THE ABOLITION

OF THE

EAST INDIA COMPANY'S MONOPOLY,

1833.

BY

D. EYLES.
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MONEY, WEIGHTS ETC. USED IN CANTON.

Spanish Dollar (£) originally worth 4/2d; during our period its value varied according to exchange rates.

Transactions were reckoned in taels: a tael was a hypothetical silver coin.

1 tael = £ 1.38 = 6/8d
1 £ = 5/-
1 Rupee = approx. 2/-

1 Picul or Pecul = 1,600 tael weight or $133\frac{1}{3}$ lbs.
Sycee silver = silver ingots in the shape of a shoe.

ABBREVIATIONS.

I.L.B. = India Letter Book.
CHAPTER I.

INTRODUCTION.

A. THE EAST INDIA COMPANY.

The United Company of Merchants of England trading to the East Indies, often referred to as the Honourable (English) East India Company, consisted of stock holders or Proprietors, as they were called, whose possession of East India Company's stock entitled them to vote in the General Court of Proprietors. This General Court met from time to time to give approval to or criticize those whom it appointed to carry on the day to day business of the Company. The General Court of Proprietors elected a body of 24 Directors to manage the affairs of the Company, and as time went on the power over the Company's affairs passed from the Court of Proprietors to the Court of Directors. Qualification for election to the Court of Directors depended upon possession of a certain amount of Company's stock and the support of a sufficient number of votes in the General Court. Directors were elected for a term of four years and then were
ineligible to serve for one year. In practice, by the Nineteenth Century, the Court of Directors consisted of 30 Directors of whom six were out of office for a year in turn. The Court of Directors chose a Chairman and a Deputy Chairman often known as the "Chair" and the "Deputy". It was usual for the Deputy to be the Chair for the following year. The work of the Court of Directors was usually divided between a number of Committees.

Through the years, as the Company became more and more important as rulers of vast Indian Territories, they lost some of their independence and had to accept a certain amount of Government control. This was exercised by a Minister of the Crown presiding over a Board of Control for India, exercising a measure of control over the activities of the Court of Directors.

The Company had a vast organization in London, controlled from their headquarters, the India House in Leadenhall Street, consisting of docks and warehouses. They possessed a large fleet of specially built and equipped vessels known as East Indiamen and they hired additional vessels as required. They traded to and from India as long as their monopoly of the Indian trade continued; and for an even longer period, until the end of their monopoly of the China tea trade, they traded to and from China. They were also the sovereigns of a very considerable portion of India, and possessed their own army in that country.

B. CONDITIONS IN CHINA.

The East India Company delegated the management of its affairs in China to a Select Committee of its Super-cargoes
stationed at Canton, who chose a President or Chief from their number to be their representative in dealings with the Chinese. During the shipping season the Company's Supercargoes resided in their factory on the outskirts of Canton, withdrawing when the business of the season was completed, as did all other foreigners, to the settlement of Macao. Western traders at Canton were only supposed to deal with certain Chinese merchants. These Chinese firms or Hongs formed a Co-Hong or closed corporation, almost like a medieval gild. No ship could unload its cargo for sale or take cargo on board until it had been "secured" by a Hong Merchant. The Hong Merchant who became security for a ship was responsible for its debts, business contacts and the conduct of its crew. The City of Canton was governed by two officials; a Governor or Fuyuen, and over him a Viceroy who also controlled the Governor of the surrounding Province. The official who controlled the Customs system was known as the Hoppo, and he was the official who most often came into contact with the Company's Supercargoes. Tea, silk and certain other specified goods could only be bought through the Hong Merchants; other minor articles could be bought from outside merchants or shopmen. Mandarins were Chinese officials of high rank. Each ship arriving at Canton took on board a linguist or interpreter and a comprador who was a ship's chandler or purveyor of supplies. A "chop" could be the official permit allowing the departure of a ship from Canton, or a letter, or a sample or consignment of goods, particularly of tea.

The Company were not the only Western merchants trading at Canton. There were many other foreigners, Americans, Dutch,
Portuguese, Spanish and many British who were not members of the East India Company's establishment; these were known as the private English. There were also many merchants of India and the Malay Archipelago who were concerned in the coast trade between India and China and which was known as the Country trade.

The China trade of the Company consisted of importing Western manufactures to Canton where they were sold to the Hong Merchants. There was no great demand for these goods so the cost of the teas purchased by the Company from the Hong Merchants had to be made up by payment in silver. At one time the Company had imported dollars into Canton, but they soon found that the silver could be acquired in other ways from the Country trade. Though few Western goods were acceptable in China, the products of India found a ready market there. These were imported in some small part by the Company, but the bulk of Indian products were taken to Canton by the Country traders who paid the silver they obtained for the sale of their goods into the Company's Canton treasury, receiving in exchange Company's bills which were payable in India. Of the Indian products which met with the most success in China was opium. The importation of opium was forbidden by the Chinese Government. It was grown by the East India Company in India and sold by auction to private traders, who smuggled it into China. The profits of the opium trade were considerable, and the takings which were in silver were paid into the Company's Canton treasury and used to buy tea which was exported to England.

The profits of the tea trade were used by the East India Company to help their Government in India to balance its
budget, and this was used as one of their chief arguments for the continuance of the China monopoly; if it was abolished, they claimed, then the Government of India would find great difficulty in financing its governmental activities. The Company had always found difficulty in securing remittances from India to England to provide returns for the manufactured goods they were able to dispose of in quantity to the natives of India. In its simplest form the Company's trading system consisted of exporting British goods to India; India could not find satisfactory remittances to England; but instead she sent her own products to China through the Country trade; the money which these products earned was paid into the Company's Canton treasury in return for Company's bills payable in India; the Company used the money in the Canton treasury to buy teas which were sold at a profit in London, thereby paying for the British goods sent to India.

C. OPIUM IN INDIA.

The Government had always controlled the cultivation of opium in Bengal. Ryots wishing to cultivate the drug had first to secure permission from the Government and to place all their crop at the disposal of the authorities\(^1\). By such methods, up to the first few years of the Nineteenth Century only a small quantity of opium was produced, and this was sold at auction by the East India Company to the private traders who smuggled it into China. As long as the quantity cultivated was small the

\(^1\) Owen: "British Opium Policy in China and India", page 47.
drug could command a high price. Eventually competition arose from inferior opium, produced in the Malwa area, beyond the Company's control, and exported via Portuguese ports.

Increasing quantities of Malwa though inferior in quality began to oust the dearer Bengal opium from the illicit China market. Eventually the Bengal Government was compelled to take action, so about 1820 they started to buy up Malwa opium, hoping to deny it to the private traders. This only resulted in increased production of Malwa opium, while attempts to block its export from India failed. Eventually in 1830 the Company gave up its attempts to buy the complete Malwa crop, instead they allowed it to have access to the sea through their own territory, in return for the payment of a small transit duty of about 175 rupees per chest. Traders in Malwa opium quickly realised that it was much cheaper and easier to pay the Company's transit duty than to face the uncertainty and high cost of smuggling it through Portuguese territory. The Government also derived a large and useful revenue from the transit duty on Malwa opium.

This was the situation when the Company's Charter, which gave them the monopoly of the China tea trade, drew near its time for renewal; many interests in Britain and the Far East demanded the abolition of the monopoly.

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2. Owen: "British Opium Policy in China and India", page 89.
3. Ibid., page 101.
CHAPTER 2.

THE HISTORY OF THE EARLY STAGES
OF ABOLITION (1793 - 1813).

THE CHARTER ACT of 1793.

The negotiation of this, the first of the three Charters which were to whittle away and finally abolish the Company’s trading monopoly, was quite brief; the affair was commenced by a letter from Dundas, President of the Board of Control, dated 14 January 1793, in which he reminded the Chairman that the Company’s Charter was due for renewal and that he had already given notice that he was about to introduce the matter in the House of Commons. It was practically closed by a minute of the Court of Directors, dated 1 May 1793, admitting that the Court had little objection to the proposed Bill. The whole affair had taken less than four months, while the later Charters of 1813 and 1833 were to take very much longer.

1. NATURE of ATTACKS on the COMPANY.

There had been no attempt to found a rival company
since the junction of the old and new companies in 1702; indeed, the idea of setting up a rival to the East India Company had fallen out of fashion. Traders now seemed willing to accept the situation but begged to be allowed to share in some of its benefits. It was, perhaps, an echo of the principle of the sacredness of private property which, together with the threat to the Constitution, had proved such a lever in the rise of the Younger Pitt, and had overthrown the attack on the rights of the individual envisaged in Fox's India Bill, which was so fiercely rejected. The new movement came, not so much in the form of an attack on the Company as in a demand for a share in the benefits they could offer. The demand was made by manufacturers rather than by capitalists whose main interest had been in "putting up" the money for ventures. There was probably a reluctance to form corporate trading bodies of the size and wealth sufficient to challenge the position of the East India Company.

Some people had already contrived to share in the Company's ventures by buying up spare space in their ships, usually by purchasing some of the "privilege" cargo space of members of the crew of an East Indiaman. Captains and officers were quite often willing to sell the tonnage allotted to them for the voyage. The Company themselves were quite willing to fill up with whatever cargo that might be available from private sources, if they did not have a full cargo on their own account. Unfortunately there was not enough cargo space available in the Company's ships to satisfy the demands of the private traders; moreover, they complained that the freight charges were far too high, and maintained that if they were permitted to provide
their own shipping they could convey their goods at a considerably cheaper rate than that charged by the Company. The manufacturers were also beginning to suggest that they would rather like to trade on their own account, and here we see the beginnings of the attack on the Monopoly of the Indian trade which came to a head in the negotiations for the next Charter. Dundas, in a letter to the Chairs, dated 16 February 1793, refers to these demands:

"The essential objects to which I have referred, can only be accomplished by the East India Company affording additional tonnage adequate to the exports from Britain and Ireland, and to the imports from India; and this must be done at a Rate of Freight so reasonable as to satisfy the Merchants and Manufacturers of this Country, that the effect of the Monopoly of the East India Company is not calculated to bring an unnecessary and, of course, an unjust Burthen on the Manufacturing Interest of Great Britain and Ireland. And I have the less difficulty in holding out this idea, because it is obvious, if the Trade of the East India Company is conducted on true Commercial Principles they can afford to be the Carriers both of European and Indian goods cheaper than any individual Merchant or Trader can on his own private Capital." ¹

Not all the producers and manufacturers wished to supplant the Company. Lord Falmouth and several other people who were interested in the Cornish Tin Mines wished to sell their tin to the Company or, failing that, to be allowed to send it in the Company's ships to India where it might be sold on behalf of the Cornish merchants. They were quite willing that the sums realised

from the sale of the tin should be returned to England either by Company's bills or else in the form of Indian raw materials. In a letter dated 22 March 1793 Dundas informed Lord Falmouth that the Company had agreed to buy and export up to 800 tons of tin at a cost of £72 per ton. Should the Company find difficulty in selling all this tin in their Indian and Chinese markets, at the end of each successive four-year period they were to be allowed to reduce the annual amount purchased by as much as 400 tons. The Company's willingness to co-operate with the Cornish merchants was probably due to the fact that they felt tin would be a very saleable commodity in the East. 2

The merchants of Exeter were very perturbed about the existing state of affairs, complaining that their trade would be ruined by the continued export of long ells to China by the Company. The Company's export of long ells had risen from £60,000 to £400,000, causing a great demand for the article which had encouraged neighbouring states to enter upon its manufacture. This affected Exeter and its woollen industry in two ways. First of all many of these states which had now taken to making their own long ells, and a surplus for export, had originally been supplied by Exeter, consequently Exeter had lost these markets. Secondly the Company were now buying long ells for Export to China in the unfinished state and were not now so interested in the long ells of Exeter which were always supplied in the finished state. Unfortunately we are not told what the

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2. Charter Negotiation Papers 1793. No.3. V & VI associated with Lord Falmouth were: J. St. Aubyn; F. Bassett; F. Gregor; Wm. Lemon; Chris Hawkins; and Phil. Rashleigh.
outcome of this memorial was.  

Dundas also had occasion to ask for the Company's views on the South Wales Fishery Adventurers. The Chairman replied in a letter dated 9 March 1793:

"The persons who follow that pursuit are not the most regular in their conduct, of which we have lately had a most shocking instance, that I am satisfied that the privilege which they enjoy, at present, under the permission of the Company, cannot be extended without extreme danger to India, and to the trade with China."  

A reply which seems to have satisfied the Minister because he took no further action.

Another quarter from which attacks were beginning to come was Manchester. In a conversation between Pitt, Dundas and two Manchester delegates, Gregg and Frodsham, the Minister made it clear that the evidence used by the delegates to urge a reduction of the Company's freight charges was incorrect, and he pointed out the special demands made upon the Company's shipping which required a special and rather expensive design of vessel, which would naturally tend to make their freight charges a little higher than those of the shipping which, if the Charter permitted, could be used by private merchants. He also pointed out that the Company had to impose certain import and export duties to cover the cost of the harbour facilities which they supplied. Dundas was very emphatic in stating that the China trade could not be

4. Ibid. No.3. X Chairman to Dundas. 9 March 1793.
opened, and that it must still be carried on by the Company's and the Country ships. At a meeting with other Manchester delegates a demand was made that Indian cotton manufactures should not be sold by the Company, but Dundas did not feel that this was justified; and to a request that the Company should import a given quantity of fine cotton wool the Minister gave an assurance that they would, but he decided to keep the control of the buying, both of the Company and the free merchants under the control of the Indian Government.

Very definite dislike of the Company's monopoly was disclosed in a letter to Dundas from the Chairman of the Glasgow manufacturers. They disapproved of an exclusive charter but, if certain conditions should be fulfilled, they were willing to accept the Government's view that such a charter was necessary. They felt that 20 years was too long a time for such an exclusive charter to operate. They also wished the Company's import of piece goods to be limited, and that steps should be taken to prevent the export of cotton machinery to India. They suggested that merchants ought to be allowed to trade with their own vessels within the areas of the Company's Charter, but when they entered the ports of the Company they ought to pay the same duties as those payable by foreign ships, and further, that this trade should be confined to the Port of London and the cargoes discharged or loaded at the East India Company's wharfs. In fact, though

5. Charter Negotiation Papers 1793. No.3. XII Conversation between Ministers and Manchester delegates.
7. Charter Negotiation Papers 1793. No.3. XVII John Dunlop, Chairman of Glasgow Manufacturers to Dundas, 19 March 1793.
accepting the exclusive charter as a necessity, they were actually commencing to demand that others ought to be allowed to share in part of its benefits under control, with a view to preparing the way for a more complete opening of the trade.

Two important points emerge from all these attacks and comments on the Company's monopoly; a desire to partake in what was believed to be an extremely lucrative trade and a wish to prevent undue and unfair competition. An examination of the Company's commercial returns does not suggest that the trade was excessively valuable and profitable, but it was not the Company's official returns which excited the imagination of the manufacturers and the free merchants; instead, what did intrigue them was the unofficial trade, so often referred to as the Clandestine Trade. This, as its name implies, was secret and furtive, hiding away the transference of private fortunes made, against the strict letter of the regulations, in the Company's service. These ill-gotten gains were sent to Europe by devious routes. This Clandestine Trade was very extensive, and two of its chief abettors were the Danish East India Company and Ostend. Pitt's Commutation Act had been to a great extent responsible for the interest of the Danish East India Company in this secret trade by destroying that Company's China trade, which had mainly consisted of smuggling teas into England. Once this was stopped by the Commutation Act the Danish Company found it convenient and profitable to accept the funds of servants of the English East India Company, use them for trading ventures in the East and ship the proceeds, whether goods or bills, to Europe. The British
Consul at Ostend estimated the value of the illicit Indian trade of that Port, in 1790, at £100,000, and this may well have been a low estimate. The manufacturers of Britain were annoyed at the competition afforded by the arrival of Indian manufactures which competed with their own, while the merchants of Britain resented the monopoly which prevented them from entering upon and improving such an attractive trade.

2. PROPOSALS and the COMPANY'S VIEWS ON THEM.

The Company, in reply to Dundas' suggestion of 16 February 1793 offered to provide each year four ships for Bengal, two for Madras and two for Bombay, each of 800 tons or of a tonnage equivalent to that, so that the manufacturers of Great Britain and Ireland might have their products shipped to India. They demanded £10 per ton for the freight. After some discussion the Minister proposed and the Company accepted:

"That the Company be laid under an obligation to provide at reasonable rates of freight, between the 31st day of October in each year and the 1st day of February in the following year, not less than 3000 tons of shipping, for the purpose of carrying out to India the private trade of Individuals, and for bringing back the returns of the same, and the private Trade of other persons who shall be lawfully entitled to import the same into this Kingdom; and that further Regulations shall be made for

10. Ibid. No.1. VI. Court of Directors to Dundas. 16 Feb., 1793.
augmenting the said quantity of tonnage, as circumstances may require." 11

The cost of the freight in peace-time was not to be more than £5 per ton to India and £15 per ton from India, the total cost of the double journey not to exceed £20. If the full private trade tonnage was not required, the Company were allowed to use the available cargo space themselves. But should there be a demand greater than 3000 tons, then the space was to be allocated to the applicants on a proportional basis. Another interesting change was made to allow the Company's servants in India to act as agents for the private trade. In spite of these innovations some merchants and manufacturers continued to object to these conditions of freightage and this was to be a source of complaint when future charters were discussed. 12

The Company were allowed to continue in the exclusive trade for another 20 years, but it was liable to be thrown open if notice should be given three years before the Charter expired. 13 The Minister, however, had stated categorically that the China trade could not be opened and that it must remain solely in the hands of the East India Company. 14

The Company, aware of some of the criticism directed against their position, had shown themselves willing to move with the times and had offered to assist the manufacturers by exporting

some of their wares and by suggesting that the manufacturers
should not be put to the trouble of becoming merchants in India
for the sake of bringing home imports, because the Company could
give them bills of exchange in return for their money. The
Directors maintained that they had been most helpful in their
efforts to assist the sale of English manufactures in India. This
attitude was dictated by two factors, first, a genuine desire to
help the manufacturers and to find, if possible, some marketable
commodity which would help their own financial system in India
and secondly, a growing feeling that if some limited concession was
not made they might ultimately be faced with a demand for the
opening of the trade. The East India Company differentiated
between the import to London of raw materials which would be of
benefit to the Home manufacturers, and merchandise which could
form a revenue for the Company and also serve as a form of
remittance. Merchandise, therefore, ought to be confined to an
exclusive Company lest it should act as a threat to the financial
stability of the Company. They also expressed a fear that any
considerable encroachment upon the exclusive nature of their
trade might, by slackening the means of control, lead to a con-
siderable amount of trade falling into the hands of foreigners
and so by-passing London. They were particularly anxious to
retain the trade in Piece-Goods in their own hands.\textsuperscript{15}

The Company were surprised that mention of the Clan-
destine Trade should be a factor in leading to the suggestion of
an ultimate opening of the Indian trade.\textsuperscript{16} Dundas replied,

\begin{itemize}
\item \textsuperscript{15} Charter Negotiation Papers, 1793. No.5. Report of Committee
of Correspondence, 1 April 1793.
\item \textsuperscript{16} Ibid., 1 April 1793.
\end{itemize}
stating that in the earlier discussions he had not realized the importance of this factor. He now thought the Clandestine Trade was extensive enough to become a serious factor in the negotiations. In connection with this he feared that it would be most unjust to deny to the private traders the opportunity to import Piece Goods, because, if they were not allowed to do so, the Clandestine Trade would import them without fear of competition. But if, however, the private traders were allowed to import Piece Goods, then they would reach London in the ships of the East India Company, as did the Piece Goods of the Company, and this would provide an alternative supply to that of the Clandestine Trade, which, finding strong competition, would soon cease to trade in Piece Goods. In this manner the private traders could import Piece Goods in the Company's ships, provided their imports were not likely to damage the Company's own trade in Piece Goods, a trade carried on mainly for its remittance value. Eventually Dundas accepted the wishes of the East India Company and restricted the importation of Indian Callicoes, Dimities, Muslins or other Piece Goods made from silk or cotton to those imported by the Company or those licensed by the Company. In such a manner did the East India Company forestall the first slight cracks in the fabric of their monopoly for another 20 years.

Closely connected with this question of an increased

participation in the trade by Home manufacturers, and the nature of the Clandestine Trade was the position of foreigners and foreign companies in India. The East India Company maintained that they had to rely upon the consumption of Indian goods and materials by foreign countries and foreign trading companies. They expressed a fear that the new regulations advocated by the supporters of an open trade would enable Europe and America to obtain Indian goods without those goods first passing through London; this would reduce the importance of London as an emporium as well as reducing the value of the Company's remittance. The East India Company were, by now, well aware of the difficulty of finding materials to serve as a remittance and they saw a danger to themselves in an increased export from India; they could control whatever trade passed through their hands and they were determined not to lose that control, though they realized that they could not control foreign trade because India was not a Colony and therefore not subject to the Navigation Acts or else foreigners could have been prevented from trading with India. Dundas accepted these arguments and also allowed British subjects to act as agents for foreigners in India:

"But this manifest advantage arises from their being British subjects; that they are under the license and control of the British Government in India; and it must be recollected that through the whole of these negotiations, whether verbal or written,


21. Navigation Acts, if applicable to India, would have seriously limited the carrying trade of foreign concerns trading to India; and would very probably have led traders to smuggle goods from British India into other parts of India where foreigners were at liberty to export freely.
I have ultimately stated this as essential to the character of such agents. And here permit me to observe that I am not now proposing to introduce any new practice in the conduct of Indian trade, for whether it is the fair trade of foreigners, or the clandestine trade of British subjects or of Natives, the subjects of our power in India; I am, therefore, only contending for the legalising of a practice already existing.\textsuperscript{22}

With regard to the financial aspect, the Company stated that their gain was far smaller than was generally believed, for they gained nothing from their Indian revenues, while the view that their trade was lucrative was entirely wrong because they could receive no more than their Dividend which was limited by Act of Parliament. The little which they did obtain:

"Must arise altogether from commercial resources, the extent, however, is limited; for if the trade produces more than sufficient for their dividend, the surplus is to be applied to general purposes and for the present, towards the liquidation of their political debts."\textsuperscript{23}

They protested with little effect against the financial proposals. The Minister proposed that revenues from British territories in India should be applied according to the following priorities:

1) To defray the expenses of military establishments, forces and stores.
2) To paying interest on debts in India.
3) To defray the expenses of the civil establishments.
4) To provide for the Company's Investment, in India and China.
5) To increase the advancements made to Commercial Boards as debts are discharged.

\textsuperscript{22} Charter Negotiation Papers 1793. No. 7. Dundas to Chairman, 15 April 1793.
\textsuperscript{23} Charter Negotiation Papers 1793. No. 7. Committee of Correspondence, 17 April 1793.
It was arranged that the Indian Debt was to be remitted Home at the rate of £500,000 p.a., the Governor-General-in-Council, if need be, to raise money for this purpose.

Turning to England, the Minister proposed that the net proceeds of the Company's sales in London should be applied:

1) To the payment of a Dividend of £10 p.a. on Capital Stock.
2) That £500,000 p.a. should be paid towards the reduction of the Indian Debt until it should be reduced to £2,000,000.
3) To pay £500,000 to His Majesty's Exchequer. When the Indian Debt has been reduced to £2,000,000 and the Home Bond Debt to £1,500,000, the surplus (after paying the Dividend, £500,000 p.a. to the Exchequer and any deficiency on the latter) to be disposed 1/6 to the Company for its own use to augment the Dividend, the remaining 5/6 to be paid into His Majesty's Exchequer and to be used as collateral security to the Company for the Capital.24

The Company were, however, quick to point out that it might be many years before they received any benefit from the 1/6 surplus and, indeed, the outbreak of the French Wars completely altered the prospect and only one sum of £500,000 was ever paid into His Majesty's Exchequer.

Other provisions allowed the Company's servants to lend money to foreigners, gave the Company control of Piece Goods, and fixed the duration of the Monopoly and the Charter at 20 years; the trade to be opened at the end of this period if three years prior notice should have been given.25

The significant features of this Charter were the opening of a door towards a free and open trade by the setting aside of a portion of the Company's shipping space for the use of the free

25. Ibid.
traders, and an indication by the Minister that he was considering closely the possibility of abolishing the Monopoly.

THE CHARTER ACT of 1813.

The preparations for the renewal of this particular Charter were spread over a much longer period, extending from September 1808 when Dundas, at the Board of Control, wrote to the Chairs suggesting that they ought to consider the steps necessary for the renewal of the Charter, to June 1813 when the Court accepted the new Charter, with reservations. Many reasons might, in justice, be assigned to the long period of negotiation, not least being the distractions of the long Continental wars, which were, from time to time, bound to distract the attention of Ministers from commercial discussions; the steady improvement in British manufacturing methods which led the new industries to seek fresh markets for their rapidly increasing products and, perhaps, a growing fear that the end of the war, though opening the Continent to British manufactures, might also prepare the way for competition when Europe, freed from war, attempted to compete for world markets.

Though Dundas opened the question of the renewal of the Charter so early, little was actually done until March 1812. In April of that year there was a change of Minister, the Earl of Buckinghamshire succeeding Dundas (now Lord Melville) as President of the Board of Control.

1. DEVELOPMENT of NEGOTIATIONS.

The Directors replied to Dundas' suggestion that it was time to start considering the renewal of the East India Company's
Charter by intimating that they saw little need for change in the control of the Indian Government, the monopoly and the Indian Army. They felt sure no-one would dream of disputing their right to the territories which they had acquired at such a cost. They complained that the long European war, which had broken out since the 1793 Charter, had upset some of its propositions and weakened the financial condition of the Company. It had operated with disastrous effect upon their trade, curtailing their commercial profits; the campaigns it had compelled them to undertake, by which the Nation had benefited, had increased the Indian debt and they felt it was only fair that the Nation should be asked to help in the liquidation of these debts.26

Unfortunately this special pleading was not sufficient to forestall criticism, and Dundas, in his reply, revealed that there was considerable opposition to the Company's monopoly from certain quarters. Having agreed that the Public ought to help in the reduction of the Indian debt, he declined to consider extending the term of the new Charter beyond 20 years. He then went on to make it perfectly clear that there would have to be an alteration in the monopoly of the Indian trade:

"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 dominion of the Emperor 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."²⁷

He did, however, mention that the Company would still be allowed to control the settlement and residence of British subjects within those territories. Dundas caused further consternation by proposing to remove local jealousies by consolidating the Company's Indian Army with the King's troops, though the Directors would still be able to nominate cadets for commissions in the Indian Army.²⁸

They were unable to put forward a really effective defence of their Indian monopoly. They claimed that they deserved consideration for their efforts in the past to interest the natives in British manufactures; they tried to discourage the opening of the trade by painting a gloomy picture of the trade and representing it as not worth the opening. Its deterioration they attributed to the effects of the great wars, the increase of European manufactures and the slender requirements of the Indians. Indian raw cotton was not in great demand because it was inferior in quality to American cotton. The Company claimed that their main interest in the trade was as a means of remittance. They felt the demand for opening was based upon incorrect knowledge of the trade and as proof of the inadequacy of the trade they pointed out that in accordance with the terms of the 1793 Charter they had provided

adequate shipping space for the private merchants, but very little of this space was ever taken up by the private trade. As though conscious of the weakness of their argument, the Directors then referred to the possible results of opening the Indian trade. There would, so they feared, be an increase in demand and a disturbance of existing prices which would upset the Company's financial policy, imperil the future of their shipping and threaten the position of London as an emporium. Grasping at straws they expressed a fear that though the China monopoly was to remain, it would be in considerable danger from the threat of encroachment by free traders in Indian waters who might act as interlopers and upset the touchy Chinese authorities, thereby imperilling the tea trade.  

