

East India Company (1783)

H E A D S

O F

P A P E R S,

PRINTED, APRIL 1801,

RESPECTING

T R A D E

TO AND FROM

I N D I A.

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HEADS OF PAPERS,

PRINTED APRIL, 1801,

RESPECTING TRADE, &c.

No. I.

Mr. Dundas to the Chairman,

April 2, 1800.

Page
1

IS anxious that the Court should decide on the question of Private Trade and India built Shipping, much mischief resulting to the Company and public from its present unsettled state.

Observes a shyness on all hands to discuss it; not surprising, as those who differ go into such opposite extremes: agreeing in neither extreme, he steps forward as likely to suggest some proper medium.

Disclaims being a party to those opinions which rest upon any general attack of the Company's monopoly, either as to the government or commerce of India: is still of opinion (as when he moved the renewal of the charter in 1793) that a direct interference by government in Indian affairs is necessary to their stability and uniformity, but that the sensible form of government, its patronage, and also a monopoly of trade, should continue in the hands of the Company. Viewing this latter as a mere commercial question, he be-

B

lieves

2 believes the proposition sound, the supposed advantages of laying the trade open being precarious and problematical. It is however totally to forget the question, to treat it as a mere commercial one: same principles which prove the necessity of the present mode of Indian government apply to a monopoly: government and trade are interwoven, and mutually aid each other, as evinced in our late brilliant successes, &c.

Will not discuss these topics at present, but merely state the principles he holds on such topics, as he wishes to be taken into consideration.

Respecting the Shipping Interest, there seems to be a great abuse of terms and confusion of ideas, in so far as it is supposed capable of dictating to the Company. He is equally inimical to exorbitant freights, and to leaving the great interest of the Company's trade to the chance of the market: extent of freight should not be the Company's first object: same respectable description of ships should be employed, and (avoiding partiality and extravagance) a liberal freight be given.

Although the legislature has given the Company a monopoly of trade, it is a monopoly attended by these two material circumstances:

3 1st, That the exportable produce of India exceeds what at present the capital of the India Company can embrace:

2dly, That the Company's monopoly does not rest on principles of colonial exclusion: the trade being open to other nations in amity:

If

If then the Company's trade must be limited by the extent of their capital, the question is, What is to become of the remainder? Is it to be left to foreigners, or is the Company's monopoly to be so modified, as to open the surplus market to British subjects? This is a mere question of policy, to be decided on principles of expediency and discretion: though it would be wrong to attempt to exclude foreigners, they should be confined to trade on their own capitals; and those of British residents should be brought home in the best possible way: disapproves at the same time of endeavouring to accomplish this by penal restrictive statutes—they would be nugatory: trade can only be directed by the interest of the concerned—and it is so much the interest of Britons to send their fortunes home, that the most impolitic restraints only can lead them to do otherwise.

Does not however mean, that the trade to and from India should be open to all His Majesty's subjects in India; nature of the Indian manufacture and habits of the manufacturers forbid the principle — confusion, fraud, and ruin would ensue: (See Lord Cornwallis to the Court, Nov. 1, 1788, paragraph 24 to 31 particularly:) those employed in the agency of the trade in India should be licenced and regulated by the Company; (should secure to the Company and individuals the benefit of advances made to manufacturers)—the contrary would lead to the settlement and colonization of the worst sort of adventurers—a fatal blow to India—which must ever be considered as the

temporary residence of a great British establishment for the good government of the country, and the beneficial management of its trade.

The produce of India beyond the Company's capital, should be considered as the means of transferring the fortunes of its servants; the commerce being managed there by themselves, or licenced agents: and conveyed in India built shipping: all the Company's ablest servants in India concur in the propriety of this as due to their interests, and as making Britain the great emporium of the trade of Asia: governments in India only restrained from acting on these principles (fashioned by Board of Trade) by the great quantity of unemployed shipping sent out by the Company: hopes they will desist from so wasteful a system; their investment (of which he will treat in a separate Letter) and shipping should conform exactly—there would then be no need of extra ships; in case of accident to regular ships out, or the governments abroad sending home gruff goods, they should have a discretion of hiring in India: the regular shipping sent out should be invariably in exact proportion to the investment.

His according in opinion with the Company's most intelligent servants, is but adhering to his principles on renewing the charter under which the 3000 tons were provided: admits that this provision is found to be inadequate and nugatory—refers, for “unanswerable reasons,” to Correspondence of Bengal Board of Trade, and Memorials of

Calcutta

Calcutta Merchants: is clear, the clause should be repealed; and in lieu the governments abroad be empowered to allow British subjects to send home their funds in country shipping: does not see the benefit of letting and re-letting.

5

This plan would not diminish the regular shipping one ton; Company would send out the same: the effect of not adopting it would be only to extend the trade and shipping of other nations: old owners should consider the benefits they already enjoy—their extension since the Commutation Act, and above all, how far the consumption of the timber they use is consistent with the national interest: he thinks there are reasons of public expediency, and that we have a national resource in India, leading to the reverse of any discouragement of India ship-building.

6

The complaint that the merchants and shipping of this country (other than that of the Company) are excluded from Indian trade, (allowed to foreigners) has no solidity, is but objecting to Company's monopoly. The legislature has thought the public interest best secured by that monopoly—merchants and ship-owners benefit in common with all, by the influx of national wealth, and have no right to complain because those happen to be their occupations: case of foreigners the reverse; they are injured by the growing wealth of Britain: India cannot be governed upon the principles of colonial exclusion, or if it could, the merchants and ship-owners would not be benefited.

7

But

But why, it is asked, should not they partake equally with residents in India? Because the indulgence to the latter is a material national interest, adding to the wealth, &c. of *this* instead of *foreign* countries: granting it to merchants here would be tempting them
 8 to employ their capitals less profitably, and introducing a new capital in India to rival the remittance trade of the Company and individuals there.

