly of that trade, which was given them for national purposes, and by the perpetuity of their corporate capacity must be more capable of maintaining it against the competition of private merchants, than those merchants would be to drive them out of it. But such competition would be ruinous to the public interests; for the Company already supply the nation with as much as it wants of China commodities, which are almost entirely used for home consumption, and exports woollens and metals of this country, to the amount of a million sterling annually, at a loss to themselves during war. By competition, the cost of teas, and other China articles, would be enhanced, the prices of our staples lowered there, and if individuals could possess themselves of the trade, the exports in those articles which they could not sell to profit would be lost to the country. A struggle, therefore, between the Company and individuals, could only produce ruinous consequences to both. The jealousy of the Chinese government, which now allows only one port of that vast empire for all its foreign commerce, and subjects the European residents at Canton to a confinement to their factories for six months of the year, and to banishment to Macao for the other six months, would undoubtedly take alarm at the ingress of indefinite numbers of unconnected Englishmen from Europe, and if it did not at once exclude them, would soon be induced to do so, by the disorders which would not fail to follow, and which are on the present limited scale of intercourse, prevented or palliated only, by the extreme caution and established usages of the Company's supra-cargoes. Thus the trade would be entirely lost to the country, and with it not only the export of a million of its manufactures annually, but a revenue of four millions, with the fleet of excellent ships now employed in that commerce, to the great inconvenience of the people at large, the ruin of particular classes, and the complicated injury of the state. The resort of American ships to Canton, without either hindrance from the Chinese or consequent disorder, affords no parallel to the case of an open trade from Great Britain and Ireland to China. Those Americans, few in number, carrying thither only silver, and carrying away silk cloths as well as tea, derived their reception and protection very much from the orderly English factory long established there, who
have

have endured treatment from the Chinese government, to which no representative of His Majesty could submit. We are satisfied, therefore, my Lord, that such provisions will be introduced into the new Charter, as will effectually secure this great branch of trade to the Company and the nation, in the manner it has hitherto been enjoyed.

(Article 4.) We submit, that this observation ought to run thus: "This proposition ought to be acceded to; with the reservation, however, that the Governments in India ought to be restricted from" making any alteration in the rates of the duties sanctioned by the authorities in England, or that they may hereafter sanction.

(Article 5.) To the concession on this head, we wish it to be added, that the Company shall have a fair price for all the saltpetre they shall supply to the Government.

(Article 6.) As the confinement of the private trade to and from India to the port of London is an article of essential importance on the whole of the present question, involving the safety of the Company, it may be expedient, that we state somewhat fully the various and powerful considerations on which the propriety and necessity of the measure rest. These considerations relate to the usages resulting, unavoidably, from the nature of the Company, which for political, as well as commercial purposes, it is so material to preserve; from the law of the land, the existing rights of individuals; the conveniency of the re-exportation of Indian commodities; and the security of the public revenue.

From the first institution of the East-India Company, they have used the port of London only; and the practice of selling their imports by public auction only, is also almost coeval with the Company.

The utility which dictated the first of these practices is obvious; a little consideration will shew the other to be yet more necessary. If private bargaining and trafficking with individuals, and from day to day, were allowed in the sales of the great imports of the Company, how many doors would be open for collusion, imposition, and abuse. It would be impossible the business could go on in that way, and the very liability of it to suspicion, would be enough to destroy the confidence of the proprietors and the public. Besides, the importations of the Company coming, in fleets, at stated seasons, it suited the convenience of all parties, that the sales should also be only at stated seasons, and

public, which would afford the opportunity to buyers to resort from all parts, foreign as well as domestic, to those sales.

In the ninth and tenth years of King William the Third, the Legislature interposed to prohibit the sale of East-India goods, otherwise than by public auction; and in the next year of that prince it was also enacted, that East-India goods should be sold only in London. Thus the law at present stands.

The immediate object of the legislature, in these enactments, appears to have been the security of the revenue, then appointed to be derived from the customs laid on Indian goods imported: And nothing so effectual could be devised for that security. To bring the imports to one place; to have them lodged under the keys of the Government officers; to have them sold publicly, in the presence of those officers; and, finally, to have the duties, thus carefully ascertained, collected through the medium of the Company, with hardly any charge: the whole of this practice is the most complete provision that can be imagined, against defect, fraud or expense, in realizing this branch of revenue to the public.

But if this was material in the time of King William, when perhaps the revenue from East-India goods, including China, did not exceed £100,000, how essential must it be at present to the State, when that revenue exceeds four millions!

With all the care now taken, and when London is the only lawful place of importation, it is well known that teas, shawls, silks (prohibited, for the encouragement of our own manufactures), and other articles, are at the present time, to some extent, smuggled on shore from the East-India ships, notwithstanding the penalties of the law; and when, in addition to the legal penalties, the offending parties, if the Company's servants, are liable to further fines and mulcts on all illicit trade. But the hope of evading the heavy duties will ever continue to operate on persons, who look no further than their own immediate profit or convenience.

Every deviation from the established usage would so far destroy its simplicity and efficiency, and open the way to abuses. Suppose the importations to be allowed to go only to one outport, a new establishment, new expence, new trouble, would be created, and a channel opened for smuggling.

gling, fraud, and abuse. What would it be, then, if several outports were opened for the landing and sale of Indian and Chinese goods?

But this still supposes the Company, either for itself or for private traders, to be the only medium of importation. If, however, all individuals were to be allowed to import, and into all the ports of the United Kingdom, especially if it were allowed to employ ships of small burthen, which drawing little water, could run into obscure ports in the remote parts of England, Scotland, and Ireland, where would be the practicability of any safe control? Legions of Custom-House and Excise officers must be appointed, at a very great expense; and after all, where the duties are so high as they are, especially on the articles of tea, silk, and fine muslins, smuggling without end must be expected. If private ships were allowed to go to the Eastern Islands, they could find means to procure tea; and if also allowed to return to the outports, smuggling in that article would be by far the most gaining trade.