Dundas, now Lord Melville, repeated that the Indian trade would have to be opened to private merchants and that it would be conducted by them in ships of their own or in vessels hired by them. From this proposal the Government was not willing to depart and if the East India Company accepted it they could then go on to discuss other points connected with the proposed Charter. He did, however, have doubts about the wisdom of transferring the Company's army in India to the Crown and expressed a willingness to discuss this aspect again at a later date.  

After an interval of nearly three months the Chairs replied to Melville, agreeing very reluctantly to consider

30. Ibid., Melville to Chairs, 17 December 1811.  
31. Ibid., Chairs to Melville, 4 March 1812.
the opening of the Indian trade and expressing a fervent hope that the importation of goods from India would be confined to the Port of London. They reminded the Minister that the final decision would have to be placed before the Proprietors, who alone could consent to such a fundamental change in the constitution of the Company. The exclusive trade had been one prop on which the Government of India and the welfare and security of that Country had rested, now there was a danger that the other main prop might also be weakened if the military powers of the Company were to be impaired in such a manner as to hamper the Company in continuing to play the part which had been so long assigned to them. The Chairs then proceeded to draw the President's attention to the many military ventures undertaken by the Company's forces, ventures which had cost the Company much money and involved them in considerable debts. Many of the fruits of these feats of arms were dispersed by the British Government in such a way that the Company received no benefit from them, and their labours were rendered, not merely fruitless, but very expensive. These extra financial burdens had placed the Company very much at the mercy of His Majesty's Ministers and they felt that the Nation, which alone derived benefit from these costly military exploits should bear some of the cost, and remarked:

"It has been argued, that the Company have been favoured,  

32. On the other hand, the Company did, from time to time, receive financial help - see Basil Williams "The Whig Supremacy", page 343, where he relates that in 1758 Pitt granted the Company a subsidy of £20,000 p.a. for the rest of the War.
during these exertions, with an exclusive trade, and that the Nation has thereby lost an opportunity for their commercial enterprises over a large quarter of the globe. It is true that 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?"33 They concluded by pointing out that this trade had produced for the public during the last year £4,213,425 (in customs £759,595; in excise £3,453,830).34

Faced with the almost certain loss of their Indian monopoly the Directors felt it was time to try to regain the initiative in the negotiations, so they drew up a paper of hints to be submitted to the President of the Board of Control by a deputation.35 The Hints suggested that the Company should keep the China monopoly, which should continue to be completely under their control; that the private traders should be allowed to trade with India, but only through the Port of London, and then only under the Company's license.36 This, of course, ran counter to the earnest desires of the outports who not only wished the Indian trade to be accessible to the Industrialists of their own area but were also most anxious that the trade should be brought direct to the outports, and thereby break the monopoly of the Eastern Seas held by the London Shipping Interest which was so closely

34. Ibid.
identified with the East India Company. The Deputation was also to suggest that the size of ships operating in the Indian trade should be at least 400 tons, which caused further dismay among the private merchants. Finally they hoped that the new Charter would be based upon that of 1793.

From time to time the Company had refuted the allegation that the share-holders reaped large financial benefits from the monopoly, pointing out that their Dividend was limited by Act of Parliament, and we find them, at this juncture, referring to correspondence with Lord Castlereagh in 1803, which included a demand that the individual dividends ought to be exempt from the income tax, and requesting that such exemption be granted.37

When the deputation did meet Melville, in addition to the "Paper of Hints" already drawn up, they added a request, that as the Company's Indian Debt was now much larger than in 1793, their new Charter should be for a longer term than the 20 years granted in 1793, in order to give them a better chance to reduce the debt and to improve their financial position.38 Melville, however, was not very helpful. He saw no reason by which the size of ships trading to India should be limited, or why they should not be allowed to proceed to and from the outports. In his view 20 years was quite sufficient for the duration of the Charter, but the China monopoly would remain with the Company.39 He relented a little and allowed the extra ½% Dividend, first granted in 1793, to continue, but he postponed examination of the income tax on

dividends until a later date, and never actually returned to the consideration of this demand. 40

Not every mercantile interest was desirous of overthrowing the Company's monopoly; there were certain sections of the community which saw in its continuance the preservation of their own interests, and one such body was the Tin Mining industry of Cornwall. On 5 March 1812, Melville sent on to the Directors a note from Lord Falmouth and others who represented the Cornish Tin Industry. 41 The letter expressed a very keen desire to persuade the Company to buy for export much larger quantities of tin than they had done previously. The Cornishmen wished the Company to undertake the purchase of 1200 tons of tin annually at a cost 20% below the average London price. The Directors, though flattered by this faith in the future of their organization, showed a realistic business attitude. They pointed out that Lord Falmouth and his associates were too optimistic, that the average quantity of tin which the East India Company were able to sell in the East was 756 tons at a price of £84 per ton. The most, therefore, that they could expect to sell in the course of a year would be 800 tons. 42 There was always a certain amount of competition from the tin produced in the Malay Straits and in the Dutch East Indian possessions which were, at that time, controlled by Great Britain. In the face of this competition it would be impossible for the Company to attempt to dispose of an extra 400 tons each

year; the Directors were well able to refuse the Cornish request for an increased purchase of tin, and they felt so sure of their judgement that they offered to operate an alternative scheme if the Cornishmen insisted. Lest the Tin Industry should feel aggrieved they must remind them that the East India Company had purchased that County's surplus tin for 22 years and, in doing so, had advanced the price of tin on the London market to £171 per ton. The Company offered to buy 800 tons of tin at £80 per ton and an extra 400 tons at £75 per ton; in doing so they would be running considerable risk of having quantities of tin left on their hands. Should this be unacceptable they were willing to ship 1200 tons of tin to Chins, free of freight, where it would be sold on behalf of the Cornish Tin Owners, and in return the Tin Owners would have to pay insurance and expenses. At least the Tin Industry had good reason to uphold the Company's monopoly.

In the following month a General Court met and expressed disapproval of the opening of the trade, and feeling they had no alternative to submitting to the will of Parliament they accepted the situation and drafted a petition to Parliament. On 9th April 1812 the Directors appointed a deputation to meet His Majesty's Ministers. Before the meeting could take place there was a change at the Board of Control, the Earl of Buckinghamshire succeeding Lord Melville as President. The deputation placed before the new President all those arguments already submitted to Lord Melville.

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On 20 April 1812, before a Secret Court of the Directors the Chairman reported the unpleasant outcome of a talk he had had with Buckinghamshire:

"The Court learn from thence that it seems to be the present disposition of His Majesty's Ministers, to extend to the Merchants of this Country the privilege of importing goods from India into all the outports of the United Kingdom, to which the Warehousing Act extends." 46 This was a most unpleasant shock to the Company. In reluctantly accepting the opening of the Indian trade they had fondly hoped that it might be confined to London, or at the worst only the exports from Great Britain would have been allowed to the outports. In their opposition to the extension of imports to the outports the Company received support from two other bodies. The buyers of Piece Goods, who operated in London, held a meeting to express their pleasure that the East India Company were demanding that the importation of Piece Goods should still be confined to London. 47 Because Piece Goods were of a very uncertain value they feared extensive and widespread competition from the outports would bring prices down and force them, the London buyers, out of the trade. The other people to support the East India Company in this matter were the Exporters from London who traded to India and China, largely through the Company's vessels and in conjunction with the Company. 48 They were very much concerned lest the opening of the trade would reduce the

importance of London as a port and emporium. The reluctance to take up the extra tonnage granted by the East India Company in 1793, in their view, proved that the Indian trade was not large enough to meet the needs and optimistic wishes of the outports. There was a danger that by granting these concessions to the outports the coastal trade, which was such an important nursery for seamen, would decline. For a similar reason they feared the great system of inland waterways would fall into disuse. They also maintained that the cargoes destined for India and China, and which were small and varied, could only be properly and cheaply sent from a single port like London. They also feared that the competition from the outports would throw many people in London out of work, and would lead to the closing of many old established firms.

Though a large number of petitions to the House of Commons supported the ending of the Indian monopoly, quite a number were presented opposing the opening of the Indian trade. These represented interests employed by the Company in and near the Port of London, the Tin Industry of Cornwall, and the various areas supplying woollen and other manufactures for the Company's Eastern trade. In all a total of 40 petitions opposing the opening of the trade were presented to the House of Commons, coming from:

East India Company Packers
East India Company Cloth Drapers
Manufacturers of Crediton (Wool)

49. See General Index, House of Commons Journal.
Tiverton
Lord Mayor, Aldermen etc. of London.
Wellington (Wool)
Totnes
Tillet manufacturers and painters of London
Barnstaple and Great Torrington
East India Company Dyers
Clothiers of Gloucester
London rope makers
South Molton
Setters etc. of the East India Company
Trustees of the West and East India Docks Roads
 Merchants of London
Exeter, including a plea for special treatment for their long ells
Modbury
East India Company Ship Owners
Cornwall, Adventurers in Tin and Copper Mines
Manufacturers of Woollen goods in Cornwall, Devon and Somerset
East India Dock Company
Merchants connected with export trade to East Indies from London
West Bromwich, Wednesbury and Darlaston
Birmingham (also one against)
Pilots of London
 Mast makers, sail makers, ship riggers and ship plumbers of London
Ship builders of East India Company's ships
Woollen manufacturers of Newport
London coppersmiths
Inhabitants of Rotherhithe
Tea dealers of London
Rope makers of London
Freeholders of Saint Nicholas, Deptford
Freeholders of Saint Paul, Deptford
 Merchants of Gravesend
Parishes of Whitechapel
Owners of East India built ships
Bocking, Braintree, Coggeshall and Colchester
Commanders of East India Company's ships.

Encouraged by this outside support the Directors made a further approach to the Minister by means of a deputation on 29 April 1812. They stressed that they were only able to govern India because of the assistance the Indian Government received from Commerce, not from any profits of the Indian trade, but from those accruing from the China monopoly. The loss of the Indian trade, in itself, would not be a heavy blow, but the admission of the outports to that trade would place the Company's China trade in the greatest danger; the Company foresaw an increase in smuggling as a result of the license given by the admission of the outports to the Indian trade, which would ruin their tea trade. Any diminution in the profits of the latter would mean a reduction

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in the help given by Commerce to the finances of the Indian Government. While recognising the inevitability of the loss of the Indian monopoly they made a renewed demand that the outports should not be allowed to import goods from India. At a Secret Committee of Correspondence held on 27 April 1812 the Chairman was able to report a slight success. The President of the Board of Control had decided to modify the proposition and confine the importation of Indian goods by the private trade to a limited number of outports, to which the Warehousing Act extended, to import goods from India.

On 12 December 1812 the Directors sent a copy of Resolutions which had been drawn up at a Secret Court to the Minister. In these Resolutions they commented upon the opening of the trade in such gloomy terms, prophesying ruin to


52. Charter Negotiation Papers. 1812-13. Secret Court of Directors, 18 December 1812:

"The Committee taking into consideration the present state of the negotiation with His Majesty's Ministers for the renewal of the Company's exclusive privileges, deem it to be highly important that the sentiments of the Court of Directors, upon the proposition brought forward for admitting the imports from India to the outports of this Kingdom, should be unequivocally known.

The Committee therefore recommend to the Court to pass a resolution stating that the proposition in question is, for various reasons already set forth in the Court's writings, pregnant with ruin to the affairs of the Company, inasmuch as it would render them incapable of performing the functions allotted to them, as well in their commercial as in their political capacity, and that the Court cannot therefore, consistently with their duty to their Constituents, recommend to them the adoption of such a proposition."
the Company, and phrased their advice to the Proprietors in such a manner that the Minister, with some justification, interpreted it as implying an abrupt closure of all discussion; but this the Directors quickly refuted. Buckinghamshire revealed that the original intention of the Government had been to open the export trade to the merchants of London and the outports, while confining the import trade to London. The pressure exerted by the outports, however, soon made it clear that the opening of trade for export was of no value unless import to the outports was also allowed. The Company need have no fear that their China trade would suffer because drastic legislation would, if the need arose, be introduced to prevent smuggling. Though there was strong opposition to the China monopoly he assured the Company that their monopoly of the tea trade was strongly upheld by the Government. He also referred to the position of the King's troops in India. The number required in that Country depended upon local circumstances which were subject to variation, but to avoid unnecessary financial strain on the Company the Government proposed to limit the number chargeable to the Company which were to be maintained in India by a legislative enactment. He also warned the Directors that though it was very convenient to govern India through the East India Company, circumstances might arise which would make alternative arrangements equally feasible.

56. Ibid.
57. Ibid.
58. Ibid.
The Chairman and Deputy Chairman immediately explained to the Minister that the wording of their Resolution was unfortunate and that they did not intend an abrupt ending to the discussions; but they still maintained their dislike to the proposed opening of the outports for importation. 59 Early in January Buckinghamshire, however, made it quite clear that he was not prepared to argue over the points at issue. 60

A General Court of the Company was held on the 19th, 22nd, and 26th of January 1813. 61 Regret was expressed that the patient efforts of the Court of Directors had met with such little success and that His Majesty's Ministers had proved so stubborn and unresponsive, and a detailed statement of the Company's case was made and the benefits conferred on the United Kingdom were listed. Fear was expressed that the proposed measures of Government would lead to the downfall of the East India Company and:

"That the interests of the Company are now become so interwoven with the political and commercial system of Britain, that, by their sudden dissolution, the credit and grandeur of this Country would receive a shock, which must be perilous, and might be fatal; and that the measures proposed by Government are therefore anxiously to be deprecated, inasmuch as they must have the effect of bringing the Company to speedy destruction." 62

On the day after the General Court the Secret Committee

of Correspondence decided to examine the petitions of the outports to which Buckinghamshire had referred in a letter dated 4th January 1813. A fortnight later they made their report. After examining the weighty case compiled by the free traders they observed that the arguments put forth in the petitions:

"Are in a very material degree, the arguments which are directly urged for the abolition of the Company's commercial privileges; and the claims of the outports are contended for, as a part of the entire freedom in the Eastern trade, which is demanded for all the subjects of the Empire."63

In reply to the arguments the Company continued to maintain that there was little Indian trade to be opened because the peoples of India required very few articles of British manufacture; yet they also expressed the view that if the Chinese Government would co-operate by allowing British merchants to open up China there might be, in that vast land, a ready and extensive market for British goods.64 In this last opinion the Directors showed that they had failed to appreciate the real nature of British trade with China; they had ignored the fact that the real British trade with the Celestial Empire did not rely upon selling enormous quantities of British manufactures but that its profit lay in securing and returning to Britain desirable Chinese items of trade which could be sold at a very considerable profit in England and Europe. The Directors, however, returned to the attack


64. Ibid.
and sent a report of the Committee of Correspondence on the subject of the petitions of the outports to the Minister. In it they accused the outports of failing to describe correctly the exclusive trade and of not realising the evils which would arise from opening it. They felt that the free traders were unduly alarmed at the benefits said to be reaped by neutrals in the Eastern Seas, this was quite unnecessary because the only neutral trade to be found there was that of the Portuguese. This picture of the neutral trade in Eastern waters was not entirely correct; for though the war did prevent a free recourse of neutral vessels to these waters the Company's Registers at Canton revealed the arrival of a number of neutral ships, most of whom were American. They stated that the outports had failed to overcome the arguments of the Court against the opening; in this, of course, the Court failed to realise that the King's Ministers had already accepted the arguments of the outports on the opening of the trade. Finally they considered that their arguments against the possibility of increasing trade had been proved since the 1793 Charter. This they based upon the failure of private traders to take up all the 3000 tons of shipping space allotted to them annually by the

65. Table compiled from Morse "Chronicles of the East India Company trading to China" Vol.III:

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Company; but the main reason why it was not taken up was that the Company's charge for freightage was too high. On 17 February 1813 the General Court approved a petition to the House of Commons on the subject of the renewal of their exclusive privileges. They based their request for continued control of the trade not upon desire for gain, but upon the plea that they could still continue to benefit Britain and India. They also sent a petition to the House of Commons desiring the payment of certain sums of money due from the Public for expenses incurred in the defence of India.

The free traders were not the only people to have doubts about the motives and efficiency of the Company, for, on 11 March 1813, the Court received a letter from Messrs. Pellatt & Wilkes enclosing a copy of the Resolutions of the "Protestant Society for the protection of Religious Liberty," deploring the state of idolatry and degradation of India, and objecting to the Company's power to restrict and prohibit Christian missionaries in that Country. The Court, however, were able to evade this attack quite easily by informing Messrs. Pellatt & Wilkes that they felt they could not discuss the subject while it was under consideration in Parliament.

On 24 March 1813 the Court received copies of Resolutions proposed by Lord Castlereagh in the House of Commons two nights earlier. These Resolutions revealed the concrete intentions of

the King's Ministers. The Company were to keep the China monopoly, but the Indian trade was to be opened to ships of over 300 tons. Piece Goods were only to be imported to London, but all other goods could be sent to the outports. The East India Company were still to govern India and, subject to His Majesty's approval, to appoint officials of the Indian Government. The number of Crown troops in India was to be limited, and if a situation arose which would require extra detachments of King's troops, then the cost was to be borne by Parliament. The Church proposals were interesting; there was to be a Bishop of Calcutta and three archdeacons to supervise the ecclesiastical establishment in India.

Time was now drawing short so the Chairs addressed Lord Liverpool suggesting that if a big experiment was desired, rather than risk ruining the East India Company, it would be wiser and safer to make the experiment of giving the private merchants increased opportunities of working through the Company's system: this would avoid an irretrievable blunder. Participation by private merchants on a much larger scale than anything hitherto attempted could be achieved by allowing ships and goods of British merchants from all over the United Kingdom to go from London to specified ports in India and to bring back cargoes of Indian wares to London. These wares could be sold at the Company's auctions.

This proposal was merely a token rear-guard action, the battle was almost over for Lord Liverpool declined to make any changes.

though he was quite willing to meet the Chairs.72 A deputation was appointed which met Lord Liverpool, the Earl of Buckinghamshire and Lord Castlereagh on 10 June 1813.73 His Majesty's Ministers expressed a hope that the Company would co-operate in the working of the new arrangement and that they would give the new experiment every change of working, and that they would not try to carry on a losing trade purely for the sake of getting a remittance Home. The Company, however, did secure a promise from the Government:

"That if the Company, without any fault of theirs, were brought into difficulty by the demands here on account of the territory, the Government would certainly feel it proper, under such circumstances, to recommend to Parliament to assist the Company to the extent of their resources available in India."74

The Company proposed that certain items of trade from India should be left completely in their hands, while raw materials could be left to the private merchants,75 but the Ministers refused to accept this point, feeling that it would not lead to a fair experiment. The deputation, however, came away from the interview with the impression that the Ministers were doing their best to save something for the Company and to secure the Charter for a further 20 years. The main issue was still the proposal to open the Indian trade to the outports for import as well as for export. The Company were, in the future, to separate their affairs into two parts, and to keep two sets of accounts, one for territorial

75. Ibid.
and political affairs, and the other for those of a commercial nature. The arrangement of the accounts arising out of this instruction was to be submitted to the Board of Control for approval. The Company tried to get the amount of their annual investment increased, but this change was not allowed.

2. **THE BILL AS PASSED BY THE HOUSE OF COMMONS**

   **on 13 JULY 1813.**

The Government of India, the exclusive trade with China and the tea trade were left in the hands of the East India Company. The duration of the Charter was to be 20 years but provision was made for Parliament to give three years notice of the termination of the Charter and all its provisions, subject to the Public paying its debts to the Company; the Company would, however, still be allowed by existing charters to continue as a corporate body and to trade freely to and from the East Indies in common with other subjects of the Crown. By this Bill British subjects were now allowed to trade anywhere within the limits recently confined to the East India Company, except, of course, to China. Certain restrictions remained; the Indian trade was to be allowed to enter and leave certain ports which were equipped with suitable harbour and warehouse facilities, where supervision of goods and duties could be adequately carried out. Ports considered suitable were to be named by the Lord High Treasurer, or the Lords Commissioners of the Treasury, or any three or more of them.

78. Ibid. Page 409. India Bill 1813.
79. Ibid. Page 411. India Bill 1813.
Certain areas in the East were to be subject to special license by the Company. The ships employed in the trade were to be at least 350 tons. Certain articles of silk, hair and cotton wool were to be placed in warehouses when they were landed at outports and not to be removed for sale locally; they could only be taken out of the warehouses to be re-exported or to be taken to London to the Company's warehouses where they could be sold publicly,\(^\text{80}\) so that the correct duties might be ascertained. The goods imported by the Company were to pay the same duty as those of the private merchants.\(^\text{81}\)

The Company found that in several instances specific control was given to the Board of Control.\(^\text{82}\) Duties were not to be imposed in India without the consent of the Directors and the approval of the Board of Control. Should the Court of Directors refuse to allow any person to enter their territories, appeal could be made to the Board of Control; but the Governments in India could revoke any such licenses if there were good reasons for doing so. The Company were allowed to use Indian built ships until 1 August 1814, unless Parliament decreed otherwise in the next session. The Company's Colleges abroad were to be subject to the Board of Control, while schools were to be regulated by the Governor-General-in-Council and also subject to the Minister. Haileybury College was to continue under the control of the Board of Control. The Bishop of London was to be the Visitor and no

\(^{80}\) Charter Negotiation Papers 1812-13, page 415. India Bill 1813.
\(^{81}\) Charter Negotiation Papers 1812-13, page 418. India Bill 1813.
\(^{82}\) Charter Negotiation Papers 1812-13, pages 425 et. seq. India Bill 1813.
writer was to be sent to India until he had kept four terms and obtained a certificate of conformity to the College rules. The Principal of the College and the Head of the Military Seminary had to be approved by the Board of Control. The Company were to pay the salaries of the Bishop of Calcutta and the three archdeacons in India.

The Territorial Revenues of the Company were, after the expenses of collection had been deducted, to be applied in the following order:

1) Maintaining forces
2) Paying interest on the Indian debt
3) Defraying the expenses of the establishments
4) In liquidating the territorial debt, the Bond debt, or else to be applied as the Directors or the Board of Control should decide.

Payments were to be made annually from commercial funds available in London to pay for the territorial charges due from the previous year, a sum of money equal to this amount (after the cost of commercial establishments abroad should have been deducted) was to be used annually in India, either to purchase the Company's investment or to be used as a remittance to Britain as the Directors wished.

The profits of the Company in England were to be applied:

1) To paying bills of exchange
2) To paying debts other than principal or Bond debt
3) To paying a dividend of 10% until the separate fund instituted in 1793 to provide the extra 1% should be exhausted, then a dividend of 10½% would be paid.
4) Reduction of Indian debt, or the Bond debt at Home.

Provision was made for the Company to use the surplus from a preceding year (after payment of charges) to pay the Dividend of any year in which their commercial profits were inadequate.

The Bill optimistically suggested that when the main Indian debt fell to £10,000,000 and the Home Bond debt to £3000,000 the arrangements should be amended and the surplus applied:

1) To repay capital of public funds created for the Company.
2) Any further sums to be paid into the exchequer to form a guarantee fund not exceeding £12,000,000
3) Of the remainder $\frac{1}{6}$ to go to the Company and $\frac{5}{6}$ to the Public.

If the debts, thus reduced, should rise again above certain sums, steps were to be taken to reduce them. The payment of £500,000 to the Exchequer, instituted in 1793, was to be repealed; it had not been paid for a number of years.

The Directors were to order separate accounts of their territorial and commercial affairs to be kept, and their plan for achieving this division was to be shown to the Board of Control for approval. The accounts and copies of Regulations abroad were to be laid before Parliament. Despatches and other information from India had to be shown to the Board of Control, while no despatches were to be sent to India without the approval of the Board. The Directors were to fill vacancies for Governor-General, Governors and Commanders-in-chief subject to the approval of the King's Ministers and they could dismiss them at will. There were certain vacancies in India which could only be filled with

the approval of the Board of Control. King's troops in India, paid for by the Company, were to be limited to 20,000 unless the Company should, on occasion, require more troops. Gratuities of over £600 were to be confirmed by the Board. The cost of running the Board of Control, which was paid by the Company, was increased from £22,000 p.a. to £26,000 p.a.

The sovereignty of the Crown over the Company's territorial acquisitions was safeguarded, as were various rights and franchises enjoyed by the East India Company.

3. THE COMPANY and the EFFECTS of the BILL.

On 7 July 1813 the Court of Directors sent a deputation to see the Ministers of the Crown concerning additional clauses in the Bill. The Court of Directors examined the Bill and reported on it to a General Court.

The Committee of the whole Court of Directors reported that the Company had made some gains from the Bill. In the first instance the Government had intended that the Investment of £1,000,000 should be bought each year from the Revenue surplus; now, however, and this was a decided benefit for the Company, a sum was to be set aside to buy the Investment irrespective of whether there was a Revenue surplus or not. A second gain was that instead of waiting until the territorial charges had been

paid the Home profits were to be applied to the payment of the Dividend before being applied to the payment of the territorial charges. On the other hand they felt there was much for them to complain about. The War had reduced their profits which, in former years, had been sent to England, reducing the surplus revenue and the investment, while it had also destroyed any hope of the Public receiving £500,000 p.a. after the first year of payment. The Indian finances had been saved by the welcome assistance from the Company's Commerce. Thus the War had increased the territorial debt, placing the Company at the mercy of the Government. The Court of Directors felt that part of this enormous debt ought to be taken over by His Majesty's Government. The Minister had refused to allow the suggestion of the Directors that the commercial surplus, after payment of the Dividend had been made, should be set aside as a guarantee for the payment of the Dividend of other years. The Court of Directors expressed some concern about the increase in the powers of the Board of Control; but they did not think that this, in itself, was a sufficient reason for rejecting the Bill. They went on:

"The general powers of superintendence and control given by the former Charters, are, in reality so large that if they had been exercised illiberally or vexatiously, it might have been difficult for the Court of Directors to perform their functions; and with respect to the present powers, much will depend on the spirit in which they are administered."  

The Directors were very concerned about the implications of the Bill renewing the Charter and they wondered if they could reject the Bill and its provisions and still continue to trade under the terms of their Royal Charter which had been granted by William III. They asked their standing Counsel, William Adams, for his views on the problem. The view of Counsel was that the Company could reject the Bill and continue to trade as a Chartered Corporation under the provisions of the Royal Charter. Parliament, however, tended to be very suspicious of Royal Charters unless backed by the Statutory approval of Parliament; and Adams implied that the Company would be wise to accept the Charter Bill. If Parliament found that the new Act was oppressive and unjust to the Company it would then relieve them of its harmful conditions. The Company derived little comfort from this advice.

Joseph Cotton, referring to the many changes and concessions in the Bill, and to the hostile attitude of the General Public towards the East India Company, felt the Ministers had done as well as they could for the Company, and that the Company would do well to accept the Bill as the best of a bad bargain.

On 21 July 1813 the Chairman reported at a General Court


"It would appear that the unpopularity of the East India Company is such, that neither the public nor private trader, with some who have been high in its service, would have left the Company the shadow of their authority or exclusive commerce, had it not been for the wisdom and firmness of Ministers, and it may be presumed, that Government, interested as the Nation is in the welfare and preservation of India, will not suffer the Company to sink under a Charter, now rendered practicable by modifications which they have sanctioned."
that the India Bill had passed the House of Lords on the previous day. It had not suffered any change in its final passage through the Lords. The Court thereupon accepted the Bill with reservations.