Erroneous to suppose that the granting this indulgence to merchants *here* would aid British exports, which from the prejudices, &c. of the natives of India can never be greatly extended. India should be estimated more by the wealth it sends hither, than by its consumption of our exports, which though they have and may increase, will never exceed what the Company's ships and returning private ships can take out. Merchants here are therefore mistaken in supposing they, or the public, would benefit by thus breaking in on Company's monopoly.

Sees no use in confining the trade to particular ports in India; or licenced agents to particular places: better also that foreigners
 9 should employ *them* than set up agents of their own, over whom Company can have no controul.

Company not to interfere with agents here, further than to see that private goods are warehoused and sold by their rules.

Repeats his wish for speedy decision.

No. II.

Report of Special Committee on Mr. Dundas's Letter.

DEEPLY impressed with a sense of the importance of this question, the Committee have enquired, reflected, read 1st. Bengal Government Records, 1785 to 1799, containing merchants' applications, and Company's servants' sentiments: 2d. Applications made here for indefinite extension of private trade, under which head they rank the motion last year in Court of Proprietors, without advert- ing to other works on this subject: 3d. Mr. Dundas's Letter, April 2, 1800: 4th. An- other from him to one of the Members of the Committee, and other writings referred to in the margin: (mem. no marginal references) thus the Committee see the objects, extent, &c. of this innovation, which once admitted will increase. They admire the justness, &c. of Mr. Dundas's principles, commanding their attention; but, previously, they would review opinions held elsewhere, respecting the commerce and connection between India and Britain: hold the interest of the Company and the nation to be the same.

Besides these documents, the Committee have the written opinions of several of their Members: to which, noted in the margin, (mem. not noted) they refer for detail and illustration.

Meaning

Meaning to give a view of the great points on which the question turns, they will first examine what *has been* granted, what is *now asked*, the *reasons* given—the *consequences*, the state of commerce—the Indian capital—the share Britain ought to have—the ability of India to extend its exports—the policy of extension, and the true policy of the commerce and intercourse between the countries.

The facts that will be thus ascertained as to the foreign commerce of India, its augmentation, and the principles which should regulate the Indian system, will constitute the points on which enlargement should be determined.

Prior to Company's acquisition of territory, British residents had no interest in trade to Europe—their numbers small—confined to commerce—fortunes easily remitted by Company's bills: soon after overflowing that, they got into foreign channels of remittance—thence, unlawfully invading the Company's charter into foreign trade, first parties, then principals: prohibitions, disregarded, became a new evil: act of 1793, professed to remedy this, and opened the trade in a degree—to bring it into the Thames—though the merchants did not deserve it, and though bills on the Company were plenty: this privilege meant more for British manufacturers than merchants in India: the former using it so little are out of the question. Free merchants never satisfied with concessions of the act of 1793, require to send goods and have returns in their own ships, taking licence from

from Company, dealing in permitted goods, through Company's warehouses and sales, subjecting ships to Company's rules; but to sail at owner's time, to trade from port to port in India, and the freighting to be left to owners and shippers, not let to Company and relet. Their advocates here go further, to an extent unlimited, demand like freedom with foreigners, regular overland transmission of correspondence, every facility established by law: merchants in *London* ask free trade in permitted articles.

Free merchants say, Company's tonnage is not what legislature intended; freight higher than many goods will bear—ships, from warlike or political operations uncertain in arrival and departure—deviate: required times for goods to be ready, inconvenient—tonnage limited and inadequate—know not how to regulate their speculations—arrangements, bills—insurances: if extra ships be allotted them, though freight less, insurance higher: often left at end of season with goods on hand, must remain till next, or go to foreigners.

15

Merchants further complain they are degraded below aliens, foreign Europeans in India enjoying more privilege; *they* come without restraint, export at pleasure.

Merchants state how their objects will serve both countries; whole trade might come to the Thames: indigo, &c. might be much extended—evident from increase of exports since 1793 under all disadvantages.

Their advocates on this side go beyond the free merchants in their views and reasoning—charge

16 charge Company with wilful obstruction, with forcing by narrow jealous policy the trade into clandestine, neutral, and even foreign channels, which might all come to the Thames: assert that Company, from their preposterous policy endanger the carrying trade of the country, and its maritime ascendancy: claim these privileges as their natural right, say the exportable produce of India is unbounded, and the capital immense:

Committee proceed to answer:

First, as to Company's ships: in war commerce must be interrupted, freight and demorage enhanced; voyages, from military and political objects, uncertain: in consequence Company and individuals have suffered, but no wilful obstruction on the part of the former; could not bend to private interests, yet have charged less freight than they paid: merchants' own ships would be subject to convoy, or higher insurance and danger of capture.

17 Committee however allow, that uncertainty as to arrival, departure, tonnage, detention, and circuit, may be ground of objection, and should be remedied, though perhaps not as merchants propose: Committee find from proceedings of Bengal Government, that merchants proposal to employ India shipping is not purely for better transfer of goods, but with a view to the profit by introducing such ships into the navigation to Britain; various applications on Bengal Records admitting this, and soliciting employment for the ships, though freight open on the Company's: thus, *transfer of goods*, though first ostensible plea, and

and strongest with the Court, is not THE SOLE END; and *ships the means*, but partly *vice versa*: London merchants indeed do not even state it to be.

As to Britons being worse off than aliens: Committee say, foreigner's right of commerce in India existed before we had territorial power, and has continued ever since, wisely sanctioned by the Company, as they come to our ports for investment (more facility than at their own) pay duties, and outfits. About 1782, states having no settlements, (American, Tuscan, Genoese) began to resort to Bengal, admitted upon the same principle, if not, they might have gone to foreign settlements: in consequence Calcutta has almost all the export trade.