At present the duties upon East-India goods are collected and paid in London, at a very small expense to Government, and to the full extent to which they ought to be paid. This follows, because the value of the goods is ascertained by competition at the Company's sales. Were every port to have its India House, where would be this general competition? The same goods which pay the duty *ad valorem*, would be liable to one amount of duty at Fowey, to another at Dublin, to a third at Port Glasgow; all differing from each other, and from that paid at London. There would be no remedy for this inconvenience, whatever may be said by interested persons to the contrary. The endless variety of Indian commodities, renders it impossible that they should generally pay what are called *rated* duties, of so much per piece, or so much per yard. Pepper may pay a fixed sum by the pound, and sugar by the hundred weight; but the staple article of piece goods, and many others, must ever be rated by the value, quantity being no just criterion.

It therefore follows, from what has been above observed, that were the trade to be carried to the outports of the United Kingdom, the revenue drawn from Indian goods must be greatly diminished, and the charges of collecting it greatly increased.

Let it be next inquired, what would be the effect of such a change on different interests; the persons already possessed

possessed of valuable property employed for the Indian trade, the exporters of India commodities from this country, and on the East-India Company itself?

The City of London, in their corporate capacity, as conservators of the Thames, and all classes of persons in the metropolis, who are engaged in the building and outfit of ships; in the carriage, warehousing, sorting, buying, and selling of the Company's goods, have also a direct interest in the present discussion.

The East-India Dock Company have likewise a very great and obvious interest in keeping the Indian trade in the Port of London.

With respect to the re-export trade in Indian commodities, at least three fourths of the imports from India have hitherto been for the supply of the continental markets. The foreign buyers repose confidence in the regularity and publicity with which the Company's sales are conducted. When the trade was solely in the hands of the Company, the particulars of their cargoes were published immediately on the arrival of the ships, and distributed all over the continent. Notices of the quantities to be sold, and periods of sale, were also published for the like distribution. The sales of each description of goods were made at stated periods, twice in the year. The buyers, of course, knew the state of the market at the time of coming to the sale, and the purchases were made under an assurance, that no more goods, of such description, would be disposed of before the next sale. Hence they had a certainty of the market for six months. This established a solid confidence, which very much benefited the sales. Such confidence has, no doubt, been much weakened since 1793, when private persons were partially admitted into the trade. The chief object of the private trader being, as it always must be, to obtain prompt sales to meet the payment of bills, East-India goods are frequently resold, while they remain in the Company's warehouse, merely by a transfer of vouchers. The goods, when so sold, will produce from five to ten per cent. more than when in the hands of individuals. This is particularly the case as to drugs, which are subject to great adulteration.

The confidence that has been entertained of the Company's regularity and fair dealing has been such, that the foreign buyers have given their orders to their correspondents in London, on the faith merely of the descriptive marks; and
goods,

goods, on their arrival on the Continent, frequently pass through various hands, before they are finally unpacked.

By the mode proposed, it is to be feared the foreign buyer will cease to be at any certainty as to his purchases and the quality of the commodities, and this may, eventually, lead foreigners to look directly to India, for the supply that has hitherto been furnished through the medium of this country.

To speak now of the effects of the proposed change upon the interests of the Company. And first, with respect to the East-India trade, properly so called, as contradistinguished from the imports from China. If the mode of private sale of Indian goods in every town in the kingdom were introduced, would not the stated and the public sales, to which the Company are restricted, be continually anticipated, and consequently the supply of the foreign markets be so also; though on the whole, these markets could not take off more? Could these sales, then, secure a general assemblage of buyers? Could it be reckoned upon, that the Company's goods would go off, as they usually have hitherto done, at the sales? Could the prices be expected to indemnify the Company, when the market should be lowered by the necessity or impatience of private importers? Could the realization, in money, of the Company's Indian imports be depended on: that realization, so necessary to the finances of the Company? and if not, how could the currency of their affairs be preserved? how could they pay for exports to India? how could they maintain the fleet of ships they now employ in their Indian commerce; a fleet so necessary for the transportation of troops and stores and warlike services in India? And if the Company's Indian commerce failed, and so much of the Indian imports were transferred to outports, what must become of many of the Company's wharfs, ware-houses, and other articles of dead stock, formed at a vast expense, in consequence of this Indian trade? And where would be the benefit to the nation by the change? Would it be any thing else but transferring to Bristol, Liverpool, Glasgow, and Dublin, that which London now has? Would it be really any accession of benefit to the empire at large? And what, to look towards India, would be the effect of an unlimited trade from the outports of Great Britain and Ireland to all those regions? Would it be possible to enforce the regulations which His Majesty's Ministers think absolutely necessary, for preventing an uncontrolled intercourse

intercourse with the East, and for averting the evils that would ensue from it?

These questions, to add no more, ought to be very clearly and satisfactorily answered, before so great a change is attempted, before an order of things that has subsisted so long, and done so well, is subverted and destroyed. If great and sudden innovations ought, at all times, to be regarded with caution and distrust, surely ought those in particular, which are proposed by men for their own immediate advantage.

But what are the arguments with which the merchants of the outports may be supposed to enforce their claim? Natural right;—the freedom of trade; allowing every man to carry on his own business in his own way; the odium of the principle of monopoly; the disadvantage with which they would carry on the trade, if they were obliged to bring back their ships to London, instead of their own ports; the disadvantage to the country consumers.

To all this it may be replied, that supposing the whole true, are these arguments of weight and value sufficient to overturn the present long established system of the Company, and to endanger so large a portion of the public revenue? As to the arguments from natural right, &c., such arguments must always be limited by considerations of practical good. The only practical arguments that occur in favor of the outports, are the advantage to the merchants themselves and to the country consumers. Now what is the amount of this advantage? Let it not be forgotten, that at present it is problematical, at least, whether any great Indian trade can be established by the private merchants; that, at any rate, the chief part of Indian goods imported into England is intended for re-exportation; that London is the fittest port and mart for the foreign trade, especially since the Warehousing Act; that there is really little consumption of Indian goods in the interior of this country; and that if no great accession of trade should be brought to the country by the private merchants, then they will have sacrificed the existing system, without obtaining even the object for which the sacrifice was made.