This Charter of 1813 had ended the East India Company's monopoly of the Indian trade, allowing the private merchants to partake of the import and export trade of India, and to use specified outports except for the import of a limited number of articles which were still confined to the Port of London. Though the Company were still allowed to share in the Indian trade they were soon to find it uneconomical for them to try to compete on level terms with the private merchants and they soon ceased to export to India, confining their activities to import, and then only for the purpose of remittance. There is in the Act a suggestion that there might come a time when the Company would be prohibited altogether from trading. As in the 1793 Act the Minister set his face sternly against any suggestion of depriving the Company of the China monopoly.

CHAPTER 3.

THE CANTON MERCHANTS.

A. INTRODUCTION: CHINA FIRMS and the RISE OF JARDINE, MATHESON and Co.

The East India Company trading to China was not the only representative of British commerce at Canton; the Company had rivals in British and Indian merchants. It also had a number of foreign competitors, of whom the Americans were the most important. Thus long before the abolition of the Company's China monopoly they had to face a growing opposition and rivalry from private British merchants who had established themselves firmly at Canton, in spite of the monopoly, and who were eventually to succeed to the proud position so long occupied by the Company in the Far East. Originally the Company had traded at Canton by sending ships whose business was conducted by supercargoes who returned with their vessels at the end of the trading season. In due course it became the practice for the supercargoes to stay in
China at the end of the season instead of returning to England or India with the laden ships. This allowed closer contact with the Chinese merchants and led to greater efficiency in trading. The supercargoes who stayed were not allowed to remain in Canton itself but had to spend the rest of the year, outside the trading season, at Macao; a treaty area leased or ceded to the Portuguese by the Chinese, and about whose status there was much doubt and dispute. The Chinese maintained that Macao was Chinese and that the Portuguese were allowed to stay on sufferance, while the Portuguese often claimed sovereign rights over Macao. The East India Company's supercargoes who stayed in China to conduct the Company's trade chose three or four of their number to form a Select Committee to manage their affairs. Gradually the Select came to be recognised by the Chinese as an authority responsible for the good conduct and well-being of all British subjects resorting to China for purposes of trade.

The next stage was the arrival in China, at the port of Canton, which was the only port\(^1\) where foreigners were allowed to trade, of Indian and English private traders who brought Indian goods from India to trade with the Chinese. The Company soon began to welcome these private or 'Country' traders because the goods which they sold provided funds in China which were paid into the Company's Canton treasury and used by the Select to buy teas for export; the country traders receiving in return for their silver, the East India Company's bills of exchange on India or

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1. Except for an old Spanish right to trade at Amoy, which had been allowed to lapse.
London. The country ships soon found there was a very good market in China for cotton and opium. Provided the private merchants did not encroach upon the Company's trade, which consisted mainly of exporting tea and silks to England, they were encouraged to develop the India-China trade; they were not allowed, however, to trade with England direct from China.

The Company very firmly urged that no private English traders should stay on in China after the end of the trading season, in accordance with the regulations of the Chinese authorities and because it relieved the Select of much anxiety and competition. Soon, however, the private merchants found excuses for staying on in China; one excuse was the need to collect debts owing from Hong merchants to whom they had lent money. The Select tolerated this for some time until, as the result of disturbances caused by the private English, the East India Company persuaded Parliament to pass an Act which made quite clear the powers of the Company to license ships trading to China, and in effect enabled them to exert greater control by the threat of withdrawing the license and thereby securing the expulsion of offenders from China.

This led to a speedy removal of all the private English from Canton at the end of each trading season when the laden ships departed. But it was not long before the country traders found a way of evading the Act of Parliament. This they achieved by the use of foreign papers. This method was first used in 1779 by John

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2. For an account of the rise of the private trade in China see M. Greenberg "British trade and the opening of China." Chapt. 3.
3. Act of 26 Geo. III c 57.
Reid who held a commission from the Austrian Emperor as head of the Austrian Imperial Factory. In 1787 David Beale arrived in China protected by papers which made him Consul for the King of Prussia. The Select Committee felt that their authority over British subjects who held the protection of other European powers was very uncertain, so they decided to accept the situation, and many other private English merchants arrived in Canton, protected by foreign papers. These private traders very quickly established Houses of Business with important connections in India and London. Behind these Canton firms were the great Agency Houses of India which were operating on an immense scale in the early part of the nineteenth century, and who made use of the China firms in order to remit funds to London. The London connections of these firms were well established and were behind much of the opposition to the East India Company's monopoly. Sometimes all three firms India, Canton and London were linked by family ties. The two leading houses were Fairlie's and Palmer's with their great ramifications. The former at Calcutta was known as Fairlie Fergusson and Co., later as Fairlie, Gilmore and Co., and finally as Fergusson, Clark and Co., and until its collapse in 1833 was closely linked with Jardine, Matheson and Co. of Canton; while the London firm was Fairlie, Clark, Innes and Co. The Calcutta firm of Palmer had been founded by John Palmer, and was closely connected with Dent and Co., the Canton rivals of Jardine, Matheson and Co., while the London firm was first known as Palmer and Horsely and later as Palmer, Mackillop and Co. Later the London
firm competed with the Barings in the financing of the China and American trades. One of the firm, Horsely Palmer, was Governor of the Bank of England\(^4\) and was invited to become the Parliamentary candidate for Birmingham; he accepted\(^5\) but shortly afterwards withdrew because he did not get full support for his candidature.\(^6\)

The Calcutta firm of Remington, Crawford and Co. were the chief correspondents of Jardine, Mathesoni and Co. in Bengal, while the greatest contact for the Canton firm at Bombay was the Indian firm of Jamsetjee Jeejeebhoy and sons.\(^7\)

The China firm we know most about, and the only one of

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4. See Greenberg Chapter 2.

5. Aris's Birmingham Gazette, 19 November 1832:

   "J. Horsely Palmer accepted nomination as M.P. for Birmingham and said 'I am an advocate of Free Trade, with a due regard to existing interests - I mean those interests which have been fostered by prohibitory laws, and which cannot be immediately abrogated without manifest injustice. In the latter view I do not include the China Trade, in which I consider the general body of merchants and ship-owners of this Country are fully entitled to participate in common with the East India Company!'"

6. Aris's Birmingham Gazette, 26 November 1832.

Page 134:-

   "The business transactions of Jamsetjee Jeejeebhoy with Jardine, Matheson and Co. became of a colossal scale. The vast commercial operations of Mr. Jardine seemed to be conducted with sagacity and judgement. He was a gentleman of great strength of character and of unbounded generosity."

   For contacts of the firm in Great Britain see P.L.B. (Matheson) to William Mathieson, Glasgow, 17th of January 1831, in which Matheson thanked William Mathieson for introducing Jardine and Matheson to manufacturers seeking an opening in China; he reported that Macvicar would look after similar interests in England, and Paton would do likewise in Glasgow. He felt that Jardine, Matheson and Co.; William Mathieson; Paton and Macvicar could all work together."
the pre-treaty firms now in existence, is Jardine, Matheson and Co. Our knowledge is derived from the papers and letter-books of the early days of the firm which have survived and are now preserved in the Cambridge University Library. The firm started under the name of Cox and Reid in 1782 and after several changes of name and partners became Charles Magniac and Co. in 1819, the partners then being Charles and Hollingworth Magniac. They were joined by Daniel Magniac in 1823 and the following year the name of the firm was changed to Magniac and Co. Charles Magniac went home and in 1825 William Jardine joined the firm. Two years later Hollingworth Magniac went home, though retaining an interest as a sleeping partner, and James Matheson joined the firm. In 1828 Daniel Magniac left the firm and in 1832 the name of the firm was altered to Jardine, Matheson and Co., with William Jardine and James Matheson as partners. Before joining the firm both Jardine and Matheson had been concerned with the China trade. Jardine had been closely associated with Thomas Weeding of London and Framjee Cowasjee of Bombay. Matheson had been a partner in Yrissari and Co., and then in Matheson and Co. It is largely from the papers and letter-books of Jardine, Matheson and Co. that we will proceed to trace the activities of the private English at Canton at the time of the abolition of the Company's monopoly.

B. METHODS of DEVELOPING TRADE.

The nature of the trade carried on at Canton was two-fold;

8. Greenberg: "British Trade and the opening of China." Appendix II.
first a widespread and varied general trade mainly carried on, in
the case of Jardine, Matheson and Co., as Agency; a trade which
was perfectly legal in the eyes of the Company and the Chinese
authorities, and second, an even more valuable trade in opium
which was illegal. There were two aspects of the legal trade,
that which was purely Eastern and that which was connected with
Europe. Much of the latter was legal, though some of the methods
of getting the goods out to China were evasions of the Company's
monopoly in so far as the private merchants were only supposed to
receive goods direct from England if sent on the Company's vessels.
This was evaded by using American or other foreign shipping, or
by trans-shipping at Singapore.

Occasionally when the rice crop failed in China the
private traders would speculate in the import of rice from India
which, if the venture was well-timed, could be very profitable.
There was a certain element of risk because there were two rice
harvests in the year, also the Indian Government would not
grant an export licence for rice until the ship was in harbour waiting
for its cargo.\textsuperscript{9} Quite a considerable trade was carried on in
Straits goods from the Malay Peninsula, though this trade could be
very tricky if over-indulged, because it was quite easy to make
fresh importations from the area causing sudden fluctuations of
price which could be fatal to the speculator.\textsuperscript{10} Pepper, one of
the riskiest of Straits goods, cloves, malacca, tin, betel nut and
topper were the main items of this trade, while tea was often

\textsuperscript{9} P.L.B. (Matheson), 10/3/31 to H. P. Hadow, Bombay.
\textsuperscript{10} P.L.B. (Matheson), 31/10/31 to Charles Thomas, Singapore.
exported from Canton to the Straits. Sometimes the private traders dealt in copper, either South American copper which could be obtained in Manila, or Japan copper from Java. There were certain difficulties in obtaining copper from Java because, in order to favour the Netherlands Trading Society, the Java Government which had the monopoly, usually put it up for sale in lots which were too much for the small trader to buy, and only large firms like Jardine, Matheson and Co. could bid successfully for this article. Attempts were made from time to time to sell Liverpool, or rather Cheshire, salt in China and India; but not very successfully. Jardine and Matheson wrote to their English correspondents in 1836 to inform them that the salt which they had sent to China was unsaleable, so they had sent it on to India; they pointed out that years before Fox, Rawson and Co. had also tried a consignment of salt for Canton but it had been unsuccessful. The reason for this was that China could produce her own salt very much cheaper. An article imported by Company, Parsees and private English was cotton; this had to be sold through a Hong merchant and was one of the two staples of the import trade of Canton, the other being opium. The cotton imports depended upon the state of the Nanking cotton crop. In a letter to Jamsetjee Jeejeebhoy of Bombay Jardine lists several difficulties which from

13. Morse "East India Company trading to China" Vol.IV, seasons 1829, 1830, 1831, 1832, 1833 showed cotton to be the largest import at Canton after opium, though he does not give separate figures for raw cotton, cotton goods or cotton twist.
time to time faced the dealers in imported cotton. First of all the Company's cotton had been of very good quality and had sold rapidly, consequently private cotton was neglected; however he suggested a method of overcoming that difficulty on a future occasion, by marking it with their initials in a similar manner to that of the Company:

"The dealers in Canton are acquainted with the difference between such marks, and the Company's mark, but they recommend the plan, as facilitating the sale of the article in the interior of China."

Another reason for the slowness of the market was the scarcity of silver because the Company had shipped away nearly one million dollars that season, while they had not then paid the merchants for the teas of the season, while a final drawback, supplies of cotton had not been sent to distant markets because of a rebellion on the border of the Province.  

Some Manchester goods were exported to China but not with a view to making a profit. The main purpose was to provide some return for the remittance, and only in small quantities of selected manufactured goods was it possible to show a profit.

Jardine's letter of June 1833 to Macvicar gives a fair picture of the market for such goods in Canton:

"Our market for piece goods is in the state it was when we addressed you last - Long Cloths would pay either at Lintin or in Canton, particularly the bleached.

We have lately been selling a few chintzes at Lintin, at remunerating prices, but the demand is very limited and in Canton we cannot obtain prime cost - not even for those on which we paid a reduced duty.

Handkerchiefs of the ordinary description are unsaleable at anything near prime cost. The best patterns, such as we sent musters of, would fetch about cost and charges, a small lot might probably yield a small profit.

Woollens well laid in would still pay, camlets are worth 22 to 25 dollars per piece at Lintin - if well assorted - this is the time when they are in demand for the junks proceeding to the Northern Ports.

Cotton yarn has experienced no change since the date of our last advices - the high numbers are no longer in demand - those most wanted are 20 to 26 are worth at the present moment 45 to 48 dollars per picul, the stock on hand being under 400 piculs of every description - any considerable importation would reduce these prices materially.\(^{15}\)

Goods brought to Lintin were smuggled in the same way as the opium, and also were more profitable because they evaded duty.

In another letter to Macvicar, written two days later, Jardine advised him what was the best time of the year to send goods to China in order to be sure of a good market. If goods from England should arrive in August and September they would have to face the competition of the Company's own ships which would have

\(^{15}\) P.L.B. (Jardine), 16/6/33, to John Macvicar, London.
just arrived after making the direct voyage from England and the presence of the cargoes from so many ships would create a glut on the Canton market and lead to a fall in prices. The market was not merely affected by the quantity of goods but also by the fact that those brought by the Company's ships were sold to the Hong merchants (trucked away) as part payment for the teas which the Company had ordered; the Hong merchants, very short of cash to pay the teamen for the teas, had to try to sell these goods as quickly as possible and often at a loss. The explanation for this unusual proceeding lay in the great value the Hong merchants attached to the very large tea contract which they received from the Company, and the insistence of the Company that the Hongs should buy so much of their imports as a condition of the tea contract. The actual trade in Company's imports was carried on by the Hong merchants at a loss. Having warned Macvicar of the most unsuitable time to send trade goods to China Jardine urged him to send them so that they reached Canton in April and May, there being no competition from the Company, the Company's direct ships not having arrived. Also it was a very suitable time for the local dealers who could sell the goods to the boats and junks which normally left Canton at this season for Tiensing and other Northern Ports. Jardine and Matheson, in contravention of the fiat of the Emperor that foreigners should only trade at Canton, often sent ships along the China coast to see if there was any chance of opening a trade elsewhere. In this they were not alone, Dent and Co. and the Select Committee also sent

vessels along the coast for the same purpose. These ventures did not meet with a great amount of success but prepared the way for the development, years later, of the coast opium trade. The private merchants carried on quite an extensive and legitimate trade in tea with the Straits and India. They also, when the chance occurred of a good speculation, shipped tea to America, but not frequently because British North America was supplied by the Company while the United States was normally supplied by Americans. Though on occasions when there was a shortage of tea and high prices in the United States Jardine, Matheson and Co. were quite willing to supply the deficiency, as they did with the ship Norden in 1832. Tea was one of the articles which, in defiance of the Company's monopoly, they supplied to Europe, either by trans-shipping at Singapore or by using vessels registered under a foreign flag.

The opium trade was the mainstay of the private traders and Jardine, Matheson and Co. were one of the greatest of the opium firms. Opium smuggling at Whampoa in the early 1820s had proved difficult and uncertain, in 1821 four opium ships the Merope, Hooghly, Eugenia and the Emily were forced to quit the river, and from this developed a new phase of the trade. The ships were anchored outside the river, usually near Lintin, though other anchorages were also used, and Chinese smuggling boats came alongside to receive the drug. By this time, too, the greater part

of the drug received at Canton was Malwa, being cheaper and consequently less a liability during the fluctuations of the market then the more expensive Bengal opium. Jardine and Matheson had ceased to be merely agents for the drug, they now speculated on their own behalf. They had very close contacts with India; James Matheson wrote to Cursetjee Jamsetjee in Bombay, informing him that his nephew, Hugh Matheson, was setting up in the agency business in Calcutta and requesting him to keep Hugh supplied with up to date figures of the state of the Bombay opium market. The trade being illegal was normally conducted on a cash basis, and as a rule the opium was paid for in silver. The use of depot ships at Lintin proved expensive in upkeep and insurance, but the Canton owners made a fair sum by charging for the storage of the opium. The Chinese, lacking a strong naval force, were unable to drive away the European owned depot ships, so they concentrated their efforts upon the Chinese smuggling boats. These efforts were very spasmodic, and to some extent account for the periodic fluctuations in the trade. The Mandarins regularly received a fee for conniving at the smuggling of opium. Jardine and Matheson exercised considerable care in the purchase of opium and were not often caught by the fluctuations of the market. They were delighted that the Indian Government had stopped dealing in Malwa opium; this attempt of the Company to buy up all the Malwa to prevent its competing with Bengal opium had failed, instead it had led to a rapid increase in the production of Malwa which, in turn, had the effect of flooding the Canton market and drastically lowering

20. For a history of the opium trade see Morse and Greenberg.
The rapid rise in the opium trade is shown by the increase in annual value from 4,166,250 dollars in 1821 to 12,222,525 dollars in 1830. They also extended the opium trade to the China Coast, acquiring a share in the Sylph, a fast sailing clipper, already having the Falcon and quickly building up a fleet of vessels for the purpose, their example being swiftly followed by other firms. Jardine and Matheson also carried out many other items of business, examples are to be found in the letter-books of their acting as executors for people who died in China.

Jardine and Matheson were very much aware of the danger of sudden fluctuations in the opium market so James Matheson had held conversations with the American merchant, Cushing, before he left Canton, on the need to buy a fast boat to get up to date information of the state of the opium market, especially as he feared that when the Company's monopoly expired there would be so many rash and unskilled adventurers speculating that the old methods would be neither safe nor profitable. A year later he wrote to John Macvicar in England giving detailed instructions to obtain a fast sailing boat which could be used to carry despatches and news; if one could not be obtained he was instructed to have one built and sent out to China as soon as possible. This gave

23. See Morse, Vol.IV.
rise to the service of fast-sailing opium clippers, Jardine and Matheson's Red Rover, Sylph and Falcon and Bent's Water Witch, all capable of doing three voyages from Calcutta to China within a single season, often against the monsoon. As can be imagined speed and good communications were very important to these thriving firms and we soon find that Jardine and Matheson are busy exploring the advantages of sending despatches to England by way of America.\(^{27}\) They had many dealings with Macvicar, giving him much information and advice, informing him that they had made use of good American bills, most of which had been guaranteed by the American agent of Baring Brothers and Co. They also asked Macvicar to report on the stability of a number of firms.\(^{28}\)

Jardine and Matheson kept in touch with home affairs which were likely to affect the future of the trade by getting James Jones to arrange with friends in the House of Commons to supply the publishing firm of Smith, Elder and Co. with information from the House of Commons respecting the East, which was to be sent out for the information of the Canton Book Club.\(^{29}\) Another important London contact was an old business associate of Jardine's early days in the trade, Thomas Weeding. Weeding was a proprietor

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   He asked Macvicar to report on the following firms:
   
   Baring Brothers and Co.
   Thomas Wilson and Co.
   Timothy Wiggin.
   Gowan and Max.
   Gillespie, Moffatt, Finlay and Co. - drawers of
   John Jacob Astor, a great capitalist of New York.
   Bell and Grant.
   Gledstones, Drysdale and Co.
   Small, Colquhoun and Co.

of the East India Company with friends among the Directors and contacts in the House of Commons, and Jardine often sought information from him; receiving a copy of the Second Report of the House of Commons on the affairs of the East India Company, and sending Weeding a packet of teas to be given to Sir Robert Peel from the firm and their friend Innes.30

The interests of the private merchants at Canton extended beyond the China seas and India. South America excited their interest and James Matheson remarks that:

"The trade to Chile has been latterly very profitable, and scarcely a year passes, but some good chance casts up to our attentive and judicious observer."31

They also traded with the settlements in Australia, being allowed to export tea to that area under licence, and trading there with other goods.32

The greatest problem faced by all trading in China except the Company, who relied upon their tea monopoly, was that of remitting the proceeds of their trading home. One way of sending remittances in goods to England was in the Company's ships, this had two disadvantages, the high rate of freight and the limitations of space; these vessels sailed in November, December and January only. Another and an increasingly popular method was to buy good bills at six month's sight at 4/- to 4/0½d per dollar, while a third way was to send silver bullion to England.33

32. P.L.B. (Matheson), 28/1/33, to Charles Thomas, Singapore.
methods were used in remitting to India; Company's bills on England at about 4/- per dollar, bills of the United States Bank, or good private bills on London and Government or good private bills on Bengal were all acceptable to the commercial concerns in India, besides sycee silver and dollars of various kinds. The weakness of the whole system of Eastern trading lay in the problem of remittance. The East India Company only survived in its Indian trading because, in China, it had found a remittance in the tea trade which enabled it to remit funds home adequately; and it was only through the Country trade with its two main staples of cotton, which was declining, and opium, which though prospering was illegal that it was able to purchase the teas. The need of the private traders to obtain some means of remittance coloured their trading and James Matheson when advising Charles Thomas at Singapore warned him to beware of trying to make a profit out of eastern articles. Even though there was a scarcity of coffee which was expected to last for four or five years Thomas would be very unwise to risk his own capital in the deal because others, seeking the article purely for remittance purposes, were always liable to give a false value to the market:

"It is observable too that every article suitable for the European market is, in general, eagerly sought after by your neighbours as a means of remittance without any view of profit, and the same is more or less the case all over India, owing to the means of remittance being less than the trade requires, and the consequent necessity of resorting to bullion and every sort of

34. I.L.B. 12/7/30, to Hormuzjee Dorabjee, Bombay.
unprofitable medium which necessity can suggest. While you speculate in the face of a high exchange and at your own risk, your neighbours do so at the risk of their constituents and often for the sake of effecting sales at anything likely to pay an indifferent exchange. Hence it generally happens that those who are first in the market on these occasions, either from priority of information or superior discernment in foreseeing a rise, make handsome profits, while those who follow experience a very different fate. 35

Their exclusion from the tea trade to Europe as long as the Company's monopoly lasted was an annoyance to the private English but a similar problem existed in the reverse trade from England to China. One of the great difficulties of the trade with China was to find articles of trade, made in Europe, which would be acceptable to the Chinese. This was a very serious problem for really only the Indian products of cotton and opium were at all acceptable. A few piece goods had a small demand and, towards the end of the 1820s, cotton twist became a valued import for the Chinese but not in sufficient quantity to provide a solution to the problem of combating China's self-sufficiency. Manchester merchants pleaded for the opening of the China trade but in actual fact there was no profitable trade there; Greenberg has shown that it was a losing trade, that it served as a dump for the excess production of the Manchester machine industry, and that the Hong merchants only bought Western manufactures because they had to in order to keep their profitable tea trade with the Company, even though they lost heavily on these Western goods.

The Chinese were not easy to please with regard to

piece goods, their taste was very limited and it seems that the type of goods saleable in China was chintz with bright, large flower patterns of 28 yards in each piece. Patterns with houses, pagodas or animals were not appreciated and rarely sold well. The broad cloth, camlets, long ells and other woollen goods which had a sale in Canton, if to be sold at all, should correspond as closely as possible in size to those sold by the Company. On occasions, as already mentioned, Jardine and Matheson advised their correspondents to mark their initials on the goods in such a way that they might be mistaken for the Company's mark by the uninitiated in the outlying Provinces. They also made some attempt to dispose of English cotton goods in other parts of the East, as in Manila.

Because it was becoming more and more difficult to make a living in China because of the continued arrival of British in search of fortunes, Matheson helped an old friend, Daniel Manson, whose business ventures had failed, to return home. The state of business in Canton was further emphasised when he declined to encourage Bomanjee Ruttonjee to open up business in Canton unless he had considerable capital, and Matheson, personally, declined to lend him any money to establish himself except on sound security. Living was expensive in Canton, and as a final means of discouragement he enclosed a printed price circular.

The prospects for new arrivals do not seem to have improved by

the end of 1833 when Matheson wrote to Charles Thomas at Singapore:

"I think your nephew Mr. Hany has done wisely in proceeding to Java, if he is in quest for the most extensive field for British manufactures - the field here being very limited at present." 40

C. EVASION of the EAST INDIA COMPANY'S MONOPOLY.

The East India Company's monopoly applied to the area between the Straits of Magellan and the Cape of Good Hope, that is, the Pacific and Indian Oceans; all trade from this vast area to Great Britain was once the sole preserve of the Company. The private English merchants were allowed to trade between India and China but, until the opening of the Indian trade in 1814, they were not allowed to trade between Great Britain and India except by using the 3,000 tons of cargo space allotted to them on the Company's ships by the Charter of 1793. After the opening of the Indian trade they were allowed to trade between Great Britain and India and to continue in the Country trade between India and China, but they were still not allowed to trade between Great Britain and China, except by using space on the Company's ships. This latter, the direct trade as it was called, until 1834, was the sole prerogative of the Company. This state of affairs was very annoying to the private traders, especially as it was possible for American ships to load up with British manufactures at British ports, sail to China, sell the goods at Canton and trade with the

proceeds in other parts of the world except Great Britain. The British merchants at Canton were not long in finding ways of overcoming these difficulties. In the early days what goods they received from Great Britain had come out in the East India Company's Indiamen; the Company being quite willing to ballast their ships, outward bound from London, with British manufactures, otherwise they would have sailed nearly empty, but unfortunately the Canton merchants found the Company's rates of freight too high. With small consignments the private English found it very convenient to enlist the help of the crews of the Indiamen; it became a recognised practice to purchase the 'privilege' cargo of some officer of an Indiaman and the letter of James Matheson to Lyall, Matheson and Co., Calcutta, of 6 April 1832, gives a list of those he refers to as:

"Friends in the Indiamen

Capt. Chrystie of the Coutts,
Capt. Daniell of the Atholl,
Capt. Larkins of the Camden,
Capt. Barrow of the George IV with his Doctor (Turner) and Purser Mr. Graham,
Capt. Bayliss of the Canning,
Capt. Innes of the Abercrombie Robinson,
Capt. Wilson of the Dunira
Capt. Blair of the M. Fairlie)  when Cruttenden

and Co. have no opposing interest."41

There were, however, several other methods of evading the Company's monopoly of the direct trade to Europe. One

favourite method was to trade through foreign ships, particularly American vessels, or else to secure for their own use vessels which were registered under the flag of some other European nation. In a confidential letter to John Macvicar in London James Matheson remarks that they could do with a moderate sized foreign vessel to take as barter black tea and ship it to Hamburg, but he goes on to lament that this cannot be arranged before next season when Capt. Burd may be loading for Hamburg. That an illicit trade in tea with Europe was frequently carried on is shown in the same letter when he instructs Macvicar to inform his constituents that owing to the remittance difficulty they should ship goods for barter, receiving in return produce, especially teas for Europe. A little later Matheson announced that Capt. Burd had brought the new purchase, the ship Lyden (700 tons) to Whampoa, under the Danish flag, to trade with Hamburg. The firm of Jardine, Matheson and Co. did not confine their defiance of the Company's monopoly to the direct trade to Europe for in a letter to Thomas Weeding, of London, Jardine wrote:—

"The Company have prohibited their ships from carrying

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42. P.L.B. (Matheson) 17/1/31, to W. P. Paton, Glasgow.