18

Though foreigners increased, British merchants benefit by being their agents; their condition bettered in every respect: trade in the Indian seas: extensive manufactures in the interior, and remittance home of British fortunes: many unlicensed residents have been relieved, indulged in trade by act of 1793, in Company's ships: now want to send their own, and open the trade altogether: for if granted to one, all would claim, and the question therefore is, Whether Company shall be deprived of its most valuable exclusive privileges, and this country trade to India as to its American colonies, and contrary to the policy of the legislature, colonize its Eastern possessions?

Admission of foreigners not to be dreaded, like unrestrained intercourse of our own subjects, *because we are the governing power*:
difference

19

difference of circumstances between British and foreign resort to India particularised: the *genius* of the former would hasten to colonization, the latter would have *no growing principle of strength*.

The trade of foreigners to India should be watched, but not prevented—nor could we if we attempted it they would prohibit our productions: allow them to supply their wants with their own funds, not British capitals, exacting from them due submission.

Company could not attract the whole of the foreign trade to British ports, nor would it be politic: not true that it has increased: flourished more before we had the command of the sea: not possible for Company further to depress it—to bring it to our ports would nourish it.

Committee will proceed to state the nature and amount of foreign trade, and of British private trade from Bengal: (Madras and Bombay not obtainable) Calcutta the emporium—though something still done at Serampore: compleat registers at both: think Bengal sufficient for present purpose: then follows, account of foreign and private imports and exports (Calcutta and Serampore) from 1795—6 to 1798—9.

Abstract as under:

23 Imports into Calcutta. Exports from Calcutta.

	Europe & America				Europe & America		
	London	America	Total		London	America	Total
179 $\frac{5}{2}$ Lacks	22	33	55	84	66	150	
179 $\frac{6}{7}$	18	26	44	50	57	108	
179 $\frac{7}{8}$	15	20	35	69	38	108	
179 $\frac{8}{9}$	17	24	41	41	23	64	

Hence

Hence the Committee deduce that, the Company exports from Bengal (theirs being about 1 crore annually) nearly as much as private and foreign together: that the legal private to London direct exceeds neutral and clandestine: that foreigners have only $\frac{1}{4}$ th of the whole export trade, $\frac{3}{4}$ th coming to London: that private and foreign exports from Bengal exceed imports 68 lacks, of which London receives on private account 43, foreign Europe and America 25. This balance must be considered as the acquisitions of British residents: natives do not adventure, resident foreigners have little to remit. 24

London does not pay Bengal $\frac{1}{4}$ d. of what it receives on private account, and of that $\frac{1}{4}$ th only bullion: foreigners pay $\frac{1}{2}$ s, of which the greater part is bullion: London sends out most goods, foreigners most specie. ✓

Exporting silver from the west to India revived. 25

Foreign exports from Bengal progressively decreased in the above four years.

America, and the foreign ports of Europe have not maintained the same relative proportion of the trade; difference particularised. 26

Thus assertions of the extent and increase foreign and clandestine trade are shewn to be groundless; exports of Bengal to foreign Europe and America have not increased these thirty years, and clandestine trade has decreased, evident from remittances, &c. the main argument for enlargement therefore fails.

Committee then consider the capabilities of India, as to manufactures and exports, highly important

important to this country ; but free merchants in urging this lose sight of the ground of the privilege given by act of 1793, which was to remit British fortunes, and annihilate clandestine trade : the Committee notice implications, and deny, that the Company wish to prevent the exportation from India of what they do not want : alledged difficulties by Company's ships have not hitherto prevented exportation of whole produce : Company have admitted all friendly nations to their ports, encouraged individuals, agriculture, manufactures, &c. witness indigo and sugar, now staples : but the proposed improvement of India should be well understood, the question involving the whole system of regulation.

India, under Asiatic sovereigns, had no capital applied to European commerce : natives averse to the sea, preferring domestic enterprise : manufactures of India formerly set on foot by money imported. Now by Company's tribute, and gains of individuals, no other capital there for exports : vent of European goods limited by physical and moral causes, and could not be increased : produce and exports cannot be much increased but by sending capital (in bullion) from home.—Query, if politic?

Enough of piece goods and raw silk imported at present—If Company allowed merchants more, both would lose by them ; indeed the latter look more to indigo, cotton, sugar, and coffee : as to speculations in them, the Committee observe respecting

INDIGO, (already carried to an extent that nearly suffices for Europe) that Company assisted

sisted the manufacturers with funds, leave the trade to individuals, and bring it home for them for less freight than they pay; unjust and impolitic to push the article further: but additional facilities may be granted.

COTTON: prices fluctuating, manufacturers here once clamorous with Company to import it—wisely refused; but liberally offered them permission to send ships for it: declined. But India cotton cannot succeed, freight so high, and so much raised in Guyana, &c. and what is imported from the East is not the produce of British India: not enough produced there for interior use, and much sent to China for tea: formerly cotton sent from Bombay to Bengal, Coast, and China—none now to Bengal from Bombay, but great quantities from upper provinces: doubt if politic to encourage the importation of it here; aids foreign manufacture, and interferes with China trade.

SUGAR: Company have encouraged: prices and profit (from war, high freight and duties) precarious: Company have gained a little on fine, lost on coarse: do not see the inducements to trade in it, unless procuring freight for their ships be the merchants consideration.

COFFEE: trade great, not understood, almost all from Java, great accumulation: Dutch Company sent Danes for part, most brought here by Americans, and sold by Company. List of ships in Appendix: very little from British India.

SALTPETRE (of high political importance) should not be permitted to individuals: Company may lose, and public be disappointed.

Influence

Influence of these enlargements on the Company's investment: *subjoined*

1st. As to funds: Company having now no surplus revenue; funds must be furnished by exports; hence, and bills drawn on Directors: exports, but little, bullion not being procurable; and copper nearly prohibited—must therefore depend on bills; and Company's servants ought in gratitude to take them, in preference to supplying those who have caused the Company's distress: politically too the Company should be first considered.