It may perhaps be said, that the Hudson's Bay Company has public sales, and that yet there are sales on account of individuals of the same articles the Company import. But this will form no parallel case as to the *Companies*,
nor

nor is there any great question of *revenue* concerned. The only article imported by the Hudson's Bay Company is *furs*. The sales of this article, on private account, are also by auction, and it is believed confined to London. The whole is comparatively a small affair, and can be of no weight in the present question.

Upon the whole, therefore, it seems most certain, that on such slender grounds, with respect to advantage (and advantage as before mentioned only to be taken from London for the outports), with so little certainty of establishing any great trade to or from India, with such imminent hazard to the East-India Company and to the revenue, it would be contrary to the prudent policy which this nation has generally observed, and most unwise in itself, to venture upon so great an innovation, some of the effects of which were pointed out to the President of the Board of Commissioners three years ago (printed papers, page 30), effects, which, by his silence, he seems to have admitted: and, in a word, it may be apprehended, that they would amount to the destruction of the Company's Indian trade, their Indian commercial establishments, their Indian shipping, and finally leave the China monopoly so insulated and unsupported, as to bring that also, at length, to its fall, and with it, the whole fabric of the Company, and the great revenue now so easily realized through its medium; nor can it be at all doubted that, in such case, the China trade would also be lost to the nation.

It is not irrelevant to this subject to advert to a passage in the history of the Dutch East-India Company, under the year 1602. "The plurality of East-India partner-
 " ships or societies, at this time, formed in Holland,
 " creating much disorder and clashing in that commerce,
 " the States-General summoned before them the Direc-
 " tors of all those Companies, and obliged them to unite,
 " for the future, into one, to which United Company
 " the states granted the sole commerce to East-India
 " for twenty-one years from the 20th March 1602." They had, in consequence, several *Chambers* of East-India Commerce in Holland, as Amsterdam, Middleburgh, &c. but they were all under one united Direction."

(Article

* See Anderson's Commerce, and Macpherson's Annals of Commerce, under 1602.

(*Article 7.*) In the time of King William, the Company were allowed five per cent. on the private-trade.

(*Article 8.*) Many remarks made upon the sixth article will also apply to this, which might have properly formed a part of it. We need, therefore, only observe here, that the permitting of ships to sail from the outports, will go very materially to injure the interests of those who were let into the Indian trade by the act of 1793;—to increase the danger of colonization abroad;—and of injury to the revenue, by smuggling, at home, as well as another danger to be noticed in the next article.

(*Article 10.*) It is not only to all our Indian possessions that the exportation of military stores ought always to be prohibited, but also to the numerous islands in the Eastern Seas, inhabited by a vindictive race of people, who may be ready, not only to buy warlike stores, but to engage Europeans in their quarrels, and the sailing of ships from the outports will certainly increase the danger of these evils.

(*Article 11.*) The existing law, as to piece goods, enables the Company to confine the importation of that article to themselves. They have never availed themselves of this privilege; but yet it may be proper to continue it, because “the regular and constant employment of the manufacturers, under the existing system of local management,” is a matter of consequence, not likely to be otherwise so well guarded, and that great importations of piece goods would operate against the home manufactures, whilst a smaller select importation would be useful.

(*Article 12.*) There is a new reason for the same restriction in favor of the Company in the article of raw-silk, because such a general competition is now to be opened against them, and because they have, at great expense in a long course of years, by means of their own establishments, brought the raw-silk of Bengal, which they export, to a high state of perfection;—and if that article is left to the competition of individuals, who will often have to resort to the agency of indolent natives, the quality of the article may be expected materially to fall, and the silk manufacturers of this country to be much worse supplied than they are at present.

It is proper to add, on this subject, that the restriction in favour of the Company, in the article of piece goods,

is by no means of the value it was at first, the demand for that Indian staple being now greatly diminished in this country.

(Article 14.)—Lord Melville has observed, on the reasons which he apprehends had influenced the Court, in proposing that ships of less than four hundred tons should not be allowed to sail to India, that “though entitled to due consideration, they do not appear to be sufficiently strong to justify the proposed restriction, or the making a distinction, in that respect, between ships trading to the East-Indies and to other countries:” it is therefore deemed necessary to discuss the proposition more at length.

In examining the subject of the sixth proposition, the facility which small ships would afford to smuggling, were the outports opened for the disposal of the homeward cargoes, has already been considered. In further support of the fourteenth proposition, respecting the least size of ships that should be permitted to go to India on account of individuals, the practice of the India Company, in the early part of their intercourse with the East, might be adduced, for they soon dropped the smaller class of ships for one of five hundred tons; but as this country, in its improved state of navigation and commerce, has few ships of that burthen, except those employed by the East-India Company, the limiting of ships to be now employed in the private-trade to India to four hundred tons, was supposed to afford facility to the most respectable houses, to benefit by the proposed enlargement of the trade.

Every one will admit, that there is more of respectability in the larger class of ships; and this circumstance should not altogether be lost sight of with the inhabitants of India. The impression of the superiority of our maritime strength to that of other nations, and particularly of the Americans, who speak the same language, and who navigate very small vessels to and from the ports of the East, should be kept alive; and, as a reason of State, should have its due weight in the consideration of this subject.

It is not only the respectability of the *ship* that should be attended to, but there is also a degree of respectability and responsibility attached to the character of the commander and of the officers (of whom there is a greater establishment

establishment in the larger ships). Their information is pre-eminently, particularly in those essential articles of nautical science, the variation and the lunar observations in the navigation of the Indian Seas, and to and from thence. By such men, a better discipline is established in those larger ships which suit them: the ships are also better armed, and less liable to capture, than vessels of the smaller class. The length of voyage requires, not only superior equipment and a stouter vessel, but in order to guard against contingencies of every kind, subordinate officers and their assistants are indispensable; because, in the event of the death of the principal officers, the knowledge and skill requisite to supply their places, especially in cases of emergency, could be derived from no other quarter. Small vessels cannot have these necessary advantages; an observation which applies, more particularly, to such petty officers as carpenters and caulkers, in respect to matters that concern the hull of the ship, and to medical men in respect to the crew.