Paton had introduced Macvicar to Jardine and Matheson; Macvicar had gone out to China hoping to start an agency business but soon gave up the idea and entrusted his China business to Jardine, Matheson and Co. He returned to England to act as correspondent for Jardine, Matheson and Co. with Manchester manufacturers.

Proceedings of Manchester Chamber of Commerce, 10/2/34 state that Macvicar became a Director of the Chamber.


44. P.L.B. (Matheson) 14/11/32, to John Macvicar, Manchester.
cargo to St. Helena under a severe penalty, but the order was not promulgated here before the Canning sailed. The Lyden being under the Danish flag will, I believe, meet with no difficulty in transshipping at that Island.\textsuperscript{45}

The device of transshipping cargoes was used as a means of evading the embargo on direct trade with Europe and the rapid growth of the new port of Singapore, strategically placed for the Straits trade, proved to be a very suitable place to transship cargoes to and from China. Charles Thomas was the business associate at Singapore who looked after this for Jardine, Matheson and Co.\textsuperscript{46} Many goods were also brought to Canton under rather suspicious circumstances by ships engaged in the country trade, which did not enter the river and go up to discharge their cargoes in the normal way at Whampoa, but stayed outside to unload, away from prying eyes, at Lintin. Such a vessel was the Royal Charlotte (261 tons), under Capt. Dudman, on her way from Calcutta to Singapore in the season 1830-31. She was not the only vessel which failed to enter the river; there were 12 other ships unwilling to take advantage of the harbour facilities at Canton during that season.\textsuperscript{47} Many British

\textsuperscript{45} P.L.B. (Jardine) 22/1/33, to Thomas Weeding, London.
\textsuperscript{47} East India Company Records; Canton Diary No.245, 1830-31, page 218 et seq.

Other ships not entering the Canton River:
- Steamer Forbes (302 tons) from Calcutta to Calcutta
- Jamesina (392 tons) from Calcutta to Calcutta
- Merope (311 tons) from Calcutta to Hobart Town
- Mercury (198 tons) from Calcutta to Calcutta
- Austin (223 tons) from Singapore to Manila
- Isabella Robertson (372 tons) from Calcutta to Calcutta
- Statira (357 tons) from Singapore to Isle de France
- Lord Amherst (328 tons) from Calcutta to Manila
- Red Rover (255 tons) from Calcutta to Calcutta
- Dona Camelita (238 tons) from Calcutta to Calcutta
- Falcon (170 tons) from Calcutta to Calcutta
- John Biggar (230 tons) from Manila to Manila.
manufactures were taken to China by American ships, and doubtless many of these goods were consigned to British merchants in Canton as well as to American agents, and the Liverpool Mercury reported, in August 1829, the departure of several American ships from Liverpool, ostensibly for Batavia and Java, but really for Canton. By transhipping cargoes, using foreign vessels, by not entering the Canton harbour where they would come under the scrutiny of the East India Company's Select Committee and the Chinese authorities, and by the co-operation, mentioned above, of friends in the East India Company's ships, the private English merchants at Canton were able to trade very extensively with Europe, in spite of the monopoly's ban on the direct trade.

D. EVASION of CHINESE LAWS.

The British merchants at Canton did not limit their evasion of law to the defiance of the East India Company's monopoly, they also ignored many of the laws and customs of the Chinese, thereby causing the East India Company's Select Committee of supercargoes at Canton considerable worry and uneasiness; a worry which, considering that in the evasion of the Celestial Emperor's prohibition concerning the sale of opium the private merchants were very materially helping the Company to finance its tea purchase, does not seem entirely reasonable because, in the first instance, the means and encouragement to import opium were supplied by the Bengal Government's growth and sale of the drug.

48. The Sheffield Iris, 18 August 1829, quoting the Liverpool Mercury.
The most important of their breaches of Chinese law was the introduction of opium into China. This drug had been forbidden by the Emperor, but the local Chinese authorities through connivance encouraged by bribery, or through indifference and slackness, had failed to prevent the rise of a vast smuggling trade in opium. The private merchants soon developed the art of delivering smuggled opium to Chinese buyers with the minimum risk to themselves or the Company's Select Committee. They soon removed embarrassment from the Select Committee by unloading their opium clippers outside the Canton river, out of sight of the Company's Factory, and in consequence the Select Committee were able to inform the Chinese authorities blandly and truthfully, that the activities of these ships were beyond their control and, therefore, the Company could not be held responsible for these actions of the private English.

In the outer anchorages the country ships handed over their opium to Chinese smugglers who

49. P.L.B. (Matheson), 10/3/31, to Normuzjee Dorabjee, Bombay. Because Jardine Matheson and Co. could now store Malwa opium (as a result of the Indian Government allowing it to pass through Bombay on payment of transit duty) at Lintin, they requested a preference for some years on the vessels Samarang and Jamesina which would, they thought, be very suitable as depot vessels.

50. East India Company Records, Canton Public Factory Consultations 252. 1833-34. 27/10/33 - replying to an edict from the Viceroy concerning the Cum Sing Moon affray, the Select Committee felt that the Viceroy could hardly expect the Committee to control matters outside that Port, matters which were illegal, though connived at by the local Chinese authorities.
alone took the risk of interference by the Chinese authorities.\footnote{Even under difficulty when the authorities were being active, the Chinese dealers were very rarely completely frustrated in their efforts to land the drug, as is shown at the time when all British legal trade was stopped because of the Select Committee's quarrel with the Chinese in 1829, as we are informed in I.L.B. 19/11/29, to Remington, Crawford and Co., Bombay:--

\"We regret to say we see little chance of improvement in either species of the Drug. The Chinese attribute much of the dulness that prevails to the difficulties they encounter in getting the drug up to Canton, owing to the River being full of Government-boats, under the pretence of preventing the fleet of Company's ships outside from smuggling.\"}
The local Chinese Government, if adequately bribed, rarely interfered in the trade, and on those occasions on which pressure from the Imperial authorities forced them to make a serious attempt to curtail the drug trade, the Government war junks usually found the smugglers too numerous or too fierce and did not press their efforts very far.

The Canton British merchants based their business mainly on the Country trade, of which opium was the most important item. In the early days they concentrated on the best quality of opium from the Company's Bengal Presidency, grown mainly in the areas around Patna and Benares. Gradually, however, they began to speculate in the cheaper qualities which came from the other side of India, and which was known by the district in which it was grown, Malwa. The Company, in order to preserve the profits of their Bengal opium, tried hard to suppress the Malwa opium, but failed because it was mainly smuggled out of India via the Portuguese Port of Damaum. Various methods were used, the
Company tried to buy up all the Malwa, but this only led to a greatly increased production of Malwa opium. Then in 1830 they abandoned all pretence of annihilating it as a rival to Bengal, allowing it to pass through Bombay on payment of a transit duty. The opium merchants found it cheaper to send Malwa through Bombay than to pass it through Portuguese territory, while the Company derived a considerable income from the transit duty on the drug.\(^52\)

With steady importations of both Bengal and Malwa, the private merchants at Canton were able to increase their opium business and, by reducing the price, to encourage a rapid rise in the demand for the drug by the Chinese. Jardine, Matheson and Co. were deeply committed to the drug trade and they welcomed the freeing of Malwa by the Indian Government.\(^53\)

Another cause of trouble with the Chinese authorities was the relations of the private merchants with individual Chinese. When ever possible the private merchants helped and supported


53. P.L.B. (Matheson) 10/3/31, to Normuzjee Dorabjee, Bombay. Matheson had hoped that the Supreme Government’s arrangement allowing individuals to convey Malwa opium to Bombay would have proved more popular because it enabled dealers to be independent of Portuguese influence and charges. Also I.L.B. 29/10/30 to Mackintosh and Co., Calcutta -

"Acquainting us with the determination of Government to discontinue their dealings in Malwa opium and to throw open the trade on payment of a duty on the transit of the article to Bombay. And we fully concur in the opinion you express as to the judiciousness of this measure."
those with whom they dealt. We are told that one of the Jardine-
Matheson Captains, Captain Grant, was urged by James Matheson to
help and protect Allum, the opium broker, while he built his
smuggling boat near the anchorage of Grant's vessel, the Samarang,
lest he should suffer interference from the Mandarins. 54 One of
the close friends and business associates of Jardine and Matheson,
James Innes, in 1833, incensed by the failure of the authorities
to grant him redress for an insult and assault, took the law into
his own hands by buying rockets and carrying out his threat to
set fire to the Hoppo's house. 55 The private merchants regularly
flouted the requests of the Canton authorities to remove the opium
ships from Lintin, while, when appealed to by the Chinese, the
Company's Select Committee regretfully pointed out that they had
no control over the Country ships which did not come up the river
to Whampoa. Two other evasions of Chinese law, illegal inter-
course with the shopmen, those Chinese traders who were not Hong
merchants, and out of season residence at Canton, had become so
regular by 1830 as to pass more or less unnoticed by the Chinese
authorities.

Another evasion which caused the Chinese growing concern
was the export of silver from China. In this the country traders
often offended, but they were not alone, for the East India Company
often exported bullion and, indeed, after the end of the monopoly
they exported specie to such an extent that they embarrassed the
Canton trade by the resultant reduction in the quantity of silver

in normal circulation. Opinion varies as to whether there was a genuine prohibition by the Chinese authorities on the export of silver before 1833. Eames maintains that the only prohibition prior to that date was a local one by the Viceroy Yuen in 1819. He suggests that there was no need for any such embargo then because the balance of trade was in favour of China until 1829, after which it became necessary to curb the excessive and ever increasing drain of silver from China. The latter statement is probably in part true, but the records of the Select Committee at Canton show that on 3 March 1822 an Imperial Order was issued at Pekin re-affirming the prohibition against the export of sycee silver:

"It is fixed by law that the Hong Merchants at Canton in their commercial intercourse with foreigners should only receive Goods and give Goods in return and not be allowed to employ Silver; the Law on this subject is very full and explicit. Of late in consequence of the people of this Country liking the use of foreign coins, the Hong Merchants employ Silver to purchase them ... It is hereby ordered that the Viceroy and Governor of Canton and the Superintendent of the Port (Hoppo) do depute civil and military officers to cruize about and to make a true and faithful search of foreign ships leaving the Port, and not allow them to smuggle away Silver." 57

In 1830 this was followed by another Imperial decree concerning the drain of silver. 58

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57. Morse "East India Company trading to China," Vol.IV page 60.
member of the American firm of Russell and Co. indicated that large quantities of silver and bar gold were exported in the country trade and that for the export of the bullion a special permission, called a "money chop" was required. Hunter noticed that the drain of silver resulted in Imperial edicts forbidding the export of silver.59 What seems to have happened was that before 1830 sycee silver (ingots of silver in the shape of a shoe) alone was the form of silver which was not to be exported. Up to the year of 1830, when there was no great Chinese panic over the export of silver, other kinds of silver were allowed to be exported, especially broken coins. The export of the latter was considered to be balanced by the import of western coins. It was the cessation of such imports, particularly by the Americans who had usually paid for their teas with dollars, and the increasing use of bills of exchange that first really drew the attention of the Chinese to the dangerous drain of their currency.60 Both the private merchants and the Company were guilty of exporting silver,61 and it was frequently possible to embark silver quietly at one of the out-lying anchorages after presenting the appropriate Mandarin

60. P.L.B. (Jardine), 11/12/32, to Thomas Weeding, London:

"The Committee, to avoid the error they fell into last year, of sending away the circulating medium at a time when there was not enough for carrying on the mercantile operations of the port, have increased their premium on sycee from 3 to 5 per cent."

61. I.L.B. 12/7/30, to De Vitre, Secretary of Insurance Society:

"We have pleasure to hand you an Account Current of the transactions in the past year ending the 30th June, exhibiting a balance in favour of the Society of Dollars 20,027.77, which we close by a remittance in broken dollars, which we intend sending you by the Helen."
with a suitable bribe. Another very important law of the Chinese Empire was broken both by the private English and the Company, both parties in their anxiety to explore the possibility of extending trade tried to find commercial openings along the Chinese coast, in spite of the law which stated that the foreign trade should only be carried on at the port of Canton. In 1824 the country ships Merope and Eugenia had sailed up the Chinese coast selling opium. The Select Committee had intended to fit out the Clive for an exploratory voyage along the coast in 1832, but the ship's Captain, Harris, refused the duty because the vessel was a ship of war, so he was sent back to Bombay and this Eastern cruise was given to the ship Amherst. This exploit of the Company's met with a certain amount of ridicule from the private traders, but they were not long in following suit; Jardine, Matheson and Co. sending the "John Biggar", the 'Sylph' and the Colonel Young along the coast. Though the results of the ventures may not have been too satisfactory from a point of view of normal trade, they had to sell opium to help to secure interest in their merchandise, the voyages did attract the attention of the Imperial authorities as is shown by Jardine's letter to Thomas Weeding in London:

"We have been going on very quietly of late and strange to say, the attempts we have been making to open a trade along the

coast have had a good effect on the conduct of the local authorities in Canton by calling the attention of the Pekin Board of Trade to the grievances complained of.

The Emperor orders them to enquire why Foreigners leave the Port of Canton to proceed to the Northern Ports, and infers misconduct on the part of the Hoppo and Hong Merchants. You will see some interesting details in the Canton Register. The Sylph was sent along the coast by Matheson and myself, also the Jamesina and John Biggar - the first made an indifferent trip - the others were successful - chiefly in the Drug. In Piece Goods little was done - but we hope to do better by and bye. Much useful information was obtained by Mr Gutzlaff in the Sylph. He is living with us at present, and very anxious to start on another expedition.67 Mr. Gutzlaff was a linguist and a missionary.

E. **THE SELECT** and OTHERS.

By the late eighteen twenties the financial position of the Hong merchants was beginning to give rise to much concern, both the Select and the private merchants began to fear the sharp reduction in the number of Hong merchants as a result of bankruptcy. The failure of Manhop in May 182868 had reduced the number of merchants to seven, then rumours of the impending failure of Chunqua's Hong threatened to reduce the Hong merchants still further to six, several of whom were in a very weak financial state already. In May Bombay Parsees to the number of 44 had sent

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68. Morse *"East India Company trading to China,"* Vol. IV page 173.
a memorial to the Select Committee complaining that there were insufficient Hongs to buy their cotton, and complaining of various other matters. 69 The Select then decided to keep the Company's ships, which were arriving for the business season, outside the river while they secured the agreement of the Chinese authorities to various reforms; in particular, the recall of the elder Chunqua in the hope that by returning with some of the plunder he had taken into retirement with him he might be able to restore the tottering fortunes of his Hong; and equally important, to secure the creation of several extra Hongs to cope with the increasing foreign trade of the port. At first the private merchants were not particularly interested in the manoeuvres of the Select and this early attitude is depicted in the following letter from Jardine, Matheson and Co. to their correspondents in Bombay:

"The Select Committee have issued orders to their ships to remain at Lintin; for what reason we do not know; nor do we care, provided they are firm enough to persevere in enforcing such orders for six weeks or two months, as in that time we hope to dispose of nearly the whole of our cotton consignments and probably at improved prices." 70

On the same day as this letter the Hoppo died and the Viceroy took over his seals of office until his successor should arrive and doubtless hoped to be able to procrastinate during the interval; for, some weeks later Jardine, Matheson and Co. remarked that the unsettled state of affairs had hindered the firm in certain

69. For details of Select's quarrel with Chinese authorities see Morse "East India Company trading to China." Vol.IV pages 199 et seq.
70. I.L.B. 8/8/29 to J. Jeejeebhoy, Bombay.
transactions. 71 A little later the Company's ships had still not entered the river and the private traders had begun to realise that the Select were determined not to open the trade until the Viceroy agreed to their terms. 72 Now that the seriousness of the situation, and the possible advantages of success were appreciated by the foreign inhabitants of Canton the Select received strong backing. The memorial from the Parsees received vigorous support from the English private traders represented by:

- Thomas Dent and Co.
- Maginie and Co. (Jardine, Matheson)
- Rawson and Co.
- Ilberry, Fearon and Co.
- William White
- Robert Cullen and Co. 72

French, Spanish and Dutch merchants together with their consuls offered support but the Americans were, mainly, unwilling to incur the displeasure of the local Chinese authorities by strongly supporting the actions of the Select Committee. 73

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71. I.L.B. 29/9/29, to Remington, Crawford and Co., Bombay:

"The Company's ships are still at Lintin, waiting the settlement of certain points between the Viceroy (who is now in charge of the Hoppo's seal of office owing to the sudden death of the latter) and the Select Committee; which circumstance, even were prospects more favourable, prevented us from making arrangements that we might otherwise have been able to do; and to await the result of the negotiation now afoot, would prevent us from securing such freight as may offer for Bombay."

73. I.L.B. 14/10/29, to De Vitre, Bombay.
At this juncture the Hong merchants went out to Macao to persuade the Select to open the trade. But they were not successful. To convince the Chinese they meant to secure their demands the Select ordered the ship Bridgewater, which, owing to damage suffered in a storm, had been allowed to go up to Whampoa for repairs, to join the other vessels in the outer anchorages; and leave parties from the ships to Canton were forbidden. The Americans, however, continued to remain aloof. The determined attitude of the Select was fully appreciated by the private English merchants:

"The affair has now assumed a very serious aspect, and unless the Viceroy should make up his mind to lay aside part of his self importance, and concede at least one half of the points demanded, it is impossible to foresee where the negotiations may terminate; as the Committee consider themselves fully warranted by their instructions from the Court of Directors, in persevering to the utmost.

The Chinese begin to feel the suspension of the trade very severely and complain loudly."  

Jardine and Matheson then offered to place the Mary Anne, bound for Singapore, at the disposal of the Select to take despatches to England if the Select would grant a licence for the vessel to proceed to England. The Select declined to break the Company's regulations but sent the despatches by the Mary Anne

75. I.L.B. 7/11/29, to De Witre.
The stoppage of trade was causing the private merchants some trouble and Dent and Co. asked the Select if, as the treasury was still closed, the money waiting at Canton for Shipment to India could be received on board the Company's ships. The Select held out and started to load the Bridgewater outside the river in order to send her to England. The new Hoppo arrived but he adopted the same attitude as the Viceroy and eventually the Select accepted a partial settlement of the dispute, after first endeavouring to send a memorial to the Emperor and preparing their fleet for a cruise.

When the private merchants realised that the Select were determined to make an issue of their demands from the Chinese they gave them full support, but the failure to gain these demands was depressing and the private merchants began to feel that if

77. Morse "East India Company trading to China." Vol.IV page 212.
78. I.L.B. 31/10/29.
80. I.L.B. 15/1/30, to J. Matheson, Calcutta, reporting fresh developments between the Select and the new Hoppo; the Select's letter to the Hoppo:-

"Made the same demands from him that had been made from the Viceroy and added a threat of petitioning the Emperor, through the Yellow Sea, stating their, the Committee's, many grievances and the corruption of the local authorities - as for the eight demands - all or none. The latter is conciliatory, inviting the ships in etc., but firmly declaring his, the Hoppo's, inability to alter the decisions of the Viceroy, Judge and Treasurer.

The Fleet has received orders to prepare for sea, and each ship to report herself ready, when really so, this being done, further orders will then be communicated to them. A hint is given that the voyage will probably not exceed ten days or a week.

The copy of the Viceroy's secret report to the Emperor, was procured by my vagabond Ashune, and the Merchants admit it to be correct - you must judge for yourself as to the merits of the production."
they were to make any progress towards obtaining better trading conditions they must look beyond the Select, and after the changes made in the Select Committee by order of the Court of Directors they felt their only hope was to look to the strong and determined support of the British Government. 81

1829 had been a season of difficulty for the Canton trade but it was to be followed by two more seasons of quarrel between the Select and the Chinese authorities; in the 1830 season occurred the quarrel over the residence of European women at Canton and the use of sedan chairs by Europeans; while the season of 1831 started with the destruction of the improvements in front of the Company's factory and the outrageous intrusion into the factory by Chinese officials.

The private merchants were not impressed by the gains achieved as a result of the inconvenient and expensive stoppage of trade during the 1829 season and Jardine wrote that there seemed to be very little gain in the resulting agreement; that Chinese merchants of character and property were needed to keep the trade going, but he feared that the new Hong merchants would hardly fill the need. In fact it seemed to him that the chief beneficiary would be the Hoppo who would be able to exact a large fee from each new Hong. 82

   "I wish you could convince your friends in the Direction, of the propriety of a more decided line of conduct being adopted here under a sanction from Home, if from His Majesty so much the better; but a King's representative should be unconnected with, and have control over the Company's servants."

The actual gains were slight; the elder Chunqua was brought back to Canton, but he brought no funds to help to support his Hong in its difficulties, so, as this Hong owed no debt to the Company, the Select did not press the matter. The Viceroy did secure a slight reduction of the enter-port fee; so altogether there was little to show for the lengthy and expensive stoppage of trade which had been ordered by the Select. The feelings of Jardine and Matheson on the question of redress from the Chinese authorities were not improved when they learnt that the Hong merchant with whom they had had very extensive dealings, Manhop, had been declared bankrupt, banished to Eli and that there was little chance of recovering anything from his estate.

In 1830 a fresh quarrel broke out between the Select and the Chinese authorities; the President of the Select Committee, Baynes, had brought his wife to the Canton factory, a proceeding which was contrary to Chinese Law, and the Viceroy immediately ordered her to be sent away. The order was ignored and a threat was issued, whether emanating from the Viceroy or not is uncertain, that she would be removed by force. The Select at once ordered the fleet to supply a force of seamen and two guns for the defence of the factory. The Viceroy disclaimed the threat to use force and the affair abated while appeal was made to the Emperor. The

83. Morse "East India Company trading to China." Vol.IV page 221.
84. P.L.B: (Jardine), 7/4/30, to I. F. Elphinstone, London:—
"The Viceroy, in spite of all our remonstrances, has allowed this vagabond to swindle us of all our property in the most bare-faced manner possible."
Viceroy seems to have been chary of pushing this quarrel too far with the Select, but he turned viciously to the Americans, who also had brought wives into Canton, and threatened to stop the shipping of cargoes for two American ships; these vessels were in the service of Russell and Co., and Low, the husband of one of the ladies, was a partner in that firm. So it seemed as if the Americans had gained little by staying aloof from the quarrel of the previous year. The Viceroy also objected to Europeans using sedan chairs, and issued proclamations attacking the depravity of the foreigners; this latter annoyed the private English who petitioned the Select on this matter, the petition was signed by 26 merchants including James Innes and the members of the firms of Magniac and Co. and Dent and Co. The Select in turn protested to the Viceroy. The later stages of these quarrels of 1830 were not helped by the orders of the Court of Directors which removed the existing Select Committee and set up a new one under the Presidency of Majoribanks; this sign of the Company's disapproval of the Committee which had stopped the trade in 1829 seemed, in the opinion of the private traders, to imply an encouragement to the Chinese authorities. The private merchants did show some appreciation for the efforts of the Select in 1829, Jardine wrote:

"Cannot help feeling that the Honourable Court made a grand mistake in superseding the Committee here so precipitately without being in possession of the result, or even of the facts of the case.

85. P.L.B. (Jardine), 24/10/30 and 16/11/30, both to H. Matheson, Colworth.
86. Morse "East India Company trading to China," Vol.IV page 236.
They were the first Committee that ever took the British trade of the port under their protection or afforded the slightest protection to the property and interests of individuals. And so far were we private merchants from 'laughing at their stupidity in not stopping the country trade' that we even recommended their doing so. The ships then at Whampoa were all from Bombay; and the Bombay merchants having, through their Governor, and their agents here, petitioned them for assistance in their endeavours to obtain certain advantages from the Chinese authorities, could not have complained; and such a measure must have strengthened their case very much.

Hine and many others must have put you in possession of every particular before now; and you must be aware that it was difficult to approve their mode of conducting the detail of their operations, smuggling etc., but this may have arisen in some measure, from their want of unanimity. My plan would have been more simple, stop all intercourse, negotiate for a time, and if unsuccessful, appeal to the Emperor. The Viceroy would, most likely, have granted what would have satisfied me, rather than allow a plain statement of what occurred in Manhop and Chunqua's cases of bankruptcy, to have been laid before the Emperor. His conduct on these occasions was his weak point; but as these merchants owed nothing to the Company, some of the members of the

88. See Morse "East India Company trading to China," Vol.IV, Chapter 87 for quarrels between the President (Plowden) and the rest of the Select over the loading and unloading of Company's ships outside the river and their general disagreement over policy.
Committee were averse to interfering.

I am glad to find the majority of the present Committee consider if their duty to afford protection, as far as they are able, to British property and British subjects; and are also disposed to resist firmly every encroachment on the very few privileges we have.

You will see from the Canton Register that the local authorities presumed not a little on the removal of Mr. Baynes from office; but they have discovered already, that opposition to their impositions is not yet at an end."

The sentiments expressed in this letter reveal the cleavage in interests between the Company and the private traders at Canton. Jardine genuinely admits his pleasure at the interest taken in the welfare of British subjects who were not servants of the Company. It was a little surprising that the Select received such strong backing from the non-Company element because, except for the Parsees, the private trade element was not particularly concerned about the increase in the number of Hongs. The two aspects of the Canton foreign trade were complimentary; that conducted by the Company was carried on through the Hong merchants and worked reasonably within the Chinese system, but the bulk of the trade conducted by the English private merchants was done through the shopmen; and much of their trade was illegal, consequently the efficient working of the lawful system was not one of their major worries. The Parsees also did much of their trade

through the shopmen, but there were certain items of trade, tea, raw silk, cotton and woollens which could only be sold through the Hong merchants, who alone could act as security merchants for ships. It was the need to sell their cotton which led the Parsees to seek the help of the Select in 1829. The private English did, it is true, have many dealings with the Hongs, but as Greenberg has shown they dealt with various Hongs and often with those on the verge of bankruptcy who gave the private English concessions in order to keep up their business activity and to strive to give an appearance of financial stability by continuing to trade. Undoubtedly the private traders would have been quite willing to see the break-up of the Hong system in the hope of it being replaced by freer methods of trade. The Select, on the other hand, because they used the existing system faithfully and secured thereby a regular and profitable trade in tea, saw no need to disturb the 'set up' by seeking drastic reform, which makes the violent and determined action of the 1829 Committee all the more remarkable; and, not without reason, shocked the Directors. The Company had sufficient faith in the Canton system, or such terror of the uncertainties of change, that they did their best to keep up the number of Hong merchants by helping those in danger of bankruptcy by loans from time to time. Besides helping to maintain the system which produced satisfactory returns for the Company, the Select also had the additional incentive to avoid upsetting the Chinese by exerting control over the private English, a control vested in

90. Greenberg "British Trade and the opening of China", page 68 et seq.
them by Act of Parliament and enforced by the licence system. There was, therefore, little need or reason for the Company's representatives and the private English to be particularly friendly, yet, in actual fact, they 'got on' quite well together. It is true there were quarrels and disagreements, especially between the Select and Jardine, Matheson and Co., but members of the firm were close friends with members of the Select, and wrote to them when they had returned to England; and when the Select finally closed its treasury and left China in December 1839, the little matters of the Agency which were still pending were left in the hands of Jardine, Matheson and Co. After the failure of the 1829 Select Committee to obtain any material change in the Canton system it is difficult to see just how pressure could be exerted upon the Chinese authorities without the use of force. The keenest appreciation of the alternatives is to be found in the views expressed by the Duke of Wellington to Ellenborough in December 1831:—

"He said that the trade with China must either be carried on by us as traders, ready to do all to have commerce, or the King of England must appear there in all his power and splendour. He saw no medium. He was not yet too old to conquer, but if we

91. See infra for quarrels over mail and ships licences.
92. P.L.B. (Jardine). 31/1/34, to Charles Majoribanks, London:

"Please accept our united best thanks and oblige me by communicating the same to Mr Stewart Majoribanks for his handsome offer to protect our bills under the emergency occasioned by Fairlie and Co's failure. Be assured we feel equally obliged, as if we had occasion to trespass on his kindness."

set the example others would conquer too. The French would conquer, the Russians would conquer and there would be general war."94

The view of the Company and its Canton Select Committee was that the most important thing of all was that the trade should be kept going, irrespective of difficulties and insults and this was emphasised by the replacement of the 1829 Select Committee. The alternative envisaged by the Duke of Wellington was powerful intervention by the British State, leading to war and perhaps a wide international conflagration, and there can be no doubt that the Duke's choice would be sufficiently statesmanlike to avoid this. Such a war, even if successful, would cause much national expenditure and result in an increase in the National Debt, and would only benefit a few traders, assuming that the trade, shorn of all its restrictions, was as lucrative as expected. The views of the private English probably lay between the two extremes, and it is difficult to see how such wishes could be put into operation without proceeding to the undesired extremity of war. However, we will consider this problem later.95

In 1831 a fresh quarrel broke out between the Select and the Chinese. While the Select were at Macao a piece of land between the factory and the river which had been most unsightly and had been cleared and improved by their efforts was, by the Chinese, returned to its former filthy state. This was not the only insult offered because during their stay at Macao the Chinese

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94. Aspinall "Three Nineteenth Century Diaries." Page 162, 12 December 1831.
95. See infra for views of private traders on abolition.
authorities, led by the Fuyuen, forced their way into the Company's factory. Not only were the Select furious, but the British private merchants also felt that the Fuyuen had over-stepped the bounds of reason, so they drew up a resolution of protest. Jardine pointed out in his correspondence, that though the resolutions were very strong they did not desire recourse to acts of violence, and they believed that the matter would be settled amicably when the Viceroy returned to Canton. The only hope of redress, he felt, lay not in any feeling of justice on the part of the authorities but rather in the fear of possible consequences should the report of what was obviously an act of oppression reach the ears of the Emperor. The Select Committee once more used the threat to stop the trade unless satisfaction was received and appealed for help to the Governor-General of Bengal. Jardine pointed out that his firm was not particularly disturbed about the quarrel being pushed to the limit and the trade being stopped:

"We could scarcely be in a better state than we are at present: - we owe the Merchants nearly as much as they owe us: - and have a good deal of our funds locked up in the Drug at Lintin; the market for which is not likely to be much interrupted even should the regular trade be suspended.