2dly. With respect to the freedom and extent of the Company's purchases: erroneous to suppose they are not so good merchants as individuals; they buy as cheap, & have less charges, (except freight) and realise at less expence: and freight, for coarse articles, may be reduced by inferior ships: Company should not be confined to a mere remittance of tribute in old staples; can adventure in new articles better than individuals, and ought, if there be any profitable ones, as they have been at such heavy expences: should so much the less be expected to make undue sacrifices.

3dly. With regard to the competition which enlargement would occasion: a question of policy, and would raise prices in India, and lower proceeds here, not to be compensated by the extent of the trade.

Upon the whole, no certainty of profit in these speculations, and therefore the established order of things should not be disturbed.

But

But the grand objection to this new trade is, that a great capital must be sent out to carry it on. It is asserted that 100,000 tons of sugar may be exported: people may imagine it needs only to open the door wide enough—but this would require four or five millions sterling to be furnished from hence. Ought this to be? the legislature should determine—the public ought to know the concern they have in it: if there are reasons for withdrawing capital from other dependencies, and transferring it to India, they should be heard; but without imperious exigency, it would be utterly impolitic.

33

Enlargement would involve a still more serious consequence, a great influx of Europeans; hitherto kept within limit—not dangerous at present to the Company's preservation of their influence over the natives, but increasing under the proposed plan, would become the first principle of a colonial system.

The Committee point out the progressive ill effects of this influx; danger of exasperating the natives, and losing our dominion.

A system on colonial principles cannot be best for India—the legislature has determined otherwise, preserving its dependency through the Company who acquired it, and not sacrificing their rights, tribute, commerce, &c. to unfounded claims and uncertain theories.

34

If then, in fact, it be true that foreign and clandestine trade be not increasing—that friendly nations should trade—that India has no capital—that it would be impolitic to send one thither, and to open the way for coloni-

C

zation,

zation, the only object is to bring directly hither the remainder of the clandestine trade, still carried on (unworthily) by British subjects, and remove all obstructions to transportation of the whole trade, which can be carried on by the fortunes of British residents.

35 Company willing to acquiesce in this; but to effect it duties must be modified.

Much of the Committee's labour would have been saved, if they had confined themselves to Mr. Dundas's preceding letter; (first in the consideration of the Court and the Committee) their opinions being so nearly similar: their propositions as to the *measure* of enlargement substantially the same, that is, to bring home the fortunes of British residents and returns for British exports.

36 As to the *mode*, (by Indian shipping) the Committee respect the motives which have led Mr. Dundas to favor this idea; (the naval interests of this country) and would join as far as consistent—but they see it with serious apprehension, if occasionally admitted only, or in Company's option, (and it has been seen how liberally they can exercise *it*) it would be of little import: they suspect a latent principle of danger; and think the measure unnecessary to the end, as Company can, and will do all that is requisite.

37 A systematic admission of any class of ships would raise a new joint Company, important, advancing to permanence and power, changing the principle and profit of commerce into a shipping interest, little to the benefit of this country; and Indian ships would have an advantage in equipment, cargo, &c. and therefore

therefore be more likely to be permanent; English merchants would be concerned in them: there might not be trade enough for the employment of them; owners might be distressed, would come to Company for further indulgences, and plead *usage*: would force a trade from India with a capital not its own, would increase beyond suppression; merchants here would clamour for a share, not to be refused; reasons why.

Indian commerce not overflowing; principally confined to houses of agency, no surplus of British property there that Company cannot bring as well as private ships, therefore innovation hazardous; danger of which the Committee recapitulate.

38

Ships from India must employ Lascars; inhumanity, inconvenience, and immorality of this described. Unfavorable and dangerous influence they disseminate on their return; a strong objection to the use of Indian shipping: and if European seamen employed in lieu, a further step towards colonization.

Company's servants abroad countenanced free merchants' applications, in order to bring the trade hither, to check foreign-trade, to reduce Company's freight by introducing cheap ships, to promote industry, and increase revenue.

40

All laudable objects — but—Company's freights *are* reduced; they also desire and now propose modes to bring home all property of British residents: as to foreign trade and promoting produce, Committee have already stated *their* true principles; servants abroad have not looked to remote conse-

quences, but still have not proposed to take away Company's discretion, or render the system of India shipping permanent.

Propose to submit Committee's arguments to Mr. Dundas, who does not wish to trench on Company's privileges.

41 Lastly, Committee will state their plan for bringing home property of British residents; the amount of which not ascertainable, but moderate, and great part sent in Company's bills; total about one million and half annually, of which 650,000 in bills, of course only 850 in goods, and of that 600 to the Thames, the rest to foreign Europe and America: to bring this latter to Britain, and grant facilities for the former, is all that is necessary; but to remove all complaint, Company may engage to bring all home, if no part even in bills.

To this end Committee propose, that Company shall furnish whatever tonnage may be wanted, in ships, if not solely applied to private trade, not subject to war or political purposes, but sail direct, at fixed and most convenient periods in the fair weather season: freight, in war, as low as Indian ships arrived this season are chartered to Company; in peace, proportionably reduced: goods to be warehoused, shipped and sold by Company's rules, attending to owner's interest: suitable ships to be built by Company, manned with Europeans, armed equal to the best India ship, and until these are built, other proper ships to be supplied: if Com-
42 pany do not find tonnage enough, govern-
ments

ments abroad may hire, but not to be looked on as sanctioning a constancy. None but licenced residents to trade.

Committee hope this will do away all complaint; and, winding up with a set of resolutions in detail which they have agreed on, express the satisfaction they shall feel, if the adoption of these or similar principles should settle this momentous question once for all.

East India House, Jan. 27, 1801.

No. III.