It has been found by experience, that larger ships can be navigated at a less rate per ton than small ones: hence one of four hundred tons will require less rate of freight than two of two hundred tons; a point of economy in the conveyance of goods, which is not to be disregarded, even in a national view. As India is concerned, the smaller vessels will multiply a description of persons in the ports and throughout the country, whose conduct may have serious effects on the peace and quiet of the Asiatic Governments, from the causes before mentioned. The minor ports throughout the country will admit of an intercourse and connexion between Europeans and the natives, which the vigilance and power of our Governments cannot discover nor control.

The ships employed in private trade should be constrained to navigate with a certain number of Europeans outward, so as to prevent, as much as possible, the introduction of native seamen to this country: and hence, for the sake of humanity, a surgeon becomes a necessary person, the employment of whom may well comport with the size of ships of four hundred tons or upwards, but not with those of two hundred and fifty or less. If the health and lives of seamen be thought of consequence to the State, the larger class of ships should certainly be preferred. If the present superior class of West-India shipping

shipping are of four to five hundred tons, where the passage is not more than six weeks, it appears at least as reasonable, that those employed in an East-Indian voyage, which may last many months, should be equally competent and formidable as the running ships, and not stand on a scale beneath those of the first class upon Lloyd's books, so that the premium of insurance upon the goods shipped may be kept at the lowest possible rate.

Whenever such enlargements, as may induce the subjects of this country to embark very large property in the Indian trade, shall be opened to them, it must be highly expedient that, for such time at least as may be sufficient for the return of one voyage, the utmost possible security, which the Legislature can devise, should be provided, in order to check such hazardous adventures as might otherwise be carried on in any description of vessel, or under the conduct of characters not sufficiently responsible, and at the risk or cost of the under-writer.

If an honorable commercial intercourse with India be the object, such wholesome regulations will promote it; but if speculations of mere chance outward, and smuggling homeward, should be in the contemplation of any adventurers, protection to the fair trader, to the East-India Company, and to the revenue, can only be secured by some efficient law, respecting the size of the ships, and their consequent equipment in stores and force, under the conduct of able and responsible commanders and crews.

(*Article 16.*) The regulations proposed with respect to Lascars, are only intended for a time of war. No Lascars should be brought to this country in a time of peace.

(*Article 18.*) The existing regulations, as to ingress and settlement of unlicensed Europeans into the Company's establishments and territories, to be continued. No British subjects to be allowed to settle in any country within the Company's limits, and not under the government of the Company.

(*Article 19.*) The King's forces, maintainable by the Company in India, not to exceed fifteen thousand men in all; and this number to be reduced, as may be found practicable.

(*Article 20.*) If the proposition made by the Company, to be henceforth charged so much per regiment of

a given force, or so much per man, be not adopted, we shall be glad to receive any specific proposition, for putting upon a clear and equitable footing the adjustment of accounts between the Pay Office and the Company. By any such arrangement, we cannot doubt, that, at least, the intricacies of the present mode of settlement, utterly unsatisfactory as it is to the Company, will be got rid of, even if the expense should not be diminished: but will it, for example, admit of any question, whether, when the Company have been charged, as they really have been, with the expense of an entire recruiting company at home, as constantly raising recruits, and whilst, in many instances, the recruits so raised have been sent, not to India, but to other quarters, the recruiting company having also been at all times available for internal service, it can come within the equity of the 127th clause of the Act of 1793, or ever could have been intended to charge the expense of such company to the Indian territories? Or is it just, that the expense of the colonel of a regiment, employed either at home or on the Continent, or perhaps on a furlough staff appointment, should be partly charged to the East-India Company, and his pay be drawn from them? As all parties, therefore, agree in the propriety of an alteration, the sooner it is made the better.

(Article 21) The Court of Directors have already objected, and must ever object, to the arbitrary mode adopted by a Committee of the House of Commons in 1805, for the settlement of the demands of the Company on Government. We think it a clear and equitable principle, that the expense of captures made, and not retained by the Company, but transferred to His Majesty, or by His Majesty restored to the enemy, should be charged to the Public.

The ordinary pay of the Company's troops employed on such services, and especially in places out of the sphere of India, as in Egypt, should also be placed to account of the Public.

On these grounds we beg leave to propose, that the balance of demands now made by the Pay Office on the Company, be set off, by the sums which they are yet unpaid for the capture of Ceylon and the Moluccas, and for the expedition to Egypt. Even then, the settlement will be greatly to the advantage of the Public, as the
Company

Company have made good to the Pay Office a sum exceeding two millions, in addition to which they have, since the year 1797, been charged for King's troops beyond the number for which the law obliged them to pay, at the average annual rate of about three thousand firelocks, besides the officers and serjeants requisite for that number of men.

(*Article 22*) As a supplement to this article, the Court cannot help again submitting to consideration, the earnest desire and hope of the Proprietors to be exonerated, out of the general funds of the Company, from the payment of the Property-tax. The dividends of other public Companies are thus exempted; and it is but a small consideration, in the immense concerns of the Company, from which the Proprietors have, on the whole, yet derived only the ordinary interest of money, in return for all the hazards their property has run.

(*Article 23.*) The debt of which the Court of Directors meant to speak in the twenty-third proposition, was the whole of the Indian debt, part of which, to the amount of about seven millions, has been transferred to England. The observation of Lord Melville will coincide with this proposition, and the Court of Directors can have no material objection to his Lordship's proviso, respecting the reduction of the bond debt at home to three millions; but experience has shewn the inconvenience of confining within narrow limits, by parliamentary regulation, the amount of this debt.