Majoribanks appears to me, to be very determined - to preserve the trade if possible - but not to yield easily if once forced to acts of retaliation."
Jardine and his fellow private merchants soon began to have doubts about the firmness of the Select Committee and saw weakness in their appeal to the Governor-General of Bengal and the Directors for he wrote to Thomas Weeding nearly two weeks later:

"I expect very little from the Governor-General - still less from the Court of Directors - and as for the Government at Home, I question the wisdom of their commencing operations in China by taking up the last, I hope, dirty quarrel of the Company's servants with the local authorities of Canton," suggesting that whatever was done, little could really be gained under the existing system; though he does suggest later that the Select should try to wipe out the insult or else the Chinese will feel they can do what they wish with the Canton English and enjoy complete immunity. The quarrel dragged on in spite of the visit of naval officers and in March 1832 Jardine voiced the opinion that satisfaction would only be obtained when the British Government intervened and secured an equitable commercial treaty with the Celestial Emperor.

So much then for the clashes between the Company and the Chinese authorities at Canton; at first, delighted that the Select Committee were taking a strong stand against the Chinese, the private English strongly supported them; then when they found that the Select lacked support from Home and had not the means of compelling the respect of the Chinese, they began to stand aloof.

determined to make the best out of the existing circumstances and showing annoyance whenever the well-meant but impotent clashes of the Select Committee with the local authorities seemed likely to upset the smooth running of their trade, most of which was carried on outside the Canton system.

There were two parties among the English private traders at Canton, one following the lead of Jardine and Matheson, and the other of their great rivals Dent and Co. The rivalry started as the result of a quarrel arising from the separation of the sailing vessel Jamesina and the steamer Forbes which was towing the Jamesina. Shortage of coal compelled the steamer to abandon the tow and she reached Canton two or three days ahead of the sailing vessel. Dent was furious because his letters had not been transferred to the Forbes. This omission, for which he blamed Jardine and Matheson, took place at a most unfortunate time because the letters told of the failure, at Calcutta, of the great agency House of Palmer and Co. with which his firm was connected. The rivalry persisted and became important when Napier arrived in Canton in 1834.

In the last days of the Company's control at Canton a disagreement occurred between the Select Committee and Jardine, Matheson and Co, over the question of ships' licences. The Select felt that the country trade ships were flouting their authority over various matters so in order to bring them under closer control they began to demand the surrender of licences while the vessels

were at Canton. Under Act of Parliament country ships had to have licences granted by the Supreme Government in India before they were allowed to trade in China waters, and the threat of withdrawing licences was an effective way of disciplining these ships and their commanders. Reluctance to surrender the licence on arrival at Canton was overcome by the Select instructing the Hong merchants not to secure any new arrivals until the Select gave permission, and until accepted by a security merchant country ships could not partake of the legal trade of Canton Port. Jardine and Matheson's ships caused the Select much annoyance, several of their vessels being opium ships or receiving depots for the storage of opium. There was a very heated argument over the revoking of the licence of Jardine and Matheson's ship, Hercules, whose Captain, Grant, had often caused the Select much annoyance, but after much altercation the licence was restored. Jardine summed up the incidents:

"Early in the Season they took a fancy into their heads, that their authority was disregarded by a party in Canton; and also by the Commanders of the Country ships as they arrived; and acting on this foolish fancy, they listened to every idle report, demanded Licenses before the ships had got inside the Bocca Tigris - ordered the Hong merchants not to secure Country ships without the permission of the Select Committee and committed many other foolish acts for which they are laughed at by all and despised by many, so much for the expiring efforts of the Select."

F. PRIVATE TRADE VIEWS ON ABOLITION.

The abolition of the East India Company's monopoly of the China trade, which was fought out in England, had some interest for the private English merchants of Canton when they turned their attention, once in a while, from the art of trading to an examination of the political scene. In spite of their up to date commercial contacts their view, coloured by the local situation in Canton, was rather different from the point of view expressed by people resident in England and which was really that of the outports and the manufacturing areas. Jardine did not expect more than a partial opening of the trade in the first instance, but he had no doubt that if opened it would stay in the hands of English and other Western merchants at Canton. There were only two of the Hong merchants who were in a position to indulge in overseas trade, the extremely wealthy Howqua whose advanced age would make him disinclined to venture much, and Mowqua whose capital was tied up in property and could not be easily used for such purposes. The great point was that if the private merchants were allowed to purchase tea in quantity many of their trade difficulties, particularly that of remitting to England, would be solved. There would be no difficulty in obtaining black and green teas; and if they were prepared to buy on a large enough scale they would be able to command the market, much as the East India Company had done, and the funds for the teas would be provided by the opium trade. Later Jardine suggested a possible alteration in the

control of the British merchants at Canton. He felt it would be ever so much better if the Crown sent out representatives of consular rank to control both the private English and the East India Company's servants; unlike the reformers at Home he does not seem to have envisaged the complete departure from Canton of the whole of the Company's authority and one feels that the private English at Canton, though tending to find the interference of the Select rather tedious, did not expect that the Company's supercargoes would leave when the existing Charter came to an end in 1834. Did they expect that the trade would be thrown open and the Company allowed to continue in open competition with the free traders? It almost seems as if this is what they did expect; if so they failed to realise the determination of the outports and industrial centres of Britain, much as those ports and centres, in their turn, failed to realise the real situation in China and the very limited response to British manufactures at Canton. Jardine very definitely deprecated the treatment accorded to the foreign merchants at Canton by the Chinese and felt that the conditions could be improved, a view which was held by many of the foreign merchants:-

"That the general opinion here, is in favour of many valuable concessions being procurable from the Chinese, if properly asked for; but as long as foreigners submit tamely to be treated as slaves or beggars, and to trade on terms advantageous to China, the authorities here would be to blame were they to make
He had placed his finger upon what was the weakness of the position of the foreign merchants in China, and the solution he was to suggest of an equitable commercial treaty was the ideal one. What he failed to realise, although he had lived so long in China, was that this was the very solution least desired by the Chinese Government. That Government had only accepted the encroachment of Western trade so long as it could be completely controlled, hence the limitation of such trade to the solitary Port of Canton, a port far distant from the centre of Government, and imposed the careful control derived from the system operated by the Hong merchants. China was not prepared, of her own free will, to give up the seclusion guarded by this system in return for a commercial treaty designed in accordance with Western customs. The affair of Napier and, later, the Opium War were to prove that the changes desired by Jardine and his fellow merchants were not those desired by Manchester, nor were the hopes of either to be fulfilled without the use of force. Perhaps, too, Jardine and the other foreign merchants over-estimated the value of the Canton trade to China:

"The trade of this Port is too important to the Country

107. The foreign merchants, in spite of their long stay in China, were out of touch with the realities of Chinese politics because they were confined to Macao and the area around the factories outside the city of Canton and had few opportunities to meet and talk with influential Chinese; hence their dependence on rumours - Matheson, writing to D. S. Burn, Bombay (P.L.B. 21/1/37) reports a rumour that opium might be legalised.
at large, to be given up easily, or for trifles, what would become of the immense numbers of people who are now employed in rearing Tea plants, rolling up and drying the leaves, and carrying them by land and canal carriage to Canton? The same question may be asked respecting Raw Silk, Nankeens, Cassia etc. etc., but you are acquainted with all these particulars, and only require to forget the old story - of the Government being averse to foreign trade unless carried on in the manner dictated by themselves, and you will agree with us in thinking a commercial treaty worth trying for."108

He and others had probably over-estimated the discontent amongst the Chinese owing to the stoppage of trade in 1829109 and that, in any case, it only affected the region of Canton and had no impression upon the other extensive areas of the far flung land of China. Again, in 1832, Jardine stated the great truth which alone could grant the foreign merchants the conditions they craved:

"Of one thing you may rest satisfied - Great Britain never can derive any important advantage from opening the trade to China, while the present mode of levying duties, extorting money from the Hong merchants etc. etc. exist.

We must have a commercial code with these Celestial Barbarians, before we can extend, advantageously, our now limited

109. I.L.B. 7/11/9:—

"The Chinese feel the suspension of the trade very severely and complain loudly, in spite of every effort on the part of the authorities to soothe their feelings and keep them quiet by issuing chops, blaming foreigners."
commercial operations.

We have the right to demand an equitable commercial Treaty, and to enforce it if refused - so say we residents - I am afraid our friends from home differ from us - open their eyes if you can."110

When the news of the new arrangements began to reach Canton late in 1833 and it was known that there was to be a government or consular body to look after British interests and to control British merchants at the port, Jardine expressed a hope that none of the Company's servants would be connected with the new authority. He raised the question of the standing of the consular representative and hoped that he would be able to secure recognition by the Chinese as an equal in rank to the Viceroy of Canton. To secure and maintain such a position he ought not to associate or confer with men of lower rank such as people connected with commerce and in particular the Hong merchants. In order to do this and yet protect British interests Jardine proposed there should be a Chamber of Commerce formed from the British traders at Canton. This body should carry out all intercourse with the Hong merchants, only when the Chamber and the Hongs had failed to agree should the Consul take up the question, and then directly with the Viceroy himself. This was quite a reasonable suggestion and was, according to Jardine, viewed favourably by the Hong merchants.111 Whether the Chinese authorities would have

accepted it is another matter.

The private English at Canton did not regard the opening of the China trade with quite the same enthusiasm as the merchants of the outports and the industrialists. They feared the flooding of the China market with unsaleable English goods, brought, in the words of James Matheson:

"By the resistless impulse of steam." He felt it would be unwise for the general merchant to engage in the fierce spate of competition initiated by manufacturers:

"Who will be satisfied with the lowest scale of remuneration that will enable them to work their machinery without loss."

The private traders at Canton were quite willing to see the Company's authority ended and their trade thrown open, though not necessarily abolished, because if the Company were allowed to trade in open competition without the protection of the monopoly the private traders had no doubt of their ability to compete successfully with the Company. Their attitude towards authority was rather vague, they resented the control of the Select Committee and preferred that of a Crown officer. Possibly, if their views on this could be analysed it would be found that they would rather have an authority chosen from themselves and supported by the power of the British Government. One thing they did not want, and this is where the difference between the Canton English and the reformers at home is so apparent, was the flooding of the Chinese

112. P.L.B. (Matheson) 13/11/33, to Duncan.
113. P.L.B. (Matheson) 13/11/33, to Duncan.
market by British manufacturers who had no knowledge of Canton conditions.

G. IMMEDIATE RESULTS of the OPENING of the CHINA TRADE.

As the time for ending the Company's existing Charter drew near there was much speculation at Canton. The information from England had been very scanty and there was much uncertainty as to what the new situation would be. Jardine expressed the view that the money required to buy the teas in Canton, which in the past had been supplied by the Company, would have to be sent from England, and in the form of bills or bullion, indicating that he did not see much likelihood of British manufactured goods being able to pay for the teas. He feared there would not be enough money circulating in Canton to buy all the tea that would be required for shipment to England, and Europe, probably expecting there would be so many new merchants resorting to Canton to seize the tea trade that the amount handled by the old China firms would be proportionately small. Otherwise the existing firms might have been able to buy the tea by using the money obtained from the sale of opium which they sold; much as in the days of the Company when the money received from the sale of opium was deposited in the Company's treasury in return for bills, the Company using the


"I shall defer entering on the subject of the tea trade, till we ascertain when it is to be thrown open to the Public, and whether the Company will be allowed to participate for a certain number of years; or till the expiration of their engagements with their freighted ships, all which particulars we hope to be made acquainted with before the next departure on the 10th proximo."

money to pay for the tea. Already, however, this system was breaking down before the end of the Company's monopoly, as was indicated by the many occasions on which Jardine and Matheson shipped bullion, in various forms, away to India. One of the difficulties had been that the Company very often could not, or would not, supply anything like the number of bills demanded by the private English.

The next difficulty which faced the traders at Canton was the date when ships could be sent to England with tea. There were so many ships at Canton waiting to receive cargoes that the rate of freight was as low as £6 for a ton of 50 cubic feet, a rate so low that it seemed as if the main purpose of the owners was to employ the ships rather than to make a profit from the freight.116 Jardine, Matheson and Co. sent the first ship, the Sarah, to England with a cargo of raw silk. They also expressed dissatisfaction with the duties imposed to pay for the trade commission at Canton.117 The problem of the date on which it was lawful to start shipping tea to Europe was complicated by the late arrival, at Canton, of the Superintendents of Trade who had been appointed under the new system to control British interests at that port. After a conversation with Davis, President of the East India Company's Select Committee, Jardine and Matheson decided to despatch for Britain the ships Camden, Francis Charlotte and Georgiana, loaded with teas for the ports of Glasgow, Hull and Liverpool. The teas on board were partly the property of Jardine, Matheson and Co. and partly of their friends, European and Chinese. The teas sent by these ships

were those originally destined for the Company's ships which, had the monopoly been continued, would have departed for England in the following November. The winter teas were very quickly bought up by the English Canton merchants and others by the end of April 1834, and orders were placed for the following November. Jardine was not very happy about the future contracts, he feared the teas would not conform to the qualities and standards which had existed during the period of the Company. As the largest buyer of black teas, the Company had possessed a very strong position, and with the Hong merchants had set a very high standard of quality and of honesty in dealing. Jardine feared, with reason as it proved, that the increase in competition for teas with so


"If the market is dull and teas abundant we shall have very little trouble; but if teas are scarce and prices high, the Tea-men, who are generally men of indifferent character, will insist on the Contract teas being equal to the Company's first quality when they are scarcely equal to the second; and, if we do not yield the point, will sell their teas in the market. In such cases we should have much trouble in obtaining redress, and may, in some instances, be unable to succeed. The Company had a great advantage from being almost the only purchasers of Congo teas; but in Green teas, where they had a rival in the demand for the American market, many tricks were practised against them - such as keeping back 1/3 or 1/4 of the best chops; and selling them to the Americans at a higher price, taking care to change the chop or character on the chest, which is easily done."
many purchasers would give the tea-men, who were never noted for their honesty, the chance to defraud on a large scale.

The delay in the arrival of detailed information of the new organisation and the late arrival of the Superintendents of Trade gave rise to many fears and guesses. A rumour that Sir George Staunton was to be First Superintendent caused much consternation among the private merchants who felt that the officials of this body, if it was to initiate a new era in relations with the Chinese, ought not to have in its number anyone who had been connected with the Company. Eventually the commission arrived; it included Lord Napier, the First Superintendent, Davis, Second Superintendent, Sir G. Robinson, Third Superintendent and Captain Elliot R.N. as Master Attendant. To the annoyance of Jardine there were two Company's servants, Davis the current Chief of the Select Committee and Robinson, on the commission. Originally another, Plowden, had been nominated but, as he had returned to England, Davis had moved up from Third to Second Superintendent while Sir G. Robinson had been added to the commission as Third Superintendent.

Napier arrived at Macao on 15 July and went on to Canton on 25 July, evading the Hong merchants and Chinese officials who came to persuade him to await the Viceroy's permission which it had always been customary for new Presidents of the Select Committee

121. East India Company Records: Canton Consultations Vol.255. 16/7/34, concerning Napier's commission:
"On the new establishment viz: the offices of Second and Third Superintendents, their Secretary, Chaplain, Interpreter and Surgeon. The first three offices were stated to be offered to the three Senior Members of the Factory in China, and in the case of being declined by the Seniors to descend in rotation to the last of the Supra Cargoes."
In the case of a President of the Select Committee the permission was formal and always granted. Napier as First Superintendent held a new office which the Viceroy dare not recognise until he had communicated with the Imperial authorities at Pekin, consequently Napier's precipitate action placed the Viceroy in a very difficult position. The reception of Napier might have been different if, before his arrival in Chinese waters, the British Government had communicated with the Chinese Imperial Government and secured the Emperor's approval to the recognition of the trade commission as the official body controlling British subjects in China in succession to the Company's Select Committee. Napier's letter to the Viceroy was not received because it was not in the form of a petition; determined to be received as an equal in rank to the Viceroy Napier declined to accept the advice of the Hong merchants who urged him to submit his letter in the form of a petition. This determination ruined the mission. On 14 August 1834 the Chinese stopped the trade. Two days later Napier persuaded the English merchants at Canton to form a Chamber of Commerce. The Company's Agents felt this was an unnecessary step because if the Chamber developed in the normal way it would tend to supersede the purpose and function of the Superintendents.

122. For an account of the Napier affair see W. C. Costin "Great Britain and China 1833-40," Chapter I. Also the appropriate entries in the East India Company's Records: Consultations of the Canton Agency Vol. 258. 1834-5.
124. Ibid.; 14/8/34.
125. Ibid.; 16/8/34.
There were now two factions among the English in Canton. One consisted of Jardine, Matheson, Innes and their friends who constituted a majority and controlled the newly formed Chamber of Commerce. This party believed in a policy of strong opposition to the Chinese demands. The other party consisted of Dent and Co., Whiteman and Daniell who followed the old Company's policy and wished to temporize with the Chinese. Eventually, to preserve the trade, Napier decided to withdraw from Canton. On his doing so the Chinese restarted the trade on 27 September 1834. Napier died on arrival at Macao.

The Company's Agents felt that Napier's position was curious, lacking effective military power, not recognised by the Celestial Emperor and having no official introduction to the local Chinese Government:

"Under these circumstances, with our knowledge of the Chinese character we conceive that the Viceroy dare not accede without the sanction or order of the Emperor, this may shortly be expected, the spirit of which will be a guide for the Viceroy's future behaviour. We only hope that both parties may not so far have committed themselves as to render a conciliatory course difficult, even if it be practicable."

On the other hand Matheson felt that Napier should act as strongly as possible. He attached great importance to the

129. P.L.B. (Matheson). 25/9/34, to John Purvis, Singapore, on Napier's attack on the ports - "Has placed us in a better position than if he had quietly yielded to them in the first instance. They have had a lesson which they will not easily forget. It were too much to expect that they will not require a further demonstration of force on a larger scale before being brought to their senses."
Superintendent being able to deal directly with the Viceroy without having to go through the Hong merchants whom he seems to have regarded with a certain amount of suspicion.\textsuperscript{130} After the death of Napier James Matheson felt that the establishment of the Chamber of Commerce had been a great gain, though he strongly opposed the admission of Indians to the Chamber because they were liable to be unreliable in a difficult situation.\textsuperscript{131} Jardine felt that Napier had failed because he had been given too little power to carry out the task assigned to him.\textsuperscript{132}

If force was not to be used to obtain a change in the situation at Canton then the methods so long in use by the Company, of working as far as possible in accordance with the existing customs without yielding national prestige was the only possible way. On the other hand, if big changes were desired, then Jardine and Matheson were right in believing that a display of force was necessary but they, too, failed to realise the extent of the effort which would be required to impose upon the Chinese the commercial treaty they so ardently desired. Thus one of the immediate results of the end of the East India Company's monopoly in the Eastern trade was the fiasco of Napier and a worsening of relations between the British and the Chinese which was to culminate in the Opium War.

The end of the Company's monopoly did not, contrary to expectation, make things any easier for the British merchants at Canton; they found the Tea-men difficult to deal with; much competition from the Americans; difficulties from the continued opening

\textsuperscript{130} P.L.B. (Matheson). 25/9/34, to John Purvis, Singapore.
\textsuperscript{131} P.L.B. (Matheson). 1/11/34, to Lyall.
of the Company's treasury and the gradual collapse of the Hongs.

In 1836 there was much trouble from the Tea-men who had defied both the foreign merchants and the Hongs. The Hongs had great difficulty in collecting duty from the Tea-men who were very numerous, in spite of the backing of the British merchants who pointed out that the Hong merchants if they cared to use their power had the upper hand because they alone could ship off the tea. 133 Soon it became obvious that the Chinese were holding back their teas in order to get a better price but many ships, fearing there were not enough teas available, left the port, whereupon the Chinese, fearing they would be left with the teas on their hands, brought them forth for sale. 134 Before the end of the Company's monopoly, towards the end of 1833 it was noticed that the Americans, shipping from Liverpool, were importing all kinds of piece goods, which they sold at a loss. 135 This process continued in an attempt by the Americans to capture the market when the Company's monopoly ended, but all they achieved was to flood the market and reduce prices. 136 The Company being allowed to keep open their treasury in Canton and to maintain there a financial Committee or Agency was a matter of very considerable annoyance to the private merchants. 137 Though they made use of the Company's treasury Jardine and Matheson were not satisfied with it for it was often shut when they wished to transact business

or unable or unwilling to deal in the large amounts required by that trading House; also the Company shipped much bullion from China in the process of gradually closing down the Agency and getting their funds home. They also feared that the existence of funds in Canton in the Company's treasury, available on loan, would lead many merchants, new to Eastern trading, to speculate unwisely and upset the market. Jardine blamed the Company's treasury for the difficulties of the Hong merchants who:

"have had considerable difficulty in settling their annual accounts, owing, in some measure, to the finance Committee having no cash to advance to the parties, who have pledged their Teas - the Treasury opened with an old balance of from two to three laks of dollars, which sum together with what has been paid in since, has been advanced to load the Berwickshire and Hythe - plenty of bills on the Supreme Government, but no cash for anyone else."

138. P.L.B. (Jardine). 13/7/34, to J. Jeejeebhoy, Bombay, and 30/10/34, to Henry Templar, London:

"We have applied to the Finance Committee for advances on your account; but have little expectation of receiving any till late in the Season if at all - They have very little money in their Treasury, and a large sum is wanted for the Berwickshire and Hythe - the whole affair looks very like a dirty job - but more of this by and bye - their exchange is 4/7 per dollar."

E.I.C. Records, Consultations, Vol. 258. 1834-35. 18/10/34. Berwickshire and Hythe were Company's ships. Current Rate was 4/9 per dollar.


The end of the Company's tea trade also removed from the Hong merchants their great support; it had long been the practice of the Company, by means of loans to save the more embarrassed of the Hongs from bankruptcy, but the end of the monopoly removed this prop from the Hongs, and in 1836 rumours were active concerning the impending collapse of Hengtai's Hong and others. By 1838 several of the Hongs were in a very shaky condition, though only Hengtai's Hong had been petitioned against by its foreign creditors and he became bankrupt.

The Company, though they had lost their tea monopoly, had not lost their interest in Tea. They made every effort to find out all they could about the Chinese tea industry and tried to grow tea in India. Jardine remarked in a letter to Matheson, then in London:

"Mr. Gordon is still here, making arrangements for men to proceed to Bengal as Tea-makers or rollers up of Tea leaves.

The Committee in Calcutta have, in their great wisdom discovered that all Tea plants are the same; and no difference exists between the Black and Green Tea plants. They fancy they have abundance of very good plants in Assam."

By the time the Company's monopoly ended in 1834 the private English who were engaged in the opium trade were doing very well and several firms including Jardine, Matheson and Co.

143. P.L.B. (Jardine). 1/7/35, to James Matheson, London. There was much speculation whether Black and Green teas came from different plants; or from different methods of preparation.
and Dent and Co. had a number of ships engaged in trading the drug along the Coast. But from time to time the trade suffered interruption from spasmodic but increasingly vigorous official interference. It seemed as if the Chinese authorities, now that the restraining hand of the Company had been removed, feared the foreigners would become too blatant in their contempt for the anti-smuggling laws. Jardine in a letter to J. Jeejeebhoy reported

"96 chests of opium seized, one broker fled to a foreign ship at Lintin; another fled from Canton; owing to the amount of drug trade in their hands, unless they return to dealing soon the trade will be hampered. Persecution undertaken by inferior Government officers for extortion." 144

In January of 1837 Matheson reported a rumour that the importation of opium might be legalized, 145 but in May of the same year when writing to a Bombay correspondent he remarked that the legalization of opium in China was then never spoken of. 146 Later, in October, he was complaining that the bad weather and much interference by the Mandarins had impeded their opium sales along the coast. 147 At the beginning of the following year the foreign merchants had an unpleasant shock when three chests of opium were seized on a foreign boat. This was the first occasion on which property in the hands of foreigners had been seized; it was an indication of the future, a sign that matters could not go on as they had in the past,

Matheson was uncertain what changes would be made. Meanwhile measures against Chinese smugglers and smokers of opium had been intensified. Soon matters took a turn for the worse and the Emperor sent Commissioner Lin to destroy the opium trade, an act which very quickly led to the Opium War and a new phase in Anglo-Chinese relations.