- 43 *Court's Minutes, Feb. 4, 1801, unanimously adopting Committee's Resolutions, viz.*

RESOLVED:

1st. That the present Indian system is the best, that opening the trade would subvert the Company's rights without benefiting the nation, lead to colonization, and hazard the loss of India.

2dly. Indefinite communication should therefore be guarded against.

3dly. Company have encouraged industry and trade in India, and exports thence, beyond precedent.

4th. Not politic to exclude foreigners.

- 44 5th. Company have not evaded, but given effect, to the regulations by act of 1793, and have not extended foreign or clandestine trade.

6th. By Bengal register clandestine trade has diminished, and can now be estimated only at rupees 25 lacs per annum, average of 4 years to 1799.

7th. Any increase of trade with foreigners must therefore be *bona fide* on their account, which they pay for principally in specie, and ought to be permitted.

8th. Trade from enemy's ports in India flourished more formerly than now; Company could not depress it; to bring it to our ports would nourish it.

9th.

9th. Company wish to give scope to Indian industry; to govern liberally, not by rigid monopoly; have therefore encouraged culture and importation on private account of sugar and indigo, and still desire to bring all property of British residents hither.

45

10th. No exportable capital in India, but such part of British fortunes as is not sent home in Company's bills, estimated largely at half a million per annum. Natives, if they wish it (not likely) may add to this; these two, with the property of British residents not in Company's service (but little) form the aggregate applicable to export.

11th. If to this Indian maximum be added capital from hence to force productions, it would commence the colonial or west India system: if sanctioned, would extend intercourse, supersede the prohibition against Europeans buying land (now in some instances dispensed with) and without good to the nation change the present (best) plan of Indian policy.

12th. No reason to doubt that the whole exportable produce of India will find vent, which it has under all the alledged impediments by the Company; these implications erroneous.

46

13th. British subjects have (unhappily) supported foreign trade, and still, partly, remit through them notwithstanding Company's channels: but, agreeing with Mr. Dundas, in propriety of affording all fair means of bringing even the total remittable property direct hither, Company agree, *viz.*

To

To furnish as much tonnage as may be wanted.

To be wholly applied to private trade ; not to deviate on warlike or political objects—but sail direct, at fixed periods, in fair season.

47 Freight as low (in war) as Indian ships arrived this season are chartered to Company ; in peace, to be proportionably reduced.

All commodities, *the produce of the Continent, or of the British territories in India*, may be brought except piece goods, raw silk, and saltpetre ; not those unless licenced.

To be warehoused in India, and duly assorted, as the Company's cargoes are.

To go, as usual, through Company's sales, paying 3 per cent.

Fit ships to be built by Company, about 500 tons, to be equipped on the dismantled plan, manned with Europeans, and armed equal to the best Indian ships ; in the mean time, other stout ships, or the Company's regulars shall be employed.

If not enough private goods to fill all sent out, Company to put in gruff articles on their own account.

If not tonnage enough sent out, governments abroad may hire : not abusing this concession.

Only licenced residents to trade.

48 14th. Though the Court applaud Mr. Dundas's motives in favoring Indian shipping, they see great danger in its systematic admission : they think it would involve principles and effects dangerous to the Company and the nation, affect the present system of Indian

Indian policy, and the Company's charter, widen intercourse, multiply relations, pour Europeans of the lower sort into India, and Indian sailors into this country; lessen the respect for the European character, shake our ascendancy, lead to colonization, raise a rival company, invite universal claims to share, throw open the communication, and tend to remove that great and effectual medium the East India Company.

Nor is the privilege necessary; as capital ought not to be sent from hence, and but little in India, and for transfer of which Company now offer ample provision: acquiring profit by freight is an argument against the admission; it would force the trade, and anti-quate, without advantage to the nation, the present system of regulated monopoly.

15th. The Court, satisfied they are right, and thinking Mr. Dundas may not have seen all the documents, propose to discuss the subject with him deliberately, as on the renewal of the charter.

50

No. IV.

Mr. Dundas to the Chairman,

March 21, 1801.

HAS considered the resolutions, which are distinctly and fairly stated; is always ready to discuss, and aid their deliberations.

His opinions intirely accord with the principles of the 1st, 2d, 3d, 4th, 9th, 10th, 11th, and 12th resolutions.

Pauses on the 5th, 6th, 7th, and 8th, not having documents.

If the basis of the 13th be the best applicable, the detail seems aptly applied to the principle: but he differs on the principle and basis of the measure, which he regrets as his and the Court's object is the same: both agree on the necessity of monopoly, now, he declares, more important to the State than the Company.

51

Has jealously reviewed his own opinions, and carefully weighed the arguments against the plan he has recommended—instead of its endangering the Company's monopoly, the only thing that can, is an unnecessary adherence to points not essential to its existence: on the other hand, their granting all liberal and consistent facility, will be the best rampart against every attack on their government or charter.

Intended to have gone into detail; but finds it unnecessary, as the Governor General's

ral's Letter of the 30th September last, demonstrates with clearness and perspicuity, the grounds of his (Mr. Dundas's) opinions.

Observes that he is not entitled to exercise any authority in the determination of the question: it is a subject over which the India Commissioners have no controul. All he states is in his individual capacity, and if neither he, or the Governor General, can change the Court's opinion, they had better proceed on their own principles: nothing so bad as delay.

No. V.

52

Lord Wellesley to the Court,

Sept. 30, 1800.

HAS reverted to his plan of October 5, 1798, respecting private trade; submits his reasons, and hopes the Court will confirm them permanently.

Courts orders of May 25, 1798, received too late for season 1798—9, but strictly adhered to, against his conviction, in 1799—1800.

53

Had hoped to have received their final orders early this season, inclined to wait for them, but not coming, is compelled to act. Season for exportation opening under peculiar circumstances.