(*Article 25.*) Considering how probable it is, that private adventurers will desire to obtain a supply of the article of tea, in order to be smuggled into this country and to foreign parts, and considering also the importance of not endangering the commercial intercourse now permitted by the Chinese to the British nation, through its long established organ, the East-India Company, it is obvious, that effectual provision ought to be made, in some mode or other, for preventing both these evils; and we shall be glad to hear any propositions which were in Lord Melville's contemplation, or may be in your Lordship's, as more likely to suit that end than the suggestion we have offered. In the mean time, we feel it incumbent upon us to request your Lordship's attention to some remarks on the question of admitting private ships to the
Spice

Spice Islands. The demand of all Europe for the spices of the Moluccas is so limited, that one or two of the Company's ships may import a sufficient quantity for the supply of it: the division, therefore of this supply among the Company and the Merchants in general of this country, will leave so little to the individuals of the latter class, as to form no object worthy of long and distant enterprise; not to mention, that spices are now rising up in other parts of the East, which renders these islands less important than they have been. The maintenance of the Molucca Islands, which produce no valuable commodity but spices, occasions to the Company a heavy expense, and can only be compensated by a monopoly of their trade; and if private merchants are to participate in that trade, they ought also to bear a proportionable share of the charge of establishment in those islands. But the spice trade is not the most interesting consideration belonging to this question. If in any of the islands in the Eastern Seas, not belonging to the Company, British subjects were to settle, (a thing which the Company, even if armed with legal powers, would find it difficult to prevent, after those seas should be open to all the ships of this country,) it would seem impossible to hinder them from obtaining, by one means or other, a supply of the teas of China, for the purpose of being smuggled into Europe. That object alone might be tempting enough to induce a settlement, where no other circumstance was sufficiently inviting. And if from this motive, or a concurrence of others which might be supposed, a number of Englishmen were once to unite themselves in that quarter, whither new individuals might continually resort, and whence, again, they might repair to all the ports of the Indian continent, it would seem scarcely practicable to preserve the efficiency of regulations formed, either here or by the Indian Governments, for the exclusion of unlicensed persons from their territories. Such would be the danger, especially of any British settlement in the Eastern Archipelago, not subjected to the government of the Company; a danger very seriously to be deprecated: and even in those held by them, as the Moluccas, if they were open to all British ships, it may well deserve consideration, whether there might not be some liability to danger of the same kind.

kind. On all these grounds it really seems advisable, that British ships from Europe should not have access to the Spice Islands.

Having concluded our remarks upon the propositions and observations hitherto brought under discussion, we next beg leave to suggest some other regulations, growing out of the general subject now under consideration, and of our past correspondence. These, we trust, will be found so obviously proper and necessary, as to require no enforcing argument.

26th Proposition.—That no ship shall go from any British colony to the East-Indies or China, without the special license of the Company.

27th Proposition.—Private ships going from the United Kingdom to India to sail direct from that kingdom thither, and from India to that kingdom, without pursuing any circuitous route.

28th Proposition.—Ships going from this kingdom to India, not to engage in the coasting trade of India, but to be permitted to go from one port of delivery of the original cargo, to another for the full discharge of it.

We have the honor to be, My Lord,

Your Lordship's most obedient humble servants,

(Signed)

HUGH INGLIS,
ROBERT THORNTON,
JACOB BOSANQUET,
W. F. ELPHINSTONE,
CHARLES GRANT,
EDWARD PARRY,
WILLIAM ASTELL,
GEORGE SMITH.

The Rt. Hon. the Earl of Buckinghamshire,
&c. &c. &c.

At a Secret Court of Directors,

Held on Tuesday, the 28th April 1812.

The Chairman from the Committee of Correspondence reports to the Court, that in consequence of the request contained in the minute of the 20th April, which was communicated to Lord Buckinghamshire, the Chancellor of the Exchequer and his Lordship favoured the Deputation with an interview

on

on Saturday, the 25th instant, at which Mr. Wallace was also present.

At that meeting various points belonging to the present negotiation were touched upon; but the discussion mainly turned on the important question of permitting the ships of private merchants generally to import goods from India, at the outports of the United Kingdom. The Deputation urged every thing which occurred to them in support of the proposition of the Court upon this subject, as involving the essential interests of the Company; but they found, with regret, that the impressions which his Majesty's Government had received respecting it, since the date of Lord Melville's letter of the 21st March, were not in consonance with the sentiments of the Court of Directors. The Chancellor of the Exchequer, however, and Lord Buckinghamshire, expressed their intention of communicating, in writing, the judgment they had formed on the subject in question; and Lord Buckinghamshire having accordingly addressed a letter to the Chairman and Deputy Chairman, dated the 27th instant, that letter is now laid before the Court.

LETTER *from the Right Honorable the Earl of Buckinghamshire to the Chairman and Deputy Chairman, referred to in the preceding Minute.*

Gentlemen,

India Board, April 27th 1812.

In communicating to you the sentiments of His Majesty's Government, after a full consideration of the several points which have been brought under their view, in consequence of the conferences and explanations I have had with you and the Deputation, since I had the honor of receiving your note of the 3d instant, it is unnecessary for me to enter upon the discussion of the Hints and Observations which have been the subject of the correspondence between the late President of the Board of Control and yourselves, as far as those Hints and Observations have been sanctioned by the General Court.

It was to have been expected, that upon a question involving the various interests of so large a body as the merchants and manufacturers of the United Kingdom, as well as of the East-India Company, that considerable differences

of

of opinion should arise, and that reasons should be alleged of sufficient weight, to suggest the propriety of revising any plan which might originally have been concerted.

Under such an impression, Lord Melville, in his letter of the 21st ultimo, desired it to be distinctly understood, that public discussion, in the further progress of the measure, might possibly produce an alteration in some of the details, as well as regulations of a different description from those which were then suggested.

You would, therefore, not have been wholly unprepared for the communication made by me to the Chairman at a personal interview; when he was informed that the representations which had been brought before His Majesty's Government, since the publication of the correspondence already referred to, had led them to entertain an opinion, that they would best consult the public interest, by not confining the import trade from the East-Indies to the port of London.

The arguments adduced by you and the other members of the Deputation, and which had been urged with much ability, and at considerable length, in your letter of the 15th instant, have received the most serious attention of His Majesty's Government; but I have to acquaint you, that although they think that the great interest of policy and of revenue, as well as of the East-India Company, will render it their duty to propose to Parliament, that the existing restraints, respecting the commercial intercourse with China, should continue, and that the exclusive trade in tea should be preserved to the Company, for whatever term the charter may be renewed, yet that they remain of opinion that the import trade from the East-Indies should not be confined to the port of London.