149. Unbound Letters, Jardine Matheson Archive. 16/12/38, to Capt. Rees; Barque Austin; from Jardine.
In 1829 the parlous state of Chunqua’s Hong and the memorial of 44 Parsee merchants complaining that there were insufficient hongs to deal with their cotton imports led the Select Committee to consider the existing position very carefully. The Committee decided that when the ships arrived from Europe for the new Season they would not allow them to go up to Whampoa immediately, but would hold them outside the river while they used the time in trying to persuade the Viceroy to create new hongs. The Select had an excellent excuse for keeping the Company’s ships outside the river until later in the season, because the Directors themselves had frequently urged that this should be done to avoid the risk of sickness among the crews owing to the unhealthy state of Whampoa at that time of the year. There had been some suggestion of an increase in the number of Hong merchants before this time, but the difficulties of the office and the large presents required by the
Hoppo from new members of the Hong had deterred recruits. On arrival all the ships belonging to the Company were kept outside the river, except the damaged Bridgewater which was allowed up to Whampoa for repairs only. The Select sent a memorial to the Viceroy urging changes in the Canton commercial system, but the Viceroy, taking advantage of the sudden death of the Hoppo, showed little inclination to stir in the matter. On 26 September a memorial in support of that of the Parsees reached the Select from seven of the private English firms in Canton. Later, support was received from other members of the foreign community at Canton.

Fearing lest the Chinese should misunderstand their attitude, the Select ordered officers and members of the crews of the Company's ships who had made trips into Canton to cease this practice; they also ordered the Bridgewater, now repaired, from Whampoa to join the other vessels outside the river. By this time, however, there was a cleavage within the Select Committee itself. The President, Plowden, urged that the ships ought to go up to Whampoa.

On 23 November 1829 there was no sign of the Viceroy making any constructive effort to meet the wishes of the Select, so they decided to seek the assistance of the private merchants in getting a ship laden so it could return to Europe. They wrote a letter to Howqua, the senior Hong merchant, asking him to hand over to Matheson of Jardine, Matheson and Co. sufficient tea from the

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2. For a general account of this affair, see Morse Vol.IV, Chapter 87.
stock of the Company's winter teas, held in the Company's warehouse, to be loaded on the ship. If Howqua should find it difficult to transfer this quantity of the Company's teas to Matheson, then the Select gave Matheson authority to purchase teas which were on the market and which their tea-inspector, Reeves, had already examined. This suggestion was objected to by Plowden as it was in contravention to the system and regulations which the Company had upheld for so long. He also disapproved the Select allowing the Captains of the Company's ships to dispose of their privilege cargo. The Majority of the Select (Baynes, Bannerman, and Millett) out-voted the President and the loading of the Bridgewater commenced in the outer anchorage with the assistance of the private merchants, in the manner in which they carried out their illegal opium trade.

On 26 November 1829 the Select sent the following proposals for a new Trade System to the Hongs to be passed on to the Viceroy:

1) The elder Chunqua was to return to Canton and pay his debts, else these debts would fall on the other Hongs.

2) Many new hongs were needed, but each must be responsible for its own debts.

3) The new and old Hongs were to be on the same footing once the old debts had been cleared up.

4) The new hongs were to help the old Hongs to clear up the existing debts.

5) Duties on imports were to be levied as soon as the goods were landed.

6) All foreigners to be allowed to rent warehouses to store goods till the market should be suitable (as the Company already did).

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7) No Hong to secure ships - or else they will be subject to government extortion.

8) Port charges to be reduced and regulated according to the size of the ship.4

Little was heard from the Chinese authorities for some time. The Viceroy realised that time was on his side and if he did nothing the trading season was slipping quietly away and there would soon be little time for the Company to unload and reload the ships and eventually, if their ships were to sail for Europe they would have to open the trade.

While this was going on the private merchants were carrying on their trade in the normal manner; only the Company's trade was at a standstill. Realising this one of the private English, Innes, made an offer to buy the Company's long ells; this proposal was opposed by the President who did not wish to break the customary trading rules. The Majority of the Select, however, agreed and the Company's long ells were sold to Innes.5

The Select were becoming concerned about the fate of the Company's cargoes; all the private merchants, English and others, were trading as usual; only the Company were making a sacrifice. The Majority of the Select felt they ought to be disposing of their import cargoes, if necessary, in the same way as the other merchants; consequently, in spite of the opposition of Plowden, they decided to dispose of the import cargoes at the outer anchorages.6

On 1 December Millett suggested sending Lindsay, one of the junior

6. Ibid., 30/11/29.
supercargoes, to the Company's fleet to superintend the disposal of their cargoes to anyone who cared to defy the Laws of Canton Port and buy them.\(^7\) To facilitate this scheme Millett then suggested that they should use the Company's press to print notices to inform the local Chinese in the area off which the fleet was anchored about the proposed sale of the Company's cargoes. Needless to say Plowden objected very strongly to this proceeding,\(^8\) and quarrels arose over the Company's press which was then in the President's house.\(^9\)

The co-operation with the private English was quite close, for in November Jardine had offered the Select the opportunity to send despatches to England by his vessel the Mary Anne which was due to sail for Singapore, but, if the Select were willing to give a licence to allow her to continue to England, he would be willing to oblige them. The Majority were sorely tempted but they decided it did not lie in their power to grant such a licence, which was tantamount to allowing the vessel to take part in the direct trade from China to England which was reserved to the Company. However they sent their despatch as far as Singapore in the Mary Anne.\(^10\) But, when on 10 December Jardine offered the services of the Norden to take the Company's despatches home, the Select accepted with alacrity. Plowden objected and cited a preference for the French ship, the Chunqua. Eventually it was decided to send the main

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8. Ibid., 10/12/29.
9. Ibid., 18/12/29.
despatch via the Norden and a brief letter via the Chunqua.\textsuperscript{11} It seems a little strange that after refusing the services of Jardine's Mary Anne, the Select should accept, only a few weeks later, the services of the same merchant's Norden, but we must not forget that the Norden was registered under the Danish flag and therefore did not disqualify herself for the direct trade.

The difficulties caused by the action of the Select in keeping the ships outside the river were many. The commanders and officers of the Company's ships were becoming anxious because they were losing the opportunity of taking on board their customary privilege trade. Realising this the Select informed Captain Hine, who was Senior Commander of the fleet, that commanders could make application to have their private trade cargoes sent home via the Bridgewater; that these applications should be made by 21 December and the cargoes loaded by 4 January, but the Select were unable to guarantee a sailing date.\textsuperscript{12} On 18 December the Majority rejected a proposal from Plowden to re-open the Company's treasury,\textsuperscript{13} a suggestion repeated by the President three days later. He pointed out that the failure to open the treasury was doing the Company very serious harm. Many funds which normally passed through the treasury were being transmitted by other means and there was a danger that when it was re-opened few traders would be willing to deposit funds during the current season. Much of the money usually deposited in the treasury, in return for Company's bills,

\textsuperscript{12} Ibid., 14/12/29.
\textsuperscript{13} Ibid., 15/12/29.
had been transmitted to India in the form of specie and goods, to
the value of 3,000,000 dollars. This sum was lost for the present
season, but if the treasury was opened at once, the President had
been informed that 200,000 dollars which were about to be shipped to
India on board the Jamesina would be paid in.\textsuperscript{14} The Majority,
however, were prepared to accept this loss of custom.

The hopes of the Majority were raised when they received
the proclamation of the new Hoppo, which was found to be quite
conciliatory.\textsuperscript{15} A week later they drew up an address to the Hoppo
with which the President did not agree. He felt that there was no
point in continuing to demand points which had already been refused,
especially as it seemed that there were certain aspects of the com-
mercial system which the Chinese Government seemed most unwilling
to change; and to pursue the issue meant continuing an enormous
sacrifice on behalf of the Company, and as:

"The commerce of the present season at Canton has been
carried on as usual, as well by our Country Trade, as by Foreigners
in general, the credit of the Hong Merchants has certainly received
no detriment, on the contrary the President has been informed that
they have fulfilled their mercantile transactions with good faith."\textsuperscript{16}
This, however, made no impression upon the Majority.

Meanwhile a quarrel had blown up between the Majority of
the Select Committee and the officers of the Company's fleet
because the Select had rebuked the ship's officers who, it was said,

\textsuperscript{15} Ibid., 18/12/29.
\textsuperscript{16} Ibid., 25/12/29.
had entered Canton against orders. On 30 December Captain Hine, the Senior Commander, resenting this rebuke wrote a letter of protest to the Select. This letter annoyed the Majority, who rebuked Captain Hine for his letter. Plowden, though he did not defend the rash tone of Captain Hine's letter, felt that the Committee had been rather rash in sending their rebuke to the ships' officers because the evidence of their offence was not substantiated.

Plowden then requested a report from Lindsay and Clarke who were with the fleet disposing of the import cargo. The Majority declined on the grounds that Clarke and Lindsay were far too busy to write such a report. On 6 January 1830 the Hoppo sent a reply in which he criticised the attitude of the Company and suggested trade should be resumed on the old system. The President immediately urged the Majority to renew the trade. In reply the Majority gave a detailed account of the history of the stoppage of trade, drawing attention to the attitude of the Americans who, when the Company declined to trade, thought they would be the sole large buyers of tea in Canton, so they entered into a combination to force down the prices of tea in Canton in order to purchase them as cheaply as possible. The Majority, however, rejoiced that this scheme of the Americans had not worked, thanks mainly to the influence of the wealthiest of the Hong merchants, Howqua, who was able to keep the prices high, and in some cases the Americans actually paid more for teas than they would have done had the Company been buying.

18. Ibid.; 30/12/29.
With the trading season slipping away so rapidly the Majority decided that more drastic action would be needed to make the Viceroy realise the firmness of their intentions so they decided to take four important steps, first to consider removing the fleet from Chinese waters, perhaps as far as Manila, in an attempt to convince the Chinese that they would not resume trade until the Chinese agreed to their proposals. The second step was to send an address to Pekin and the third to stop the country trade, the suspension of which:

"Appears essential, both for the preservation of consistency and with the object of removing a source of profit to the Chinese Government — we have refrained from this step hitherto from an unwillingness to distress unnecessarily the interests of our Countrymen but when it is recollected that we have been applied to by the Government of Bombay and the British mercantile community of Canton to exert our influence in their behalf, we feel no reluctance in exercising this control over Private Traders the moment that circumstances have rendered it indispensable."²¹

Finally they resolved to seek the assistance of the Indian Government, partly to help them to enforce the stoppage of the country trade, and partly, perhaps, to secure the presence of some of His Majesty's ships of war in the China seas for the dual purpose of enforcing the stoppage and influencing the local Chinese authorities; they also hoped to persuade the Governor-General to

send a letter of address to the Chinese Emperor via Tien-Tsing and Nepal, in the hope that one address at least would reach him. Naturally the proposals did not receive the support of Plowden who now offered to take the sole responsibility for restarting the trade, but this the Majority rejected, maintaining it would be wrong for them to abandon their responsibility for the Company's affairs at such a time.

On 25 January another minor problem arose when Forbes, Commander of H.C.S. Thames, wrote to the Select asking them to help him because he had incurred loss owing to the stoppage of trade by his private trade on board ship going bad. The Select felt a certain responsibility for Forbes' loss and decided to write to the Court of Directors urging that they should assist him. 22

On the same day they received a letter from the Viceroy in which he rebuked the Committee for sending a sealed letter to Pekin and returning the address to the Emperor unopened. Extra hongs were being founded, the letter said, and a change in the enter-port duties was taking place, while an attempt to recall the elder Chunqua was being made. The other demands made by the Select were refused. After some deliberation the Majority decided to be satisfied with the reforms granted in the Viceroy's letter and they replied by letter that they would resume trade when the changes became effective. Plowden, the President, inserted a minute drawing attention to the fact that this letter from the

Majority terminating the quarrel and resuming the trade was very similar to the one he had proposed as long ago as 16 November, and which, if it had been sent, would have avoided several weeks wrangling and a heavy loss to the Company's trade. 23 Six days later Plowden wrote a letter to the Court of Directors explaining why he had so consistently dissented from the views of the Majority of the Select Committee at Canton, as early as 18 January he had announced that he would be leaving China for home on the Bridgewater at the end of the season. On 6 February the Select Committee met the Hong merchants and officially decided to resume the trade.

Though, in general, the English private merchants seem to have given the Select their moral support in their efforts to secure better conditions of trade at Canton, and, as we know from the Jardine-Matheson archives, many would have supported a stoppage of the country trade, some of the commercial residents had made plans to defy such orders and to bring their ships to Whampoa in defiance of the Company. 24 This shows the growing weakness and difficulty of the Company's position at Canton. With the support of the Chinese they could control to some extent the private traders by withholding licences and by securing the assistance of the Hong merchants who could upset legal private trade by declining to secure the ships. On the other hand, with the full support of the country trade the Select could exert considerable pressure upon the Chinese authorities, but unsupported the influence of the Select had its limitations. The Select felt very much the lack of

24. Ibid., 31/3/30.
a cutter which would make it easier for them to communicate with their ships. Above all, if they were to have any chance of coordinating the foreign trade views at the Port of Canton, they required some more positive authority over the private English, something in the nature of consular power:

"We have it in contemplation to recommend to the Honourable Court the appointment of an officer in the station of 'Master Attendant and General Superintendent of the Marine' attached to the Honourable Company's Service in China."25

Commenting upon the question of King's ships in China waters Daniell26 felt the regular appearance of His Majesty's ships, so often urged by the Select, might adversely affect the opium trade which, in his opinion, was of great consequence to the East India Company.

The Majority did not receive much support for their stoppage of trade from the Indian Government; indeed the Governor-General dashed many of their hopes. He was very glad to learn the trade had been restarted, being very worried about the stoppage of such an important trade and generally upholding the traditional Company's view of Anglo-Chinese relations. He informed them that he could not give them the help they had suggested because he had no means of certain communication with the Pekin Government by the two routes suggested by the Select. He disapproved of the use of war ships to intimidate the Chinese and informed the Select that

26. Daniell, supercargo at Canton; member of the Select Committee which replaced that Committee responsible for the 1829 stoppage of trade.
the requisite number of ships which would be required for such a task could not be spared from the Indian squadron. 27 The defection of some of the private traders and the Indian Government's disapproval of the stoppage of trade was followed by a severer condemnation from the Court of Directors, who removed Baynes, Millett and Bannerman from the Select Committee. They sent out Majoribanks as President and Davis as Second, completing the Committee with the addition of Daniell and T. C. Smith. 28 Shortly afterwards a testament to the efforts of the previous Committee was entered in the secret minutes, signed by several junior members of the factory and T. C. Smith. For his part in this Smith was removed from the Select Committee by the Court of Directors.

B. RELATIONS with the CHINESE AUTHORITIES.

On 29 April 1830 the Select received a letter from the Hong merchants giving new trade regulations. With regard to the debts of the Hong merchants foreign merchants were warned, in future, not to give excessive credits to the Hongs; to limit the danger of this foreigners were to report to the Hoppo on the annual settling day what balances were still owing from the Hongs, and they would be paid. But if they were not notified at the appropriate time the Government would not take any steps to secure their payment. All the old debts were to be settled according to the instructions of the Hoppo, and once these had been cleared off, future transactions would come under the new regulations. The

Hoppo issued an edict concerning the payment of duties; these were to be paid within a definite time which would make the Government accounting easier and would prevent the growth of debt. The Select found this satisfactory as it made some reduction in the duties, though the new arrangements would not, they felt, be very popular with those who engaged in illegal purchase and sale of duties; while it would certainly save the Hong merchants from becoming involved in debt.29

The Committee foresaw trouble when three Parsees were concerned in the manslaughter of Captain Mackenzie at Canton and, fearing the interference of the Chinese and a possible threat to the trade, they decided to ship the Parsees to Bombay. Five days later the Chinese magistrate demanded to be allowed to investigate the death of Captain Mackenzie. Unfortunately the affair was complicated by the action of the owner of the country ship Edmonstone, about to sail for Bombay, on which the Committee had placed the three Parsees. The owner had taken the Parsees off the vessel, an act which might have given the Chinese authorities the chance to seize and try the men. After a reproof from the Committee the owner re-embarked them and they reached Bombay safely. When the Chinese next enquired about the Parsees they were informed that they were on their way to Bombay to be tried on arrival.30

30. E.I.C. Records: Public Consultations 1830-31. 7, 12, 14 and 18 October 1830. Eventually the Advocate-General advised the Indian Government to release the three Parsees because legally they were not, at the time, subject to the jurisdiction of the Supreme Court. 5 June, 1831.
causes of dispute between the Committee and the Chinese authorities included the use of sedan chairs by foreigners and the wives of foreigners living at Canton in the factories, which have already been described.

Davis refused to receive an edict from the Viceroy which referred in very insolent terms to the late Committee; he made it known that this edict would have to be given to the whole Select Committee. The Hong merchants, whose duty it was to deliver official edicts to the Company, then handed it to the Select Committee. It seemed that the authorities had, at long last, discovered that the persons responsible for the Company's stopping the trade in 1831 were Baynes, Millett and Bannerman; previously they had blamed Plowden and attributed his departure for England to flight; now the edict attacked Baynes severely, accused him of usurping the position of chief, and suggested that he should be handed over to them for trial. The Select remarked upon the insolent and interfering nature of the edict, but determined to act temperately towards the Chinese Government.31

There were occasions when the Select and the Chinese had very amiable relations. When the Governor's palace was burnt down the Company sent their fire-engines to fight the fire, but were unable to save the palace. The Governor when giving his thanks for the Company's help in fighting the fire stated that the residence of English ladies in Canton was really a trifling affair.32

In the same month a Chinese comprador appealed to the President for

32. Ibid.; 1/1/31.
help to secure payment of a debt incurred by a Mussalmian, Hussan, who was about to leave China. The President acted promptly and Hussan was not allowed to leave China until he had paid this debt.\(^{33}\) When the Chinese heard that the Company were likely to lose their trade with Canton they issued an edict requesting the President to ask the King of England to appoint a Chief to take the place of the Company's Chief when the Company gave up, in order to control the English merchants.\(^{34}\) Chinese shop-men appealed to the Select in the case of an Englishman, Nesbitt, who had fled from China after swindling many people. The Select did what they could to trace the fellow by writing to Singapore and Fort William.\(^{35}\)

In May 1831 another violent quarrel broke out between the Company and the Chinese. In the absence of the supercargoes at Macao Chinese officials had destroyed improvements made on a piece of land in front of the factory, burst into the factory and, among other things, insulted the King's portrait. The Committee immediately sent a letter of protest to the Governor, but the Hong merchants were very reluctant to deliver the Company's note. The Chinese issued a mandate re-iterating all the regulations controlling the activities of foreigners. To this the Select replied by sending the keys of the factory to the Chinese authorities and the following notice of the stopping of the trade:

"From the disposition which has been recently shown in

\(^{33}\) E.I.C. Records: Canton Public Consultations, 1830-31. 10/1/31.
\(^{34}\) Ibid., 19/1/31.
\(^{35}\) Ibid., 27/8/31.
various acts of the Canton Government the President and Select Committee are under apprehension, that British Commerce with China cannot be conducted with credit or security while it remains exposed to them. They do therefore as Representatives of the British Nation in China give this Public Notice that, should the evils complained of remain unmoved, all commercial intercourse between the two Countries will be suspended on the 1st of August next."

They informed the British merchants at Canton of the state of affairs, and these merchants issued resolutions condemning the action of the Chinese authorities and approving the stand taken by the Company. They feared that the new regulations on the foreign trade, examined in conjunction with the recent violent conduct of the Chinese, would make things worse rather than better. They felt that an appeal to their own Country was necessary, that the trade was always suffering because of the caprice of the local Government, and that if British trade was to continue, drastic change was needed and they reminded their readers that:

"Firmness, resistance, and even acts of violence, have always succeeded in producing a spirit of conciliation; while tame submission only had the effect of introducing still further oppressions." They therefore approved the measures adopted by the Select Committee.

On 10 June 1831 the Select Committee learned that the Emperor had approved the new regulations and they felt that the attitude of the local Government was now supported and encouraged

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37. Ibid., 1/6/31.
by Pekin; they, therefore, decided not to take the active step of closing the trade in case they were involved in a long discussion with a consequent heavy financial loss, so they decided to wait until they heard from the Supreme Government in India before taking any drastic action.38

When they issued their notice of stopping the trade the Select Committee also wrote to the Governor-General in India giving a report of the dispute. Lord William Bentinck at once ordered Admiral Owen to investigate the state of affairs at Canton.39

By the time Admiral Owen was able to investigate the matter so much time had elapsed since the invasion of the factory that he felt he had better wait until he knew what force he would be given to deal with the matter in a proper manner, because he felt the Chinese needed a lesson. He pointed out that during the French wars when the British drove vessels of most other nationalities from the China seas, then the threat of stopping the British trade at Canton was effective; now, however, the trading vessels of other nations provided an alternative to British trade at Canton.40

The Governor-General replied in March 1832 warning Owen to take no rash action because the Government of India could only use military and naval force against China as a last resort, consequently the dispute died down.41 One member of the Select Committee, T. C. Smith, expressed the view that the replacement of the Committee had encouraged the Chinese in their violent

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40. Ibid., page 289.
The factory's relations with the Chinese were hindered by the carelessness and greed of other foreigners, American and European. In September 1832 the Chinese threatened to stop the free and uninterrupted passage of European boats between Macao and Canton. Though not strictly legal the passage of these boats had been allowed by the connivance of the Chinese. This threatened stoppage of a useful concession arose out of the refusal of Mr. Van Bael to submit to the legal and just demands of a Chinese customs official. The publicity accorded to this episode brought to light complaints that several private traders were in the habit of abusing this privilege. A few days later another little device was revealed. The discovery, accidentally, of silk which had not paid the full tax on the country ship Edmonstone revealed that for some time many customs officers, in return for a bribe, had been passing silk on to the ships without taxing it fully. When he discovered this the Hoppo was very annoyed because the fraud was very extensive, though the Select Committee commented that the real cause of his anger was due to the fact that he had not been given a chance to share in the plunder.

42. E.I.C. Records: Canton Public Consultations, 1830-31. 18/6/31, recent acts of the Chinese local Government:
   "are mainly attributable to the circumstance of the removal of the late Committee whose measures were dis-
   countenanced by the Government of India and unsupported by
   the authorities at Home; an impression was thereby made on
   the mind of the local Government, that it could with impunity
   carry its oppressive acts to almost any extent, whilst for
   the sake of the preservation of the trade, their successors
   would tacitly submit to every insult and indignity."
44. Ibid., 20/9/32.
On occasion, however, the local authorities were very helpful, and in the December of that year when two members of the factory, Jackson and Lindsay, had been attacked while walking the Chinese authorities had acted very swiftly in arresting and punishing their assailants, and in regaining stolen property. The Chinese, whenever possible, looked upon the Select Committee as the authority responsible for the actions of all English traders, and early in 1833 an imperial edict was issued concerning an English ship (the Sylph) in Northern waters and the Select Committee were requested to send it away.

Towards the end of the Select Committee's days in Canton they were compelled to take an interest in the activities of the opium storage ships at Lintin. These vessels owned by the private traders received opium brought from India, stored it and then sold it when convenient to Chinese boats which ran the gauntlet of the official Chinese customs vessels. The opium ships were anchored at Cumsingmoon, one of the Lintin anchorages, well outside the port of Canton. The Chinese officials often complained about the presence of these vessels and the lawless nature of their crews, but lacked the naval efficiency to drive away these well-armed European vessels. They, therefore, appealed to the Select Committee to secure the removal of the opium ships but, in the past, the Select had always declined to accept responsibility for British vessels which did not enter the port of Canton.

46. Ibid., 11/1/33.
In September 1833, however, the Chinese authorities complained about a death which had taken place among the opium ships. As usual the Select claimed to have no connection with, or jurisdiction over these vessels; but on this occasion they took the precaution, unknown to the Chinese, of getting Captain Grant who was in charge of the vessel concerned to give them an account of what had occurred. From Grant's report it appeared to be a case of accidental drowning. This would not have worried the Select Committee had it not been followed, about six days later, by a report of an affray between Europeans and Chinese in which the opium ship, Hercules, was concerned. Grant, the Captain of the Hercules, was asked to give an account of the disturbance. The Select were now very concerned; they were anxious to avoid being involved in disputes between the opium ships and the local Chinese authorities but violence was increasing and the situation was deteriorating so rapidly that they felt they must intervene. They had heard that part of the trouble was centred upon a Chinese detained on the Hercules, so they wrote to Captain Grant ordering him to release the Chinese and to remove the Hercules from the Cumsingmoon.

Though the Select had condescended to exert influence upon the opium ships they still maintained their former attitude in their reply to the Chinese authorities. They wrote to the Viceroy of Canton pointing out that they could hardly be expected to control the activities of vessels which did not enter the port of Canton, more especially as the illegal activities of these
ships were connived at by the local Chinese authorities, a statement which was to annoy the Chinese. The following day the Select Committee ordered all vessels to leave Cumsingmoon; most of the captains did so willingly, perhaps realising that matters were becoming serious and that discretion would be wise. Grant also complied with the Committee's order but qualified his action by remarking that he had already decided to move before receipt of the Committee's order. 47

In November 1833 the Viceroy demanded that those guilty of the affray in the Cumsingmoon should be handed over; to this request the Select made their usual reply that they regarded the affair as outside their jurisdiction. The following day the Hong merchants suggested that someone should go through a form of trial, after which, the forms of Law having been satisfied, the matter could be allowed to drop. This was a device which had often been used before but the Select declined to agree. 48 Later the Viceroy returned to the Select Committee a letter in which they had implicated the local Government as conniving at the illegal trade, and requesting that they alter the offending passages. The Committee were unwilling to do so until Howqua suggested that they could send the letter with its offending passages to the Kwang Chow Foo, a minor Government official, while sending a polite note to the Viceroy. This was done and the Viceroy accepted the new letter while the Select appeased their consciences in the other letter. 49 In this affair the Chinese do not seem to have

48. Ibid., 7, 15, 16 November, 1833.
49. Ibid., 23/11/33.
been so determined or so aggressively unpleasant as they had been in previous disputes, especially in those of 1830 and 1831. While urging the formalities of the Law they seem to have been most anxious to fulfil the Letter of the Law with the least possible trouble. Perhaps the approaching end of the Company's sway at Canton made the Chinese anxious to keep things as peaceful as possible. In January 1834 the Select had an unpleasant shock when they were informed that a Malay had given himself up for the Cumsingmoon affray. The Select were certain he had no connection with it but feared he had been bribed, perhaps by offers to take care of his dependants, to confess to accidental homicide and seek pardon. Remembering the treacherous execution of the sailor Terranovia of the American ship Emily in 1821, the Select were very perturbed about the possible fate of the Malay, in spite of Howqua's assurances on behalf of the local authorities. The Select Committee at once petitioned the Viceroy and pointed out that the Malay was innocent. The Viceroy advised the Committee not to intervene, so they sent a second petition. Some time later the Select received a letter from the Viceroy which guaranteed the safety of the Malay and afforded them much satisfaction. Thus the Select Committee's relations with the Chinese local Government ended on friendly terms.

C. RELATIONS with COUNTRY SHIPS.

One great weakness of the Company's position at Canton was the difficulty in controlling the activities of country traders.

50. E.I.C. Records: Canton Public Consultations, 1833-34. 24/1/34.
Many of the ships employed in this trade had a part in the illegal smuggling trade of Canton and the Chinese authorities, unable to control these ships, often urged the Select to put pressure on these people. The only form of control the Company had was the issue of the trading licence by the Supreme Government allowing the ships to trade in Eastern Seas; and for some time there was a certain amount of doubt in the minds of the country traders as to whether the Select Committee had the right to withdraw these licences.