Has stated the intended distribution in India of the tonnage provided by Court for investment, so inadequate that great part of their gruff goods, and all the 3000 tons private (except a small proportion of light goods for assorting cargoes) must go by Indian shipping; now no longer a question of expediency or policy, but of absolute necessity; to convey the Company's heavy articles, and fulfil their legal obligations: has only left to chuse the *mode*: in doing this, had to consider how much more than 3000 tons might be wanted by merchants, and how to regulate its exportation: considerations enhanced by state of foreign trade in Calcutta.

Compares

Compares the plans of May and October, 1798 : former meant by the Court to encourage private trade, protect merchants, not proprietors of ships, from extravagant freight, and that those who were both should not trade on superior footing : both descriptions extremely dissatisfied, and had rather be left to settle freight between themselves, than by Company's intervention. 54

Under October plan ship-owners enabled better to assort cargoes, load and dispatch, and avoid the delay in adjusting accounts, and paying freight by Company in England, to which the May plan subjected them : could afford freight at a less rate, and still gain more.

Merchants who were not owners, also benefited by October plan, lower freight, and regulate their engagements, purchases, drafts, &c. according to tonnage and time of departure and arrival. 55

If depending on Company, merchant uncertain of tonnage, time, distribution of cargo, ship ; and rate of freight too high.

Private Goods shipped in

1794—5 :	2473 tons
1795—6 :	5346
1796—7 :	4659
1797—8 :	3787
1798—9 :	6223
1799—1800 :	7748

Correspondence of Board of Trade proves, that much more would have been shipped if Indian ships had been encouraged, and merchants assured of permanent facility : annual average

56 average of the preceding, 2000 tons more than law tonnage—much of it sent in Indian ships: of which 10,000 tons now in Calcutta, fit, and tendered: (exclusive of 1500 tons engaged:)

Wise policy of act of 1793 greatly frustrated by deficiency, and terms of tonnage sent out.

Calcutta will always be able, from increase of teak, and ship-building, to furnish all requisite tonnage. Comparing the 2d, 5th, and 6th of the above years, with the 1st, 3d, and 4th, proves how favorable it is to owners and freighters of ships, to provide their own tonnage: this conclusion not affected by 1799—1800, under May plan, being large, goods provided under expectation of continuance of October plan; some shipped from necessity, some from respect, others sold to foreigners.

57 Quantity in 1799—1800 proves merchants' alacrity to provide in expectation of shipping to advantage—not, that the May plan was advantageous.

He is satisfied the October plan is best both for owners and freighters.

Court having insinuated in letter, May 25, 1798, that merchants uniting both capacities had advantage over freighters only, his Lordship says, the profit made by shipping is distinct from trade—is reasonable only, and not to be enhanced by combination; and therefore they cannot be said to have superior advantages, applied to goods.

Strongly

Strongly recommends the permanent establishment of October plan, as indispensable to the interest of Company and nation.

Indian produce has increased far beyond the Company's investment capital; British subjects should have what Company exclude; foreigners should be immediately deprived of their trade; much sold to them by British merchants from discontinuance of October plan; transmitted in March 1800 list of foreign ships: America and Portugal imported in 1799—1800 into Calcutta only, amount S. rupees 81 lacs—exported 71—whereas the average of the three preceding years was imports 63, and exports 43 only. On the other hand, imports by British subjects in 1799—1800, was only 47, and exports 67 lacs.

Is not accurately informed of the very extensive trade with other ports in foreign bottoms.

Foreign will increase: even now in Calcutta, 8500 tons under A. P. and D. colours.

Cannot estimate how much upon actual foreign capital: less than $\frac{1}{4}$ of funds imported by Americans is from America, 200,000 of bullion from London, Europe, and Madeira: has not ascertained what British capital employed between India and Portugal; but if all under foreign colours is on foreign capital, it demands serious attention.

Advantages of foreign ships, low freight, œconomy, celerity, frequently less than four months from America to Calcutta; and some have unloaded, sold, loaded, and sailed within 20 days.

At

At present British merchants cannot send goods, through the Company to the Continent so advantageously: Company's sales, and merchants profits must be affected by foreign trade.

Though foreigners' voyages sometimes circuitous, they can undersell on the Continent, so heavy on British merchants are freight, duties, and incumbrances.

Portuguese and Americans pay (by late warehousing act) 1 per cent. only on India goods imported and re-exported: British importers pay on sales of calicoes for exportation $2\frac{1}{2}$, muslins $7\frac{1}{2}$, other goods (except cotton, spices, bullion, &c. diamonds, precious stones which pay no duty) 2 per cent. and convoy. These should be reduced.

Not possible, by restriction, to prevent Indian articles from going where demand is: restrictions only give the trade to foreigners, and injure Company's sales: less prejudicial to Company for the whole to pass their sales, than go through foreigners to Continent. Company and merchants would equally benefit, and private trade be a source of wealth to this, instead of foreign nations.

Interest of Company and nation inseparable, and demands that every facility be given to British merchants to rival foreigners, (in articles not wanted by Company) and remove all inducement to connection with them.

Foreigners *may* buy, with their own capital, what neither Company or merchants want: Americans will probably deal largely: at present they evade the treaty by touching in America in way to Europe.

Doubtful,

Doubtful, however, whether foreigners could do much if British merchants had full scope: residence enables them to provide better and cheaper goods—but from foreigners' advantage in conveyance, he can outbid in India, and undersell in Europe.

Let merchants find their own tonnage, and nearly all will come to London.

If not capital enough in India, no harm in drawing capital from Britain: India would benefit, augment produce, reduce interest and debt, and improve credit: Britain would not be injured, would not send capital it could employ better, and would transfer what it has (if any) with foreigners, to British residents.

Whatever capital employed, the same care would be preserved in providing goods as now: and Britain would have what now gives wealth, influence, and power to foreigners, tending to introduce intrigue.