They are not, however, insensible to the danger and mischief which the revenue, as well as the East-India Company, might suffer, if under the cover of that trade, an illicit commerce in tea were to be successfully carried on; but they conceive, that regulations, both in India and at home, may be so framed, as to guard against that danger, and to protect the Company and the revenue, whose interests in this respect equally require such protection, from the effects of it.

In submitting, therefore, the propositions to Parliament in this shape, the Government are persuaded, that whilst they would thus be supporting interests justly entitled to public consideration, they would, at the same time, be pursuing a course, essential to the collection of a revenue of nearly four millions

sterling, without breaking in upon that system, under which the salutary provisions of the Commutation Act secure the people of the United Kingdom against any failure in the regular and constant supply of an article, which has become a necessary of life.

In considering the terms proposed for the renewal of the Charter, as they would stand, should the suggestions I have conveyed to you in this letter be adopted, you will be sensible of the high importance of bringing to a conclusion an arrangement in which the interests of the Company and the nation at large are so deeply implicated, with as little delay as may be deemed compatible with a mature consideration, and satisfactory adjustment, of the several claims and pretensions of the parties concerned.

I have the honor to be, Gentlemen,

Your most obedient humble servant,

(Signed) BUCKINGHAMSHIRE.

To the Chairman and Deputy Chairman
of the Court of Directors.

LETTER from the Deputation to the Rt. Hon. the
Earl of Buckinghamshire.

My Lord, *East-India House, 29th April 1812.*

The letter which the Chairman and Deputy Chairman had the honour of receiving from your Lordship on the 27th instant, was the day following laid before the Court of Directors, and engaged their most serious attention. It has again been considered by them this day, and we have now to submit to your Lordship the answer which they have instructed us to make to it: an answer which, from having before well reflected on the principal subject of your Lordship's letter, delivers their mature opinion, and as they presume to hope, in the least time possible, being sensible with your Lordship that, in the present critical period of the negotiation, all unnecessary delay is to be avoided.

It is with extreme concern the Court find, that since the publication of the correspondence between the President of the Board of Commissioners and the Court of Directors on the momentous question of the renewal of the Company's Charter, his Majesty's Ministers have been led, by the representations which have been made to them, "to entertain

" an

“ an opinion, that they would best consult the public interest, by not confining the import trade from the East-Indies to the Port of London,” and that they still hold this opinion.

Not having been made acquainted with the particulars of those representations, and having urged various arguments which remain unanswered, against the measure of opening the outports to the trade from India, the Court, under the disadvantages of such a situation, are imperiously called to the consideration of the circumstances in which the Company are now placed, and in which, according to the best judgment they can form, the Company would be placed, if the new Charter should open the outports of the United Kingdom to the returns of the Indian trade.

Whatever may be thought, my Lord, by the merchants of this country, of their right to enter into the possession of a trade, acquired and maintained through long struggles and vicissitudes, at immense expense, by the East-India Company; a trade still intimately connected with the security of the vast empire which the same Company have gained, and administered for the benefit of the nation at large; the Court of Directors are of opinion, that the sacrifices they agreed to make of that trade to the public feeling, or if they may be permitted to express their idea more accurately, the public prejudice, were very large; and they yielded to them undoubtedly in a firm belief, not at that time discouraged by His Majesty's Ministers, that the importations from India would be confined to London, as well as that the exclusive privilege of the China trade would be carefully secured to the Company. But the concessions frankly made by the Court of Directors and Proprietors, who regard themselves always as a part of the Public, and wish, as much as possible, to be in unison with it, have, it appears, only encouraged farther demands; and if the tide of prejudice, of popular clamour, of most extravagant expectation and unbounded pretension, which have been more industriously than fairly excited, were now to determine the public councils, not a vestige would remain of that great fabric, which has been reared in the course of two centuries, uniting with commerce an imperial dominion, which would be shaken to its foundation by the destruction of that system which has acquired and preserved it.

It is no surprise, my Lord, to the Court, though it is undoubtedly a great consolation, that His Majesty's Ministers unite with the “ great interests of policy and of revenue,”

those of the East-India Company, and that it must hence be their object to continue the political functions of the Company, and the means which are necessary for the maintenance of those functions. On this basis, the Court are happy to have the honor of meeting His Majesty's Ministers, and to continue the present discussion.

It is perfectly known, that for a series of years past, since the Indian territory has been loaded with an immense political debt, the Company have derived no surplus from the revenues. They have carried on the currency of their home affairs, they have even aided the political concerns of India, and, above all, they have made good the dividends to the Proprietors from the profits on their commerce; and, of late years, these profits have been derived chiefly from the China trade. From the still existing territorial debts of the Company, and the scale of their Indian expenditure, after all endeavours to reduce it, the Court of Directors have no prospect of pecuniary acquisitions, except through the same medium of commerce, for many years to come; and, as already intimated, it is the commercial profits of the Company which enable them to discharge the political functions assigned to them in the management of the Indian empire. Without this resource, or some equivalent one, not within their power, the dividends could not be continued, the value of the stock would diminish, and the Company be brought to a state of dissolution.

It is the extinction, or material diminution of the commercial profits, arising chiefly, as we have said, from the China trade, that we apprehend from the opening of the outports to the returns of the Indian commerce. If this extinction or diminution were to take place, your Lordship will doubtless agree with the Court, in admitting, that the fatal consequences they contemplate, would follow; and that, after going on a few years on the new plan, the Company would be so impaired in its resources, as to be inadequate to the important part allotted to it in the system of Indian administration.

When the Court of Directors thus view the consequences of opening the outports, His Majesty's Ministers will not blame the anxiety with which they respectfully contend against that measure. The duty they owe to their Constituents, to their own characters, and to the Public, requires them, in such a case, to act with the greatest
circum-

circumspection, in order to obtain a reasonable assurance, that the terms of the new Charter will be such, as will enable the Company to go on efficiently in the performance of the political functions it has hitherto discharged.