The Select learnt that the Captain of the Sylph had discharged some English sailors at Macao. These men, unfortunately, created a disturbance and got themselves arrested by the Portuguese authorities during May 1833. The Select were very worried about English sailors being left without means of support in China; there was always the danger of their becoming involved in violence and the possibility of their being arrested by the Chinese in time of dispute. The Select ordered Captain Wallace of the Sylph to take the men on board again. This he failed to do, whereupon the Committee refused to renew the licence of the Sylph, which was their only means of bringing pressure to bear upon the Captain. Captain Wallace gave as his reason for not re-embarking the men that they had left the Sylph at Macao to join an American ship. To this the Select replied that they had been members of the Sylph's crew for six months and were therefore the responsibility of Captain Wallace while they were in Eastern Waters. Captain Wallace then took the men on board but made no promise to
take them away from China. Finally Captain Wallace agreed to remove the men from China and the Sylph's licence was at once restored.  

The nature of the licences caused some concern and in 1833 the Select Committee wrote to the Resident at Singapore complaining that the licences issued by him were not as full in their details as those issued from India and, most important, they did not contain a clause requiring obedience to the Canton Select Committee. On the same date, 1 June, they also wrote to the Supreme Government suggesting that when ships, particularly those which spent most of their time in China waters, applied to the Indian Government for a renewal of their licence it would be very useful if reference could be made to the Select Committee, thereby giving them an opportunity to exercise a veto if they found these vessels to have been unsatisfactory in their conduct.  

The last year of the Company's Charter was one of difficulty for the Select Committee because of the attitude of the country ships to licences and mail. The first upset was the discovery of an East Indian Government Packet of Despatches (118 letters) which had been lying at Macao Customs House for three years. The Select Committee wrote, without comment, to the Portuguese Governor who very quickly replied expressing his regret and stating that an inquiry had been held. Arising out of this and the short-comings of the commanders of country ships, who had

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53. Ibid., 1 June 1833.
54. Ibid., 22 June, 1833.
been very casual and slack in reporting on arrival at Canton and in delivering the mail the Select wrote to the Supreme Government suggesting that commanders should sign receipts for all despatches.55 A few days later the Select Committee complained that only Captain Wills of the Charles Forbes of all the Bombay country ships had reported on arrival in China as laid down in the Bombay Government Orders. There was also a complaint that Captain Grant had taken charge of the Company's Packet, opened it in a public tavern and taken out letters for himself and his firm (Jardine, Matheson and Co.). When asked for an explanation he showed little respect for the Committee.56 Annoyed by Grant's lack of respect and his attitude, which they looked upon as subversive to their control of British merchants at Canton the Select Committee decided to suspend the licence of Grant's ship, Hercules.57 This led to a dispute between the Committee and the owners of the Hercules, Jardine, Matheson and Co., who declared that by such action the Select must hold themselves responsible for the fate of the property on board the Hercules, this property belonging to several people. Because of this and the fact that the licence had been issued by the Madras Government and was vaguely worded, the Select Committee decided to let it run its course while reserving to themselves the right of action when it should expire.58 Eventually Jardine, Matheson and Co. secured a new licence from the Bengal Government.59 There were other cases of country ships

56. Ibid., 29 June, 1833.
57. Ibid., 11 July, 1833.
58. Ibid., 24 July, 1833.
59. Ibid., 24 September 1833.
being dilatory in handing in their letters and in reporting; Captains Neish and McFarlane were offenders. Captain McCallum of the Hope complained that the English merchant Innes, to whom his cargo was consigned, had been full of petty spite because he had handed in his licence immediately on arrival, against the advice of Innes. The Select felt the country traders and

60. E.I.C. Records: Factory Consultations, 1833-34. 18 December, 1833. The Select Committee wrote to the Bombay Government complaining about McFarlane of the Sulimany, Watt of the John Bannerman, Blythe of the Cambrian and Neish of the Fort William:

"The mere fact of having been obliged to apply several times before the licences of these ships were forwarded to the President for inspection, is of itself a sufficient reason to suggest to the Bombay Government that some more effectual steps be taken in order to secure a more ready compliance with instructions, which emanate from a constituted body, under whose licence they are permitted to trade to China and to whom they are at all times ready to apply for redress and assistance when in need of either.

In the case of Captain Neish the President and Select Committee cannot too strongly condemn the marked disrespect which he evinced in withholding the licence of the Fort William after repeated applications for its delivery and it was not until he had been in China 18 days that this document was produced.

It is with reluctance that the Select Committee consider it their duty to bring the conduct of these commanders thus publicly to the notice of the Bombay Government, but they do so in the firm belief that it is absolutely necessary for the general welfare of the trade of the Port, that a wholesome and efficient control over British shipping should at all times be manifested and in many cases exercised by those in whom such power is rested."

61. E.I.C. Records: Factory Consultations, 1833-34. 31 August, 1833. Innes then refused to pay his freight.
Canton English, realising the monopoly was almost at an end, were being deliberately awkward for they remarked:

"The circumstances of Mr. Innes endeavouring to influence Captain McCallum in withholding his licence from the Committee or otherwise attending to our orders on this subject has we have reason to believe been a course generally adopted by a particular party and strongly corroborates the observations we have already had occasion to make in our Factory Consultations of the factious opposition that has been made to our orders by such persons as are at all influenced by Messrs. Jardine, Matheson and Co." 62

As early as October 1831 the Governor-General had made it quite clear that the Select Committee had full power to remove the licences of ships in the area; 63 the great difficulty was to get the commanders to surrender these licences; once the Select Committee had received them they could decline to return them; however they soon found a way of compelling their surrender by getting the Hong merchants to decline to secure any ship until the Committee gave them permission which was only given when the licence had been surrendered. 64

D. RELATIONS with PRIVATE TRADERS.

The Select Committee had contacts with the private English in a variety of ways. In May 1830 they supported Innes when he disputed an attempt to place a very heavy tax on handkerchiefs and copper buttons which he had imported; indeed the

   3 Oct. 1831.
   11 December 1830.
customs authorities had tried to tax the copper buttons as if they had been gold. Eventually the Committee secured a just assessment of the duty. They exerted similar good offices to recover two watches for one of the private merchants from one of the Hongs.

At the end of the very difficult year of 1830, when the disputes over foreign wives in Canton and the use of sedan chairs by foreigners and the charge of depravity took place the Select Committee received a petition for presentation to the House of Commons from, according to the entry in the Factory Consultations, all British residents in China. This was not quite correct as Morse points out because the signatures included no one connected with Dent and Co. The petition complained of the humiliating position of foreigners in China, the difficulties of trade at Canton, and urged support from the British Government. The Select Committee acknowledged the petition, undertook to forward it to Parliament and sent a copy to the Court of Directors.

The case of the Parsees concerned in the manslaughter of Captain Mackenzie had given the Committee much anxiety and they were very annoyed, after placing them on board the country ship Edmonstone bound for Bombay, to discover that the owner of the vessel had taken them off the ship and had thereby exposed the Parsees to the danger of seizure by the Chinese; so, later, the Select expelled Framjee Pistonjee, owner of the ship, from China and informed him that any permission for his return would only be

66. Ibid., 14 Dec., 1830.
67. Ibid., 2 Jan., 1831.
granted by the Bombay Government to whom they had reported the facts.68

Commander Allen of the country ship, Anne, sent the Select Committee a copy of a petition by the ship's agent, Jardine, to the Hoppo, together with the Hoppo's reply. This reply was not very satisfactory. The ship was accused of being concerned in opium smuggling which had actually been carried out by Parsees. This had resulted in the ship being detained, which was a cause of much inconvenience to Messrs. Jardine, Matheson and Co. On examining the case the Committee felt that an injustice was being done, so they undertook to take up the matter as soon as possible. Some days later they sent the petition with a large and impressive escort to the local authorities, and very soon after a satisfactory reply was received and the Anne was released.69

One of the private English firms at Canton, Dent and Co. seem to have been most anxious to appear on good terms with the Select Committee; perhaps because their great rivals Jardine, Matheson and Co. were often at variance with the representatives of the East India Company. During the disputes between the Select and the Chinese authorities in October 1830 Dent and Co. offered the use of their vessel, the Royal Charlotte, to carry despatches to England; at first the Select hesitated but at the end of the month they accepted the offer and sent their despatches to the Court of Directors by this vessel.70 In the troubles of 1831 Dent again offered to help the Committee, on this occasion by

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68. E.I.C. Records: Canton Public Consultations. 1830-31. 5 Nov. 1830.
69. Ibid., 1831-32. 4 Jan. 1832.
shipping tea to England for the Company but the Select, anxious about the monopoly, were unwilling to give private traders any experience or opportunity to ship tea to England, so they declined this offer.\(^{71}\) A proposal by Dent in 1832 to store bullion at Lintin for the East India Company did not find approval with the Committee who felt it was both unnecessary and expensive.\(^{72}\)

These efforts of Dent and Co. to associate themselves with the East India Company failed, behind the friendly atmosphere of help the Select thought they could detect an attempt to secure privileges and perhaps, also, the desire to create circumstances which could later be used by the free traders to destroy the Company’s monopoly. Whenever the need arose the Select Committee helped the private English. An accusation by the Hong merchants that Dent and Co. had refused to pay rent for the factory which they used was referred to the Committee, who decided that the accusation was mistaken.\(^{73}\)

Relations with the private English in China were not always pleasant. In 1832 a new paper was published under the title of the "Chinese Courier" and after reading its glowing prospectus many members of the factory undertook to subscribe to it and the President ordered official copies for the East India Company. The tone of the paper proved to be quite different from what the President had been led to expect; and when the early numbers of the "Chinese Courier" launched a savage attack upon the Company, which it termed a "Commercial Monster", the President

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\(^{71}\) E.I.C. Records: Canton Secret Consultations, 1830-32. 31 May 1831.  
\(^{72}\) E.I.C. Records: Canton Public Consultations, 1832. 30 April 1832.  
\(^{73}\) E.I.C. Records: Public Consultations, 1832-33. 9 Nov. 1832.
withdrew his support and urged members of the factory to do likewise. 74

Innes had, from time to time, caused the Committee much concern by the violence of his actions and his fierce opposition to the Select Committee. They were very shocked to hear, in May 1833, that annoyed by the chopping of wood in the nearby Customs House, he went to complain and was attacked by the man who was chopping. Quite naturally he had complained to the authorities and demanded the arrest of the man. Because this was not done at once, he had then tried to set fire to the Hoppo's House, a proceeding which led the authorities to arrest his assailant swiftly. 75

The Select wrote to Innes for his explanation of what had happened. He explained he had proceeded in that manner in order to impress upon the Chinese the need for action. He seemed quite satisfied because the authorities had since punished the man who had attacked him. He showed his contempt for the Select Committee when he explained why he did not take his complaint to them:

"Could I have gone to your Honourable Committee about my petty differences, when it consisted with my knowledge that two of the members of your own body lost their situations for attempting to procure commercial redress for a great Indian Province?

Or would it have been just to have asked you to interfere when we see by the last published instructions from Leadenhall Street that your actings here are specifically tied down to the purchasing of tea?" 76

75. Ibid., 1833-34. 1 May, 1833.
76. Ibid., 8 May, 1833.
The Select Committee were furious and wrote reminding Innes that Parliament under Statute 53 Geo 3 had given the Committee authority over British subjects in China. The wily merchant replied admitting the Company had such authority, but he went on to express doubts about the ability of the Company to exert any influence over the Chinese Government, a difficulty of which the Select Committee were painfully aware. He then went on to rather less safe ground by denying that the Committee were the sole legal channel of communication between the British subjects in China and the Chinese authorities. In this, of course, he was wrong. The Committee, aware of the rising turbulence of the private merchants, knowing their monopoly was drawing to an end and uncertain what was to be the future of the Company, decided to let the matter drop. A final annoyance to the factory was caused early in 1834, in the last days of the monopoly, when Innes issued a challenge to Daniell concerning some report in the Bengal papers. Very few of the private traders seem to have been so intensely hostile to the Select as Innes. In January 1834 when the details of the free trade from China to England were unknown and merchants were uncertain of the date upon which it would be lawful to despatch ships from Canton, the Committee granted a licence to Jardine, Matheson and Co.'s ship, Sarah, to proceed to England. This was the first private English ship to engage in the direct trade.

77. E.I.C. Records: Public Consultations 1833-34. 18 May, 1833.
79. Ibid., 31 Jan., 1834.
E. RELATIONS with the PORTUGUESE.

Out of the shipping season the European traders retired to the Portuguese settlement of Macao where the Chinese had decreed all those foreigners who traded in Canton had to retire once the ships of the season had departed. The status of Macao was uncertain; the Chinese maintained a form of Government there over which a Mandarin presided, while Portuguese Law also held sway under a Governor. When it suited the Portuguese they, in their dealings with the Company, claimed sovereignty, but on occasions of difficulty they often referred matters to the Chinese. The Chinese naturally claimed sovereignty over Macao. The difficulties which faced the Company at Macao are shown by the instructions of the Governor of Goa to his subordinate the Governor of Macao, ordering him to give every attention to the affairs of British subjects in accordance with the treaties between Great Britain and Portugal, but to treat the President and Select Committee of the East India Company at Canton as British subjects but not as representatives of Great Britain. The Select were in the ridiculous position of being compelled by the Chinese to live at Macao where the Portuguese could eject them at will. The Select drew attention to the fact that the Chinese recognised them as the appropriate British authority in China and they felt the Court of Directors ought to take steps to see that the Portuguese also accepted that view. Six months later they wrote to the Governor-General on the subject objecting to the petty annoyances which

arose from the attitude of the Portuguese at Macao.81

The attention of the Select Committee was drawn to the troubles of a British private merchant, Whiteman, who had been told either to leave Macao or to apply to Goa or Lisbon for permission to live in Macao. This was a new and most unnecessary hardship, so the President spoke to the Portuguese Governor of Macao who gave as a reason for these orders the overcrowding arising from the rapid increase in the number of British residing at Macao. The President reminded the Governor of the Chinese instructions that foreigners should reside for part of the year at Macao, whereupon the Governor protested that Macao was Portuguese and that the Chinese had no sovereignty over it.82 The Portuguese Governor professed friendship for the English, but said he could not depart from his orders. He was, however, persuaded not to enforce the orders until he had reported the case to Lisbon. Once again the Select drew the attention of their superiors to the need of a definite understanding between Great Britain and Portugal over the Eastern situation.83

Later there was a dispute between the Company and the Portuguese over the Select Committee's cutter but this was soon settled by a personal interview between Daniell and the Portuguese Governor.84 Then a private merchant, Boyd, complained that the Portuguese had seized the head lascar from his boat. As this affair took place within a month of the dispute about the Committee's

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82. Ibid., 13 Feb. 1831.
83. Ibid., 14 Feb. 1831.
84. Ibid., 2 July 1831.
cutter it was decided to complain formally to the Portuguese Government. As the Governor took no action the Select Committee approached the Judge. The next day the Portuguese Governor sent them a letter informing them that if they disliked Portuguese Law they were quite welcome to go and live elsewhere. The now thoroughly exasperated Select Committee decided to publish a letter they had received from Lord William Bentinck, Governor-General of India:

"In which he asserts that he will support us with the full influence of the Government in the assertion of our just rights. On a former occasion the Marquis of Wellesley at once intimated to the Portuguese authorities in India that unless ample reparation was made, he would instantly withdraw from Portuguese subjects in British India all the privileges of trade and residence which they enjoyed."

This had an immediate effect; Boyd's Lascar was released. A few days later the Select were able to inform Lord William Bentinck that they had heard, from a private source, that the Governor of Macao had placed his correspondence with them before the Senate, but the Senate had declined to comment.

In March 1832 the Governor-General informed the Select that though supporting them in their difficulties he was not yet prepared to take steps against Portuguese resident in India; instead he was sending Admiral Owen to impress upon the Portuguese Governor of Macao the desirability of his co-operating with the

Select Committee.\textsuperscript{86} For some time after this relations at Macao were much better. But towards the end of the monopoly the Portuguese once again showed a tendency to be unco-operative. In April 1834 the Select Committee warned the Portuguese Governor that Philip and seven other British seamen, who had arrived in Macao claiming to have been shipwrecked, were suspected to be escaped convicts. The Select asked the Governor to arrest these sailors, but he refused on the grounds that he had been instructed not to recognise bodies such as the Committee as representing their Nation.\textsuperscript{87} Such were the difficulties with which the Company had to contend in their dealings with the Portuguese at Macao.

F. The ARRIVAL of NAPIER and ESTABLISHMENT of the COMMISSION.

The Select Committee, like the private traders, were for long uncertain about the new arrangements for the end of the monopoly. In June 1834 after the monopoly had ceased they were still awaiting instructions and the coming of the new Superintendents. They felt it would not be legal for them to send any more cargoes to England on behalf of the East India Company. However, in the following months despatches arrived with details of the Trade Commission and also news of the setting up of a Finance Committee or Agency to manage the affairs of the East India Company in Canton. Arrangements were made to pay off those writers whose services were no longer needed at Canton and many of them

\textsuperscript{86} E.I.C. Records: Canton Public Consultations 1832. 10 March 1832.

\textsuperscript{87} E.I.C. Records: Canton Factory Consultations 1834–35.

16, 21 March 1834.
were transferred to the Company's service in India.\textsuperscript{88}

In the new Trade Commission Lord Napier was First Superintendent while the offices of Second and Third Superintendents were offered to members of the East India Company's Canton Factory according to their seniority in the Factory. Plowden, the late President of the Select Committee, had been designated Second Superintendent but as he had already departed for England that office fell to Davis; Sir G. Robinson became Third Superintendent and Astell received the office of Secretary and Treasurer. Captain Elliot R.N. was Master Attendant.\textsuperscript{89} Those members of the Canton Factory who joined the Trade Commission were allowed a period of time (usually twelve months) to decide whether they would revert to the East India Company's service or not.

Without waiting for permission from the Viceroy, as had been the custom of new Presidents of the Select Committee, Napier went to Canton. He sent a letter to the Viceroy suggesting that they should meet as equals, but this letter was returned on the grounds that it was not in the customary form of a petition. Napier's refusal to petition and his determination to meet the Viceroy on terms of equality received much approval from many of the private traders, though the members of the Company's factory felt there was little hope of his obtaining the recognition he

\begin{itemize}
\item \textsuperscript{88} E.I.C. Records: Canton Factory Consultations 1834-35. 26 June 1834. Letter from Clarke & Morris, members of the Factory, seeking permission to be transferred to the Company's Civil Service in India.
\item \textsuperscript{89} E.I.C. Records: Canton Consultations 1834. 16 July 1834 and Consultations of Canton Agency 1834-35. 17 July 1834.
\end{itemize}
Annoyed by the determined and rather brusque attitude of Napier, the Chinese promptly suspended the trade. Soon afterwards the Chinese refused to allow foreigners at Canton to communicate with the ships at Whampoa. Finally, realising that he could not compel the Chinese to accept him on his own terms and rather than allow the stoppage of trade to continue, Napier announced on 15 September 1834 that he was leaving Canton. He was already afflicted with illness and he died on his return to Macao. The trade was then re-opened.

On the death of Napier, Davis, the Second Superintendent automatically became the Chief Superintendent. Meanwhile the Chinese Government, through the Hong merchants, had made many requests that the King of England should send a Chief to take charge of the trade at Canton.

On 7 November 1834 the East India Company's Finance Committee informed the Hong merchants that Davis was the new Chief.

When Davis retired Sir G. Robinson was elevated to the Office of Chief Superintendent in 1835. He was followed in 1836 by Captain Elliot who was made sole Superintendent. Elliot, ignoring his instructions, started with the approval of the Chinese Government by not entering Canton until he had received the permission of the Chinese authorities though this involved submitting

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90. Napier feared violence and to the surprise of the Select had urged that they should accept a guard from him for their treasury; the Committee commented: "The history of our commerce with Canton, does not give reason to anticipate any danger to property from the acts of the Chinese Government." E.I.C. Records: Consultations of Canton Agency 1834-35. 6 Sept. 1834.

a petition. On 25 March 1837 he received a note from the Hong
Merchants to say that the Viceroy had received instructions from
Pekin that a British authority could reside at Canton.92 Thus,
at last, many of the difficulties which had arisen with Napier's
appointment were removed; though Napier would, perhaps, have had a
better reception had the British Government taken the elementary
precaution of at least consulting the wishes of the Chinese
Government before making the appointment.

Q. FINANCE and the COMPANY'S LAST DAYS in CANTON.

One of the functions of the Select Committee had always
been to remit bullion to England and in 1831 they had complained
that the amount required to be remitted was more than could be
done because of the increasing scarcity of silver in China.93

In the last period of the monopoly the Select Committee
complained to their Halifax (North America) agents that the tea
they were being sent was very mixed because only by mixing the
teas could the merchants at Canton fulfil the very large orders
required from them in anticipation of the ending of the monopoly.94

One problem which worried the Select Committee was that
of getting a sufficient quantity of tea home before the monopoly
ended, and with the loss of the Honourable Company's ship Duke of
York they were puzzled how to get the teas which that vessel should
have carried to England. They did not then know what the future

23 Feb. 1833.
arrangements would be, but they suspected the Company would send no more ships to China. They eventually decided to embark 500 tons of teas on board the private ship the David Clarke at £10 per ton under certain conditions and to grant the vessel a licence to sail direct to England. In February 1834 two chartered vessels, the William Money and the Moria, reached Canton and it was immediately obvious that these vessels had each violated the charter requirements by taking on board cargo while outward bound and were therefore liable to a fine of £1000 each. Investigation showed they had spent some weeks at Sourabaya where they had taken on board a quantity of rice; doubtless these vessels had hoped the impending end of the monopoly would give them the opportunity to flout the Company's regulations. The Company seem to have done little beyond noting this indiscretion.

When the full details of the new arrangements reached Canton the factory set to work to wind up its affairs and to establish its Finance Committee which was to manage the future affairs of the Company at that Port. Daniell gave up most of the Company's rented property, and what was retained was kept on a lease of nine months notice.

The Finance Committee decided to open the Canton treasury of the Company to obtain funds to remit to London. They hoped that, by choosing a suitable time for opening, their exchange on London would be found to be a better proposition to remitters than

96. Ibid.; 4 Feb. 1834.
that on Calcutta. They felt they could offer a rate of exchange which would be preferable to remitting by bullion, more especially as bullion in the form of sycee was very scarce.\textsuperscript{98} Later they decided to advance money to the free traders, to buy cargoes to be sent to England, at a rate of \(\frac{4}{7}\) per dollar, although the current Canton rate of exchange was \(\frac{4}{9}\) per dollar. As they had large sums of ready money to advance for the buying of homeward bound cargoes speculators in Canton were quite willing to accept the Agency's lower rate of exchange.\textsuperscript{99} This was one of the reasons for the objections to the continued existence of the Company's Finance Committee at Canton which were made so frequently by Messrs. Jardine, Matheson and Co., on the grounds that the existence of this ready money encouraged rash speculation and over-trading.

About this time, as Jackson had gone to the Cape for a year's sick leave, Astell, who was by that time Third Superintendent of the Trade Commission, left the Government employ and returning to the East India Company's service joined the Canton Agency.\textsuperscript{100} Besides operating the Canton treasury funds to secure remittances to London the Agency was instructed to assist seamen from India who were left destitute in China.\textsuperscript{101} Their tea-inspector Reeves warned them to be very careful about advancing money to buy tea cargoes, especially cargoes of green teas, for these teas were bought from outside merchants who lacked the

\begin{center}
\textsuperscript{98} E.I.C. Records: Canton Agency Consultations 1834-35. 29 July 1834.
\textsuperscript{99} Ibid., 18 Oct. 1834.
\textsuperscript{100} Ibid., 24 Oct. 1834; 23 March 1835.
\textsuperscript{101} Ibid., 3 Feb. 1835.
\end{center}
scrupulous honesty displayed by the Hong merchants during the Company's monopoly, consequently the quality of the tea was doubtful and it was rarely possible for a tea-inspector to examine it properly.\textsuperscript{102} The Agency soon found themselves very busy finding the large remittances which they were ordered to make to London, often as large as £1,000,000. They were quite willing to advance money to buy cargoes for shipment to Liverpool as well as to London.\textsuperscript{103}

Some of the Canton merchants paid dollars and sycee into the Agency treasury receiving in return bills. This cash was used by the Agents to lend to other speculators to buy cargoes bound for England which acted as security for the bills which had been paid to the Agents and which were cashed in London in due course, thereby acting as a remittance by the Agents for the East India Company in London. Occasionally there were minor difficulties as in February 1836 when Dent and Co. had to confess that they were unable to take up in full the advances they had promised earlier and, because of the lateness of the season the Agents were unable to complete the remittance to the extent they had hoped.\textsuperscript{104} On another occasion Dent and Co. complained that the Agents had closed their treasury while the firm still had funds to buy bills, but the Agents declined to re-open the treasury.\textsuperscript{105}

When in 1837 they heard that one of the Hong merchants, Hengtai, was about to be made bankrupt the Agents swiftly put

\textsuperscript{102} E.I.C. Records: Canton Agency Consultations 1834-35. 14 March 1835.
\textsuperscript{103} Ibid., 7 Oct., 1835.
\textsuperscript{104} Ibid., 1835-36. 12 Feb. 1836.
\textsuperscript{105} Ibid., 18 March 1836.
forward a claim on behalf of the Company for damaged teas.\textsuperscript{106} In June 1838 the Agents remarked upon the large amount of bullion which had been exported from China since their treasury had closed in the previous October:

"Amounting to upwards of three millions of dollars, and to an equal extent in value of Sycee and Gold, and much of each description we are led to believe is taken away without any regular entry being made in the consignee's Books, from which source we have formed the above estimate; so large an abstraction from the circulating medium can hardly fail to be felt, and we must not overlook the effect which its scarcity is likely to produce in this market."\textsuperscript{107}

It was not surprising that this enormous drain of bullion worried the Pekin authorities, leading them once more to associate it with the opium trade and giving rise to the extraordinary appointment of Commissioner Lin. The Agency found increasing difficulty in securing funds and in March 1839 they had to close the treasury with no hope of raising the required remittance of £500,000.\textsuperscript{108}

In March 1839 Commissioner Lin stopped the foreign trade at Canton in his campaign to destroy the opium trade. About the same time Astell discovered that Allee, the Agency's treasurer, had been robbing the treasury and using the money for his own speculations; unfortunately for him, the chaos resulting

\textsuperscript{106} E.I.C. Records: Canton Agency Consultations 1837-38. 1 May 1837.
\textsuperscript{107} Ibid., 1838-39. 4 June 1838.
\textsuperscript{108} Ibid., 7 March 1839.
from the onslaught on the opium trade brought the affair to light. Allee undertook to pay the money back bit by bit.\footnote{109} On 6 May 1839, on the advice of Captain Elliot, the Trade Superintendent, the Agency moved to Macao. The Agents remarked:

"Until matters are placed on a firmer and more respectable footing, there can be no security, either for the persons or property of foreigners residing in this Empire,"\footnote{110} a conclusion reached by the partners of Messrs. Jardine, Matheson and Co. some years previously. As they were short of dollars and because they were unwilling to open the treasury, the Agents advertised for tenders for bills to the value of 5000 dollars. For some time they received no offers; then Messrs. Jardine, Matheson and Co. applied for their bills at the rate of 218 rupees per dollar, this being the only offer.\footnote{111} A subsequent request for dollars was also supplied by the same firm, but further requests produced no tenders.