Deprecates indulgence to merchants at risk of Company's privileges—indiscriminate intercourse or departure from Indian policy.

As to increased importation by merchants injuring Company's sales, they must be affected by the aggregate quantity sold on the Continent, and would not be more affected, if a larger proportion was sold by the Company in the first instance.

No merchants, by reduction of freight, can rival Company in piece goods and raw silk; may come nearer in sugar and gruff goods; these not profitable to Company, if not sent in India shipping; supposes fine goods should always go in regular ships.

If October plan adopted, Company may send gruff goods at equally low freight: (might probably save £20,000 this season) thus Company would benefit by the adoption, and might rival foreigners in low goods.

63 Evident that British merchants cannot contend with foreigners whilst confined to Company's tonnage: regular worse than extra, though former so good for Company's valuable investment.

October plan gives every requisite facility, preserves the principles of Indian trade and government, and guards against unrestrained intercourse: unlicenced persons, passengers, goods, voyages, ships, crews, traders still under the vigorous and efficient controul of the Company and their servants abroad, able to avert every danger. This, exclusive of less freight, should give Indian ships preference over those sent out; the latter could not be equally controlled.

Remarkable that the principle of the trade has caused the evil it meant to avert, and forced it from a controllable channel into foreign hands, where it cannot be restrained; has filled India with foreign ships, enabled them to rival the Company, invited adventurers, and menaced the foundations of Com-
64 pany's interests.

If indulgences to British merchants did necessarily involve admission of British adventurers, they would be more easily managed, and less dangerous than foreigners: but British agents would probably not increase, the present residents being equal to much more
business

business than they have, and might conduct the commercial concerns of those at home: on the contrary, foreign agents now few, and would necessarily increase with increase of trade: foreign ships would easily bring emissaries and adventurers, introduce intrigue, and aid the escape of delinquents: (those refused leave to go to India by the Company, now get out by foreigners.)

No checking the resort of foreigners, but by enabling British merchants to undersell them: granting indulgences to the latter, is therefore serving the Company's interests. 65

Trusts they will see the October plan combines them with all requisite private indulgence.

As to the objections urged by the ship-builders in England; refusal to admit Indian built would add little to the employment of English: tonnage not being to be furnished from hence, so as to enable merchants in India to rival foreigners: by admitting them, the ship-builders, tradesmen, &c. benefit by repairs, out-fits, and exportation to India of many articles requisite in building them, and from their low freight out they aid exportation of British manufactures.

His Lordship shortly recapitulates the heads of his letter, adverts to the extent and activity of the foreign trade, likely to predominate over the British, and (informing the Court that he has been impelled by the preceding considerations to revert to the plan of Oct. 5, 1798, and to publish accordingly) concludes 66

concludes with a determination to await the result of their final judgment with a respectful, but confident hope, that they will perpetuate the policy which dictated his orders of October, 1798, and September 19, 1800.

Committee's Second Report.

67

HAVE considered Mr. Dundas's Letter, March 21, 1801, and Marquis Wellesley's, Sept. 30, 1800.

In their first report, the Committee took a comprehensive view of the subject, as it affected the Company and the nation:

They compliment Mr. Dundas on his candour, and correct regard to the rights of the Company—(a lesson for others)—hope they have imitated him in their attention to the interests of the nation.

Are happy he agrees with them in principles of government of India, and that the administration and intercourse should be maintained by the Company; that colonization, and transfer of capital, leading to it, should be prevented, and foreign *bona fide* trade permitted.

68

Mr. Dundas controverts none of their facts or principles; but differs in point of practice, a point of great moment, whether the system of Indian shipping *would* tend to colonization, and endanger India?—*He* thinks not.

Committee's contrary opinion not refuted, or changed: they conceive *probability* of danger sufficient: it ought on the other hand to be shewn that *none is* probable.

They notice Mr. Dundas's reference to Governor General's Letter; have given it all due

69

due attention; its object to recommend a permanent system of regulation of private trade on plan of October, 1798.

Court's order of May, 1798, occasional only, arising from a particular fact.

Bengal government had in 1797, allowed two country ships to come home laden on *account of the owners*: Company thought all qualified persons, though they were not owners, should have equal chance of freight, ships being first let to Company.

Merely temporary, to protect freighters—not decisive of the question—Company looking to a future adjustment.

Into Governor General's actual adoption of the October plan in 1798—9, or the May plan in 1799—1800, Committee need not now enter; their immediate concern being with his recommendation of a systematic and permanent establishment, upon the principles of October: that is, in other words, (the Committee say) that the privilege, hitherto in Company's discretion, shall become a right, and without limitation as to extent.

This is the main question discussed in Committee's first report, upon which they differ from Governor General; and also, though less, from Mr. Dundas: between whose views there is much discordance. Governor general argues from the restraints, &c. of the merchants, increase of the trade, advantage to India and the state, dangerous rivalship of foreign trade, and reduction of it by granting indulgence to our merchants.

Topics all urged before, and considered in Committee's former Report, who see nothing in

Governor Général's letter not already adverted to by them. Some new circumstances: but objections to enlargement not sufficiently weighed and followed into consequences: unnecessary to go into all his reasonings, but (meaning no disrespect) will confine themselves to the following: 71

As to the nature and extent of the trade, the Committee hold the only legitimate object of enlargement, to be the remittance of British fortunes, and returns for manufactures: Mr. Dundas's Letter, April 1800, and act of 1793, go on the same principle, as stated in Court's 11th resolution, respecting danger of employing British capital, acceded to (as well as 1st. resolution) by Mr. Dundas. Governor General on the other hand asserts, it may be employed without danger, and goes on to shew its advantages: he also argues, that British agents need not be increased, and implies, that other residents in Britain besides manufacturers, might become parties in the Indian trade. 72

This then is the great point of difference between Governor General on one side, and Mr. Dundas and the Court on the other.— Committee are still of opinion, that transfer of British capital would lead to colonization—the question ought therefore to be solemnly tried by the Company and the nation.