We do not apprehend, my Lord, that there is any difference in principle on these points, between His Majesty's Ministers and the Court of Directors. The main difference, in respect to the question of opening the outports, is as to the practical effects of that measure. It appeared, in the conference we had the honour of holding with the Chancellor of the Exchequer and your Lordship, to be his opinion, that checks could be devised to prevent an indefinite extent of smuggling tea, ruinous to the Company, which we fear from opening the outports to the Indian trade. We have already given many reasons for thinking, that the practice of smuggling would, in such case, be uncontrollable. Those reasons, which need not be repeated here, we believe it will be difficult for the parties most adverse to the Company to refute; but the subject being so important in the present discussion, we beg leave to add a few more observations on it.

It is a fact notorious, that tea has been smuggled, by the way of India, into this Country, even when the duty was comparatively small; when the Indian import trade was confined to eight or ten Company's ships, and to the river Thames. How much more, then, is smuggling, beyond all bounds, to be expected, when the ships shall be unlimited in number and size, and may resort to the outports of England, Scotland, and Ireland? This practice would be much facilitated, because, in the numerous Eastern Islands, not subject to any European power, where we have said tea might be brought for English ships from China, there is no usage of clearing out vessels, or giving them papers or manifests. It would thence be easy for them to break bulk in the passage home, and as they approached the coasts of Britain and Ireland, to put tea, as well as other articles chargeable with duty, on board of ships and cutters, destined either for the ports of the Continent, or the remote coasts of Scotland and Ireland, on which, for a hundred miles together, every where accessible from the sea, there is scarcely a custom-house, and where custom-houses could not be sufficiently multiplied. Vessels of very small size being allowed in the Indian trade, they could enter into ports and bays
little

little frequented, and run goods to be carried inland and there dispersed. In some of the northern and western ports of the United Kingdom, we have heard that collusive practices between the revenue officers and the smugglers are not unusual. If this is the case in respect to articles which pay a comparatively small duty, what would it be, where the articles of tea and Indian goods were in question? Ships might stop at intermediate ports for orders, and there smuggle; as those bound to the Western coast, at Cork and Falmouth; those to the eastern coast, at Falmouth and the Downs; those going north about, on the Irish and Scotch coasts. Ships having several ports of discharge, would thereby obtain facilities in smuggling; and the state of relations between this country and parts of Northern Europe may be such, as to afford the means of running goods into those parts, which, from their proximity, may again be able to smuggle the goods into our remote ports. In a word, we are led to apprehend, that the means and the temptation of smuggling tea, when an unlimited trade is permitted to India and the Eastern Islands, must be, in a very great degree, uncontrollable by any checks which His Majesty's Government can, in such circumstances, interpose. Nor is it to be overlooked, that a class of Indian goods, styled in the revenue language *prohibited*, because excluded altogether, as interfering with the manufactures of this country, will, by all the openings which the new trade will produce, be every where unavoidably brought into use. It is true, that even if the return trade of India were confined to the Channel, as we propose, smuggling might be expected, but certainly, not, in our opinion, at all to the same extent. And had we conceived otherwise, the same objection we now advance against opening the outports, would have been urged against that enlargement of trade, in which the Court have acquiesced, and for the same reason, to prevent the ruin of the Company; which did His Majesty's Ministers apprehend, they would doubtless, in either case, have desired to prevent, even by refusing the required concessions to the British merchants.

With these views, my Lord, deeply impressed on the minds of the Directors, acting as they are in a most responsible situation, is it too much for them to expect and to request, that they may be honored with the know-
ledge

ledge of those means which his Majesty's Government may think would be effectual to prevent the practice of smuggling, under the new circumstances, to any ruinous or great extent?—could they have a reasonable persuasion of the practicability of such prevention, *that* would undoubtedly, so far lessen their fears and the arguments on which they now feel it their duty to insist. They hope not to be misunderstood in this proposition. Assured both of the desire of His Majesty's Ministers, as well on account of the Company as of the revenue, to prevent smuggling, and of their belief of the practicability of doing so; feeling also, as the Court do, the delicacy of seeming to interfere in any of the revenue regulations of Government, they are yet so circumstanced, in the present critical conjuncture, as to find this enquiry most interesting to the cause of the Company.

It is indeed true, that the Public appear to have a greater concern at stake here than the Company. The Public may lose the greater part of a revenue of four millions per annum, whilst the Company can have only to the extent of one million at hazard. But then this one million is all the Company's certain income: if they lose that, they lose the foundation on which their efficiency rests; unless, in the new arrangements, some other resource should be provided, which should secure the dividend to the Proprietors; a provision which, undoubtedly, would also materially affect the views the Court of Directors now entertain from contemplating the dangers of the Company's China trade. And suffer us, my Lord, since the assailants of the Company's privileges are so loud in representing their interests as those of the nation at large, to add this remark concerning the national interest in the present question, that if the revenue of nearly four millions, now so easily collected from tea, should fail, or fail to the extent of only two millions, other taxes must be laid upon the Public, to compensate for that loss: and whether the nation will gain so much otherwise, by the proposed enlargements of trade, may be a serious question with those who have to decide on this momentous concern; with us it is none. It may deserve also to be recollected, that with the fall of the Company's China trade will fall the exports of woollens and metals, to the extent of a million annually, by which the prosperity of the counties of Cornwall,

Devon.

Devon, Somerset, Dorset, and Gloucester, and Norfolk, in some measure, have been upheld, during the arduous struggle of eighteen years in which the country has been engaged; the excellent fleet of ships employed by the Company, with all the long detail of interests connected with them, must decay; whilst the nation will lose that certain and regular supply furnished by the Company of the article of tea, an article, as your Lordship justly observes, now become a necessary of life.

Before we dismiss this topic, may we be allowed to bring under your Lordship's inspection a succinct view of the capital and interests concerned in the Indian and China trade from the port of London.

There are about fourteen hundred commanders and officers belonging to the ships of the East-India Company (besides the seamen, who may be about eight thousand). The trade men engaged in the supply of the Company's shipping in the river Thames are about twelve thousand, and the labourers employed in their warehouses are about three thousand. All these, with their families and dependants, making an aggregate of upwards of thirty thousand persons, would, by the removal of the Indian trade from the port of London, be generally reduced to great distress, and many of them become burthensome to their parishes.

The capital now employed in the Indian trade may be moderately computed as follows.