Court have already seen insuperable obstacles to the admission of Indian shipping, as explained in Committee's 1st. Report: they will only repeat the difficulty of excluding London ships and merchants: who might in that 73

that case as well be admitted—it is not the country of the ships, but enlargement of communication; that is the essence of the objection.

Respecting the trade of foreigners, the Committee lament the increase the Governor General has shewn in 1799—1800: but this does not prove, that Indian ships and British capital ought to be employed: merchants have insisted on the alarming increase of foreign trade, but Committee have shewn, that it decreased from 1795—6 to 1798—9—American fluctuated, and foreign exports from Bengal in 1798, not more than 30 years before: fair therefore to call it a trade of contingencies, arising from war.

Repeat Governor General's statement of American and Portuguese trade in 1799—1800; *viz.*

74	Average of 1796—7		Imports 17 lacs : Exports 27
	1797—8		
	1798—9		
	1799—1800		
	Excess of last	-	
		81	71
		64	44

As however there was a progressive decline in the foreign trade in 1796-7, 1797-8, and 1798-9, it is proper to compare the state of that trade in 1795-6 and 1799-1800. *viz.*

Hamburgh Copenhagen Lisbon America	Imports		Exports	
	1795-6	1799-1800	1795-6	1799-1800
	32 lacs	92	66	81

Thus

Thus it appears,

1st.—Foreign exports 1799-1800, exceed 1795-6 near 15 lacs: total increase of the trade compared with five years preceding.

2d.—Foreign exports 1795-6 nearly doubled foreign imports; consequently Bengal paid so much more than it received—difference probably British clandestine. In 1799-1800, imports exceeded exports 11 lacs—first year of balance being in favor of Bengal.

3d.—Excess of imports 1799-1800 over 1795-6 about 60 lacs, $\frac{3}{4}$ ths specie, most advantageous import.

4th.—Increase of Portuguese trade in 1799-1800, owing to increased demand for India goods in Brasil, Spain, and Spanish America. American increase to additional consumption there, and supplies to West-India islands, and Spanish South America: this *bona fide*, and if checked by us, during war, our importations to London would not reach those places, but add to clandestine.

75

5th.—Committee having shewn that foreign trade has fluctuated, submit whether one great year calls for extraordinary measures; and doubt whether the enlargement proposed would diminish it, neutral nations having advantages from their character, needing no convoys, and less expence in shipping, navigating and insurance: import duties in their ports less: cannot hope therefore to supply them through London: or if we did add the present foreign to our private, would not their bullion still find commodities in the infinite produce of India?

E

Time,

Time, too, unpropitious for increase of importation, all ports on Continent shut against us : better wait till peace for regulation.

Still, the Committee admit, the state of foreign trade requires attention — Americans violate the treaty—our duties should be modified. We might then confine foreigners to their own capitals.

76 Committee repeat, that even if every facility was granted to British residents, this country would not be infallibly secure of their trade : consignment to foreign ports might be more profitable : where would *then* be the benefit to the Company and state, of the sacrifices the former had made ! Look to the example of America.

Existing restrictions are not to prevent exportation of Indian produce to foreign Europe, but through British residents on their own account : little regarded, witness the open and familiar term of *Anglo Danes*.

Reporter of external commerce of Bengal says, (1799, 1800) “ When merchants found “ their own shipping, not at bale went to “ foreign ports, whereas, if that had not been “ permitted, shipments in *Anglo Danish ves-* “ *sels* would have continued : merchants will “ run risks rather than let ships rot.”

77 Committee submit this to Courts' attention and animadversion.

The 25 lacs of rupees per annum, that the Committee have stated as the average of clandestine, is to be understood as the amount of British fortunes sent in foreign channels.

Of the remaining 31 lacs, of neutral trade, part may have been carried on with British capital :

capital : in as far as this adds to the argument drawn from the amount of the clandestine trade, it subtracts from that urged from the increase of the real trade of foreigners.

Committee do not fear foreign intrigue and influence like Governor General—not so dangerous now as when they possessed settlements, &c.—not a foot of land in India now in hands of foreigners, except Portugal and Denmark—our dominion compleat, and no danger, if care taken : Americans, Danes, and Portuguese do not seek Eastern power : the French alone formidable : employ precautions against them.

78

Thank Marquis Wellesley for preventing resort of foreign military adventurers—not so easy now as when they had forts, &c.

Governor General would not support the plan, if he saw the consequences, and felt the same apprehensions the Committee do : but though acquainted with the general principles of commercial policy, his situation has not permitted him to view the change with the lights the Directors possess.

The Committee sum up their objections to admitting the required privileges: colonization, intercourse, admission of British merchants, abolition of restraint, and forms of the India House : setting up a new commercial Company : power of private traders (who now make considerable movements) and their influence on India stock, which may change the character and complexion of the Company.

97

Too late to stop the progress of innovation when large capitals embarked, &c.

The

80 The Committee conclude, with stating the extreme delicacy and difficulty of their situations, the anxious and arduous task they have had : profess that they, and the Court, have never acted from a narrow jealousy of the Company's monopoly, or from timid views, but from regard to the rights of their constituents, and considerations of national policy : fear their servants abroad may think otherwise ; but trust their regard to the present system will not be lessened, or the authority of the Court be exposed to derogation : no change of system could place the British inhabitants of India on a better footing than the present.

81 The Committee deprecate opposition, and apologise for this digression, though connected with that question, which involves the permanence, or the gradual supercession of the present system of Indian policy.

East India House, April 2, 1801.

A List follows of Papers referred to in the Proceedings of the Committee, which lie at the India House for the inspection of Proprietors.

F I N I S.