The Company's capital stock of £6,000,000,			
at the price at which many Proprietors			
purchased, will amount to	-	-	£10,800,000
Capital in warehouses	-	-	1,000,000
Capital in ships	-	-	3,800,000
Capital in docks	-	-	400,000
Capital of individuals in the metropolis may			
be moderately estimated at	-	-	5,000,000
			<hr/>
			£21,000,000

The trade in which this large capital is employed produces, as we have had occasion repeatedly to observe, an annual revenue to Government of more than four millions sterling; and the net saving to Government, from the present mode of collecting the duties, may, we conceive, be fairly estimated at £150,000 per annum. By means of direct and indirect taxation, the capital itself,

itself, and the profits upon it, yield a farther sum of large amount to Government; but the productiveness of the capital, in this respect, depends wholly upon the solidity of the basis on which it rests.

These, my Lord, are the sentiments and observations which we are directed to communicate to your Lordship. The reflection upon them has, we trust, been mature, though the expression of them, in the shortest time allowed for the preparation of this letter, may require indulgence. But we are further specially directed to add, that this is a concern of too great moment for the Court to trust to its own judgment, or to act on its own responsibility; the Directors have therefore summoned a General Court of Proprietors to meet on Friday next, when the correspondence with your Lordship, including this letter, will be laid before them for their consideration.

We have the honor to be, my Lord,

Your Lordship's most obedient humble servants,

(Signed)

HUGH INGLIS,
ROBERT THORNTON,
JACOB BOSANQUET,
W. F. ELPHINSTONE,
EDWARD PARRY,
CHARLES GRANT,
GEORGE SMITH,
WILLIAM ASTELL.

The Rt. Hon. the Earl of Buckinghamshire,
&c. &c. &c.

At a GENERAL COURT of the United Company of Merchants of England trading to the EAST-INDIES, held on Tuesday, the 5th May, 1812.

Resolved Unanimously,

That this Court has learnt with deep concern and surprise, that His Majesty's Ministers have been induced to change the view they first entertained of the propriety of confining to the Port of London the returns of the Trade to India, now to be permitted to all British subjects.—That the measure of opening the Outports to vessels of all descriptions from India, comprehending in that term the Eastern Islands, appears to this Court to be fraught with consequences ruinous to the Company, and all the long train

of interests connected with it; by removing from the Port of London the greater part of the Indian Trade, which it has hitherto enjoyed; by rendering useless many of the extensive establishments formed there for the Merchandize and Shipping of that trade, and throwing out of bread many thousands of persons who now derive constant employment from it; by deranging the practice and frustrating the end of stated Public Sales which are useful and important both to the Country and the Company, who are necessarily restricted to this practice; but, above all, by affording facilities for the Smuggling of Teas into the Ports and Harbours of England, Scotland, and Ireland, to an extent unlimited, and as this Court apprehend, uncontrollable—That the consequences of this must be the destruction of the Company's China Trade, their best source of commercial profit; the failure of their Dividend, the depreciation of their Stock, and unless a fund is provided from some other source for the payment of the Dividend, inability on their part to continue to perform the functions assigned to them in the Government of British India.—That if the constitution by which the Indian Empire is now administered should thus be subverted, the excellent system of Civil and Military Service formed under the Company, and maintainable only by such a body, will be broken down, the tranquillity and happiness of the vast population which that Empire contains, the Interests of this Country in Asia, and its Constitution at home, will be imminently endangered.

That the professed object for which the proposed charges are to be made, and such immense sacrifices hazarded, namely, the Increase of the Commerce of this Kingdom, cannot be in any great degree attained; there being no practicability of extending materially the use of our Manufactures among the Indian people, the tonnage allotted by the Company, or afforded by Indian Ships in the management of individuals, for such exports, not having been fully occupied; neither does it appear practicable largely to augment the importation of profitable commodities from thence; of all which the example of the American Trade to the East is a proof, British Manufactures, which they could easily have procured, making no part of it, nor their returns exhibiting any new articles of importance.—That therefore the Trade now enjoyed by the Company and individuals will be the only certain trade

to which new adventurers can have recourse; and this will be no addition to the Commerce of the Country, but only a transfer from one set of hands to another; so that, Old Establishments will be subverted, without substituting any thing equally good in their place; and to all appearance with great detriment to the Nation, particularly in the Defalcation of a large part of the Duties now collected on Tea, to the amount of Four Millions sterling per annum; for all which Defalcation, whether one, or two, or three millions, New Taxes must be laid on the people.— That the Cause of the Company has been deeply injured by prejudice, ignorance, erroneous assumptions, and of late by extensive combinations, and by unfair representation, canvas, and intimidation—in all which the merits and rights of the Company, the Political Interests of British India, and of this Country as connected with them, have been left out of sight, and the single object of the Extension of Commerce, an object too only of speculation, in opposition to past experience, is the governing principle.

This Court however confidently hope, that Parliament will not decide the fate of the Company, on the representations and demands of private interests, but on just and comprehensive views of National Policy; and the Court must also believe that His Majesty's Ministers are too enlightened and equitable finally to adopt any measure calculated to destroy the commercial profits of the Company, and thereby to disable them from performing their political functions. This Court, therefore, entirely approving, both of the firmness which their Directors have shewn in maintaining the interest of the Company, and of the manner in which they have, in the papers now produced by them, defended those interests, doth recommend it to them to persevere in the Negotiation with His Majesty's Ministers upon the same principles; assured of the determination of this Court to support them to the utmost in maintaining the permanence of the Company and the National Interest, which are involved in their stability.

Resolved Unanimously, That the thanks of this Court be given to Randle Jackson, Esq. for his very luminous and excellent speech this day; for the great zeal, ability and industry he has on various occasions, and particularly on

on this, displayed for the honor and advantage of this Company.

Resolved Unanimously, That the warmest thanks of this General Court be offered to the Chairman, Deputy Chairman, and Court of Directors of this Company, for their very able conduct in the Negotiation with Government for the Renewal of the Charter; alike evincing the most luminous ideas of the best Interests of this Company, and their most honorable conduct in the management of so important a concern.

(Signed)

WILLIAM RAMSAY,

Secretary.