On 14 November 1839 the Heun-min-foo, a local Chinese official, advised Astell to leave Macao, so it was decided to move the Agency to Singapore. Various matters still had to be settled, several pensions were owing to various ex-members of the Old Commercial Establishment so Astell arranged for Jardine, Matheson and Co. to deal with these payments through their Macao agent, Mr. Barretto. The Agency Records were to be moved to the Office of His Majesty's Superintendent.\footnote{112} Astell then sailed in the Fort

\footnotesize{\begin{itemize}
\item \textit{\footnotesize E.I.C. Records: Canton Agency Consultations 1838-39.}
  \item \textit{\footnotesize 18 March; 18 April 1839.}
\item \textit{\footnotesize Ibid., 1839-40. 6 May 1839.}
\item \textit{\footnotesize Ibid., 24 June, 12 July 1839.}
\item \textit{\footnotesize Ibid., 3 Dec. 1839.}
\end{itemize}}
William to Singapore, leaving letters for Clarke who was in New South Wales and Taylor who was in Manila. He reached Singapore on 13 December 1839 and embarked for Calcutta on 20 December 1839; leaving the Agency clerks at Singapore under the control of Church, the Resident, until the arrival of Clarke and Taylor.

Taylor reached Singapore on 1 February 1840 and took charge of the Canton Agency. He wrote to Jardine and Matheson informing them that the Supreme Government had ordered that matters still to be settled on behalf of the Canton Agency would be done through the Superintendent of His Majesty's Trade Commission; Jardine and Matheson would therefore have to transfer their accounts with the East India Company to the Trade Superintendent. Clarke joined Taylor in Singapore on 18 February 1840 and on 18 March they both embarked for Calcutta. On 17 April Clarke, about to leave for India, unintentionally emphasised the irony of the Company's eclipse by writing to Jardine and Matheson urging them to do their best to collect the residue of Allee's debt. At last the great East India Company had gone from Canton, leaving the collection of its debt in the hands of the only one of the pre-Treaty private firms to survive until the second half of the Twentieth Century.

113. E.I.C. Records, Canton Agency Consultations, 10 February 1840.
115. Ibid., 18 March 1840.
116. Ibid., 17 April 1840.
CHAPTER 5

THE CAMPAIGN OF THE OUTPORTS AND INDUSTRIAL AREAS AGAINST THE COMPANY'S CHARTER.

A. GENERAL SURVEY of the DEVELOPMENT of the OPPOSITION.

I. 1822-1828.

After the Napoleonic Wars had ceased there was a period of depression in the British commercial world, and many reasons and excuses for the slump were considered. As early as 1820 a move for the freeing of trade from restrictions had been made in both Houses of Parliament, and in 1822 an urgent petition from the Manchester Chamber of Commerce urged the re-appointment of the Committees of Foreign Trade, with special reference to:

"the highly valuable information respecting a more
extended intercourse with the East Indies, which was disclosed in
the course of the investigation so ably prosecuted by a Committee
of your Lordships appointed in the last session of Parliament."

This petition was not presented because a Committee on
Foreign Trade was appointed before this could be done. The matter
was causing the Government as well as the merchants much concern.
The great advantages of Britain's lead in the Industrial Revolution
had been increased by the set-backs administered to European
industries by the French Wars and by the protection afforded to
British trade by the British Navy which had so long controlled
movement at sea. This favoured position had ceased with the
coming of Peace in 1815, and the rest of the World was free to
challenge the British mercantile lead. On the other hand the
British commercial system found itself engulfed by the post-war
problems of demobilization, unemployment, social unrest and
commercial competition. It is not surprising that many varied and
novel methods were urged by the commercial class to try to improve
the situation, and even less remarkable that they should turn
envious eyes upon their more successful and privileged rivals,
particularly the Chartered Companies and the West Indian planters.

Not only did the slump and foreign competition rile the
British merchant class but their ire was roused when they realised
that restrictions imposed by their own Government were not merely
excluding them from a favoured trade but were also supplying
foreigners with the means to trade successfully in those very areas

from which they, themselves, were excluded. In April 1822 three American ships were reported loading at Liverpool for Java, but it was common knowledge that the British manufactured goods which they had taken on board would eventually be sold, not at Java but in China, a market from which the British merchant was excluded unless he shipped his goods on East India Company's ships, or secretly on foreign ships. The freight charges of the East India Company were considered to be high. This led a Sheffield paper to remark that:

"It is to be hoped that such changes will be effected in this session of Parliament as will prevent the continued exclusion of British merchants from this lucrative branch of trade, in which the East India Company, although possessing the monopoly, do not themselves engage."²

The China trade it is true was the ultimate prize of the free traders, but those of Manchester were at this time far more interested in reducing still further the bonds which continued to shackle the Indian trade and which had already been partially relaxed as a result of the opening of the trade with India in 1813. They petitioned against that part of the East India Company's Charter which limited the tonnage of vessels engaged in the Indian trade to those above 350 tons.³ Considerable pressure was also brought to bear on this point by the Liverpool merchants who issued a Report⁴ which had been drawn up by the Committee of their East Indian Association listing the various factors preventing the

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extension of trade to the East. They considered the tonnage restrictions were quite unnecessary because there was no danger of smuggling by small vessels, nor were small vessels under 350 tons incapable of making the voyage to and from India, for since this restriction had been imposed in 1813 many even smaller vessels had safely made the far more difficult and dangerous voyage round Cape Horn to the Western Coast of South America. There was also the interesting point that small vessels would be particularly suitable for certain aspects of the Eastern trade. They also saw no reason why British ships should only be allowed to use certain ports in India, a regulation which they attributed to the fears of the Government of India that they might not be able to control the activities of British subjects and shipping without this form of direction. The licensing of ships was also unpopular. It involved payment of a fee, and the obtaining of a licence could cause a ship some delay, and it was asserted in 1820 that two Liverpool ships were detained in India, awaiting licences, for several months. One very strong criticism referred to the right of foreign ships to trade with areas from which British ships, other than East India Company's ships, were excluded, and especially from China. The success of the Americans in their China trade refuted the assertion of the Company that the Chinese were difficult to deal with. Free traders were also unable to take part in the trade which supplied China with furs from Western North America.

5. House of Commons Bill: 30 November 1813. I, No.36, page 193, "Further Regulations of the Trade to and from the places within the limits of the Charter of the East India Company."
Another factor raised by this report was the discrimination by Government taxation between the produce of the West and East Indies in favour of the former. The report maintained that sugar could be produced cheaper in the East Indies; that the West Indies were free to sell their sugar where they liked while East Indian sugar had to be sold to Britain. The West Indian plantations were being kept going by assistance from the British public in the form of tax concessions and higher prices for their sugar. It seems a little curious that the question of discrimination between West and East Indian sugar should obtrude so often into the question of the fate of the East India Company's monopoly; there was a petition concerning East Indian sugar, from Manchester on 15 May 1822, but there were very good reasons for this. To develop their commerce both Manchester and Liverpool opposed monopolies; this meant opposing the East Indian monopoly, that vested in the cause of the West Indian plantations and also that of the Bank of England and the Levant Company. Manchester's concern was to find fresh and increasing markets for her cotton manufactures, while Liverpool wished to help her as a means of developing her own facilities as a port and centre for the shipment of manufactured goods. Both towns were aware of the limitations of West Indian trade; already the West Indian planters were seeking financial aid from the Government. Liverpool in particular had little to gain from an increase in Manchester trade to the West Indies for, doubtless, much of this

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7. Redford "Manchester Merchants and Foreign Trade" states that Manchester was mainly responsible for the abolition of the Levant Company in 1825.
trade would tend to go through the West India Docks in London, for these were part of the gigantic monopoly exercised by the West Indian faction who were also strongly represented in Parliament. Trade to the East could be more fruitful; there was obviously a great market for Manchester cotton goods in India for, by this time, they had proved themselves superior to the native product; but the great problem was to secure a return and Manchester hoped that India would be able to pay for English goods by cargoes of sugar, coffee, cotton and indigo. This could only be done, however, if there was no discrimination against East Indian produce in England in favour of that of the West Indies, hence the importance of the equalisation of West and East Indian duties and their part in the campaign against the East India Company's monopoly. Liverpool's interest in this was two-fold; first as a growing port interested in the shipping of Manchester products and secondly as a centre for merchants who were anxious to despatch to the four corners of the earth, not merely Manchester cotton goods, but the merchandise from the factories of the new industrial England. Though the Indian trade had been thrown open in 1814 the East India Company still traded themselves, and by their licence system kept a measure of control over the free trade, while the free traders were still unable to export from India to the mainland of Europe. The development of trade and industry in India was limited by the Company's control over the residence of British subjects and their

8. Redford "Manchester Merchants and Foreign Trade" page 80.
9. Until 1824, after which British ships were allowed to trade anywhere except to and from China.
free movement in India. Manchester and Liverpool were also looking beyond India towards markets further East, particularly those of China from which the East India Company's monopoly still excluded them, though foreign merchants were able to trade there freely.

The petition of May 1822 from the Manchester Chamber of Commerce protested against the additional duty of 10/- per cwt. on sugar imported from India and observed that by contrast:

"a Bill has been brought into your Honourable House, for removing the restrictions which have hitherto confined the Trade of the West Indian Colonies to the Mother Country, and for extending the commercial intercourse of those Colonies to America and the Continent of Europe."

The Act referred to in this petition was one of five introduced by Wallace and Robinson in 1822, designed to give effect to the Government's plan for a revision of the Navigation System and to free trade from many restrictions.10

An attempt to extend the area of interest and to secure further support for the free trade point of view was made later in May when Liverpool began to circularise other towns; Manchester reporting the receipt of 50 copies of the report of the Liverpool East India Association.11 Matters, however, did not progress very far until a year later when we learn that the Manchester Chamber of Commerce was preparing a petition praying for a Committee on the

10. See Schuyler "Fall of the Old Colonial System," page 107 et seq.
sugar trade and duties. This year also marked the end of the great post-war depression and saw the beginning of extensive and rash commercial speculation. Consequently merchants were too busy to worry about restrictions and monopolies, but this idyllic state of affairs did not last; there was a financial crash in 1825. Some of the measures removing restraints on trade were blamed for the disaster and for some time the free trade movement was under a cloud; and Manchester issued a memorial protesting that the import of cotton from European ports had been forbidden, this besides cutting off a supply of raw material had robbed Manchester of a very profitable reciprocal trade. The Burma War also came in for some criticism because it was feared that the campaign in Burma would upset the Chinese who in their terror at the near approach of Western arms might end the trade with the East India Company and other Western merchants.

In 1827 much more interest was shown in the East Indian trade; several papers published in the outports and industrial centres gave up space to reporting the state of trade generally and the progress of the Parliamentary Committee on the state of East Indian trade, while the Bath and Cheltenham Gazette printed an extensive article dealing with the privileges of

12. In the House of Commons Sykes made a plea for the equalisation of duties on East and West Indian sugars. Hansard 18 March 1825, c.1081 et seq.
foreigners in the East Indies and restrictions on British subjects in that area.  

Birmingham which possessed a Chamber of Commerce called a general meeting in May to discuss the equalisation of East and West Indian duties, and seeing in the success of the British forces in Burma the opening of a new field for British manufactures, advocated the opening of trade to the East.  

Most significant of all was a suggestion from Liverpool, now beginning to assume the lead in the attack upon the East India Company's monopoly, that it was high time for all free traders and other opponents of the East India Company to 'get busy'.  

In spite of the reviving interest in trade conditions there was no reference to East Indian trade in the annual report of the Manchester Chamber of Commerce in February 1828.  

The interest of the cotton centre was quickly revived on the receipt of a copy of the Liverpool memorial on sugar duties and an urgent request that Manchester should support it. The Manchester Chamber of Commerce at once agreed to present a memorial of their own on the sugar duties.  

Further propaganda by Liverpool soon had results and in October 1828 a Free Trade Committee was actually set up in London, in the heart of enemy territory and a Mr. Fortune visited Liverpool to give information about the London Committee.  

This Committee was designed to oppose the new East India Company Charter, and Fortune had contacts with several influential people who supported the

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17. Ibid., 11 May 1827.  
20. Ibid., 30 April 1828.  
free trade movement, including Hume, Rickards, Crawfurd, Arbuthnot and James Silk Buckingham.22

II. 1829-1833.

In January 1829 a new figure stepped into the arena, James Silk Buckingham, and he announced that his initial series of three lectures on the East would be given in Liverpool.23 This was followed shortly after by the news that Buckingham proposed touring Britain to give lectures in all the great industrial and commercial centres in preparation for the approaching expiration of the East India Company's Charter.24 Buckingham's first lecture in Liverpool was a great success and shortly afterwards he handed to three leading Liverpool businessmen, James Cropper, Ewart and William Rathbone, £100 from the proceeds of his lectures, to be used on behalf of the free trade cause. This visit of Buckingham to Liverpool was followed by quick action. Leading citizens called a public meeting to discuss the Eastern Question.25 The meeting which was to be a most important source of inspiration for the anti-monopolists was held on 28 January 1829 and the Mayor took the Chair.26 The meeting proceeded to attack the East India Company and its monopoly on all sides. The partial opening of the

22. Hume was a radical Member of Parliament. Rickards was a Radical economist and Member of Parliament. J. S. Buckingham, ex-editor of the Calcutta Gazette, deported by order of the Indian Government. Crawfurd, Agent for Calcutta free traders; author of "Free Trade and the Colonization of India." C. Arbuthnot, diplomatist and politician; lived at the Duke of Wellington's House in his latter years.
Eastern trade which had commenced in 1814 was strongly commended, and figures were quoted to show how trade with India had improved out of all recognition. Further, the rapid rise of the free port of Singapore was used as an illustration of what could still be done in Eastern trade if the Government were to give the necessary lead and abolish the monopoly. Every possible argument for the furtherance of the free trade cause was urged, the benefits which would accrue to agriculture and other branches of activity besides commerce were urged, while the well-being of the Indian peoples was to be advanced by European colonization. No strong disapproval of the Company's Government of India was made except by Rathbone. The opening of the tea trade was looked upon as very desirable and much play was made of the alleged failure of the East India Company to provide cheap tea for Britain. Action was urged under an Act 18 Geo II cap 26 sect 11, which gave the Lords of the Treasury the right to grant individuals permission to import tea from the Continent. Petitions were presented to Parliament, but the really important work of the meeting then followed when arrangements were made for a Nation-wide campaign against the renewal of the East India Company's Charter. The steps to be taken to make the campaign effective included the appointment of a Committee to secure the support of the Mayor and Corporation of Liverpool; the collecting of evidence; corresponding with similar committees in other towns, and the preparing of petitions for Parliament. Having appointed an East India Committee, a subscription list was opened and the Mayor was urged to send copies of the resolutions passed at the meeting.
to the sheriffs of counties and the chief magistrates of the main trading and industrial towns of the Kingdom.

The Liverpool public meeting and the measures adopted there started a vocal and widespread movement against the East India Company's monopoly; but the most important point, without which even this great movement would have had little chance of success, was made by an Editorial of the Liverpool Mercury two days later:

"Shall we ever see the day when a chief magistrate shall preside at a meeting in our Town Hall to petition for Parliamentary Reform? All other subjects, - Catholic Emancipation, the Currency, the East India or West India monopolies and Corn Laws, weighed against that single great question, are as dust in the balance." 27

Though the truth of this does not seem to have been fully realised the community of interests led those interested in these several reforms to work closely, though not always consciously, together. There was sufficient trade unrest to cause added interest in an attack on monopolies; in January repercussions were still being felt from the failure of the great Calcutta Agency House of Remington and Co., with its widespread ramifications; 28 there were trade depressions among the cotton weavers of Lancashire; in the West Riding; Macclesfield and Congleton; 29 while much criticism was levelled against the East India Company's reduction in the size of their quarterly order for serges in the

West of England. Normally the Company had purchased 40,000 pieces per quarter, now the order had been reduced to 25,000 causing unemployment and distress in the neighbourhood of Ashburton. The free trade press preferred to believe that this reduction in material was bound up with the stoppage of the Canton foreign trade and that, in their view, unnecessary quarrel between the Company's Select Committee and the Hong merchants. It certainly served as a useful piece of propaganda against the East India Company.  

Activity spread rapidly; the Liverpool East India Association had roused much interest by the sale of a pamphlet, especially in Glasgow and Manchester. A meeting was held in Bristol in April on the Eastern Question and many merchants, bankers and traders of the City met in the Guildhall under the chairmanship of the Mayor, John Cave, Cave had already received a letter from James Cropper, one of the leaders of the Liverpool free trade movement. The main items discussed included the tea trade, silk, shipping and the importance of East Indian cotton as an alternative supply to that of America, especially in time of war. The usual resolutions were passed and a Committee of 28, under the Chairmanship of the Mayor, was appointed.  

On 29 April 1829 Roberg Ogden, the Constable, took the Chair at a public meeting in Manchester Town Hall. This meeting

which had been inspired by the efforts of the Liverpool East India Association, who had previously sent a deputation to Manchester to urge their support in sending a deputation to the King's Ministers in London, was to rival the importance of the earlier Liverpool assembly. The usual pattern of these meetings was followed, a Committee was set up which, besides the usual duties was to appoint a deputation to go to London. The report of the meeting was published and 500 copies of the proceedings were printed and circulated throughout the Country. Close liaison was maintained with Liverpool. The Manchester East India Committee received information from the Liverpool East India Association to the effect that several towns, including Liverpool, Glasgow and Bristol were sending deputations to London, so a number of prominent Manchester men were sent as the local deputation. Huskisson, Member of Parliament for Liverpool, had offered to arrange a meeting of the deputies with the King's Ministers; at the same time he had advised them to rouse public opinion against the renewal of the Company's monopoly before 1831 when notice of renewal would have to be given. By the end of May the deputies of Liverpool, Manchester, Glasgow, Bristol, Birmingham, Leeds and Calcutta were assembled in London at Fenton's Hotel, and Whitmore had introduced a motion in the House on the monopoly of the East India Company. Great progress continued to be made that year, and Liverpool had the

34. Ibid., 27 April 1829.
35. Ibid., 27, 29 April 1829.
36. Ibid., 30 April 1829.
37. Ibid., 27 May 1829.
38. "Liverpool Mercury," 22 May 1829.
honour of having its Committee appointed as the central Committee of the above-mentioned Committees until further proceedings should be held in London. Buckingham continued his lecture tour, while Whitmore worked hard for the cause and was able to inform the Liverpool East India Association, at a dinner in his honour, that the Government had promised to consider the Eastern Question during the next session. In July the Manchester Chamber of Commerce and the Liverpool East India Association agreed to publish a new edition of Crawfurd's "Free Trade and Colonization of India." Most of the towns interested in the abolition of the monopoly also took steps to send petitions to both Houses of Parliament.

In November 1829 a Birmingham paper addressed an open letter to the Duke of Wellington urging the abolition of the East India monopoly as a cure for the current commercial distress. In the March of the following year the cause received a very useful addition to its funds when the Common Council of Liverpool voted £1000 to its East India Association to finance the deputation to London.

40. Buckingham's Lectures in 1829.
   "Liverpool Mercury", 23 January 1829, at Manchester.
   "Aris's Gazette", 9 March 1829, at Bristol.
   "Sheffield Independent", 22 August 1829, at Glasgow.
42. "Proceedings of Manchester Chamber of Commerce", 8 July 1829.
The deputations were again assembled in London in 1830, meeting at the King's Arms, Palace Yard, on 3 March. On the proposal of Finlay of Glasgow it was decided to set up a fund to which each town, whether it sent a deputation or not, was to contribute in units of £50 up to a maximum of five units: Calcutta, Glasgow, Liverpool and Manchester were each assessed at five units. The assembly of deputies worked very hard, influencing the Country by propaganda and gathering evidence for submission to the East India Committee of the House of Commons. The deputies put their case against the monopoly before the Parliamentary Select Committee under seven heads:

1) The Chinese were willing to trade and gave very good facilities for commerce.

2) There was no need for security against quarrels and disturbances in China.

3) There was great opportunity for trade in Canton.

4) The end of the monopoly would reduce the price of tea in England.

5) The East India Company would never get any real profit from their tea trade.

6) The end of the monopoly would improve the trade of the British Empire.

7) Drew attention to the failure of the East India Company to increase the sale of British goods in China.

There was nothing particularly new in these arguments, they had been put forward frequently before; but what was important was the size of the assembly and the variety and authority

45. Proceedings of Manchester Chamber of Commerce, 4 March 1830.
46. Ibid., 17 March 1830.
47. "Liverpool Mercury", 10 July 1830.
of the interests which they represented. Personnel on the
deputations changed from time to time but the list given in the
records of the Manchester Chamber of Commerce is indicative of
the nature of the assembly:

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<th>City</th>
<th>Name</th>
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<tbody>
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<td>Glasgow:</td>
<td>Finlay</td>
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<td></td>
<td>Lord Provost</td>
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<td></td>
<td>Oswald</td>
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<td>Calcutta:</td>
<td>Crawfurd</td>
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<td>Liverpool:</td>
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<td>Manchester:</td>
<td>G. W. Wood</td>
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<td></td>
<td>Winter</td>
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<td></td>
<td>Greg</td>
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<td></td>
<td>Buckley</td>
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</tbody>
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48. Proceedings of Manchester Chamber of Commerce. 28 May 1830.
Manchester: (Contd.)

J. Wood
The Boroughreeve
Birley
Kennedy
Sharp

Leeds:

Rawson
Nussey
J. Marshall Jnr.

Birmingham:
The High Bailiff
Bacchus

Edinburgh:
Kinnear

Staffs Iron Trade:

Finch

Hull:

Broadley

Plymouth:
Woolcomb.

The free trade interest, however, had received a shock early in 1830 which caused a momentary panic. Questions were asked in Parliament concerning a letter written by Lord Ellenborough to Sir John Malcolm when the latter was Governor of Bombay early in 1829. This letter was intended to be private but it had somehow appeared in the Indian press and from there it had reached the English papers. It actually concerned a dispute which had taken place between the civil and legal authorities at Bombay. There were passages in the letter which could be, and were, taken by the jittery free traders as possible expressions of Government intentions on the future of the East India Company's Charter as a
whole. Fears were allayed when it was pointed out that the views expounded in the letter were purely personal and private, and in any case, the Government could hardly have reached a decision about the Charter as early as the date of this letter.49 This episode gave rise to a period of despair in abolitionist circles which was expressed by the Editor of a Sheffield paper:

"It is an intention on the part of Government to obtain a renewal of the Charter with most of its exclusive and oppressive privileges. This being the case, it is incumbent on the inhabitants of every town in the Kingdom to bestir themselves and petition loudly against the renewal of this shameful monopoly."50

As is shown by the activity of the deputations in London this state of despair soon passed, and in September 1830 a deputation from the East India Committees of the outports met the Duke of Wellington at Childwall on the outskirts of Liverpool.51 At the end of the year Finlay of Glasgow told a meeting of the Manchester East India Committee that in his opinion the Report of the House of Commons Committee on the China trade meant that the trade would be opened.52 The situation was much changed now by the resignation in November 1830 of the Duke of Wellington's Tory Government and its replacement by a Whig Government under Lord Grey. It was felt that the Whigs, now advocates of Parliamentary Reform and relying upon the support of the commercial interest and the radicals, might be more favourably disposed to

50. Ibid., 13 February 1830.
52. Proceedings of Manchester Chamber of Commerce, 17 December 1830.
the abolition of monopolies and restraints of trade.

By 1831 much the same pattern of activity was followed by the opponents of the Charter. Thomas Langton, the Secretary of the Liverpool East India Association, besides urging the usual deputation to London, also suggested that these deputies should try to influence new members of the Parliamentary Committees, and even the choice of members for the Committees; he recalled instances when some members of previous Select Committees had been hostile to the free traders.54 A number of the deputies met Earl Grey. Lord Althorpe and Charles Grant were present. Cropper put the case for the outports and he was supported by Ewart and Langton for Liverpool, Crawfurd for Calcutta, Braidley and Ingleby for Manchester, Cave for Bristol, and the High and Low Bailiffs for Birmingham. Certain members of Parliament including Patten, General Gasgoyne and Whitmore were present. The usual arguments were put forward and Cropper also stressed the need to consider the China trade as quite distinct from the Government of India.55

From this it is quite obvious that the free traders, for all their lip service to the state of affairs in India and the welfare of the natives, had little real concern for the system of Government there; and, above all, they were certainly not anxious to partake in any new form of government which might possibly replace that of the East India Company in India; the only concern of the free traders was commerce. As will be shown elsewhere the Minister of

54. Proceedings of Manchester Chamber of Commerce. 26 January 1831.
55. Ibid., 9 February 1831; also Liverpool Mercury, 11 February 1831.
the Crown eventually accepted the Company's view that the Government of India and the China trade could not possibly be considered separately. After the interview it was decided that Langton and Crawfurd should stay in London, at the expense of the free traders, and correspond with the Central Committee which was still centred on Liverpool. Later in September 1832 Mercator launched an attack upon the monopoly and showed that the commerce and the Government of India could not be considered separately; though his reasons for this statement were quite different from those which inspired the Minister and the East India Company. Mercator felt that it would be very difficult for free traders who settled in India to operate their commercial concerns adequately if the Company were left as sovereigns with the power of making laws and regulations.

1832 was not a particularly lively year, the routine campaign went on and later in the year the Liverpool East India Association sought the views of Manchester and Glasgow about exhorting all the Committees opposing the monopoly to demand a pledge of support from all Parliamentary candidates, but they found little support for this idea. In April Hyde Villiers, Secretary of the India Board, wrote to the Manchester Chamber of Commerce asking the President to give evidence before the Parliamentary Select Committee and enclosing a list of questions. The

56. Proceedings of Manchester Chamber of Commerce. 9 February 1831.
57. Liverpool Mercury. 21 September 1832. Mercator believed to have been John Gladstone, father of W. E. Gladstone.
58. Proceedings of Manchester Chamber of Commerce. 11 July 1832.
President and a sub-committee promptly supplied the necessary answers; questions and answers being preserved in the Chamber's Minutes.59

As the time for Parliamentary action drew near the pent up excitement engendered by the long campaign burst forth in a series of wild rumours. The Brighton Gazette, on the alleged authority of Crawfurd, stated that the Government had decided to open the China trade except, perhaps, for tea.60 Then a report that the Charter was to be renewed caused the Liverpool East India Association to send a frantic letter to the Manchester Chamber of Commerce urging them to persuade the County members to find out if there was any truth in this statement.61 The next scare was a rumour that the East India Company were abandoning their warehouses at the East India Docks in London with the intention of opening a new and extensive establishment at Liverpool.62 Needless to say all these reports were wild and ill-informed. The first really accurate summary of the proposed East India Bill appeared in the Liverpool Mercury on 5 April 1833.

The deputies in London, on examining the East India Bill expressed general satisfaction with it and felt that except for certain minor restrictions the Bill was a fair reward for their labours.63

59. Proceedings of Manchester Chamber of Commerce. 11 April 1832, and 23 May 1832.
60. Aris's Birmingham Gazette, 3 December 1832.
62. Aris's Birmingham Gazette, 28 January 1833; also Liverpool Mercury 1 February 1833.
63. Liverpool Mercury, 19 April 1833.
B. THE VARIOUS INTERESTS BEHIND THE MOVEMENT.

We have seen how the attack on the Company's monopoly was carried out; we must now go back and see what the desires and hopes of the various centres and interests were, and how far they were achieved. Each area had its own problem and a number of problems were linked with the question of the Eastern monopoly and the fate of the East India Company. There was the question of Parliamentary Reform which might, it was hoped, place the control of the Government of the United Kingdom in the hands of the commercial and middle class, who would thereby be able to make many changes for the improvement of trade and for the benefit of the Country. Monopolies, and in particular that of the East India Company, were closely connected in the radical mind with all those reactionary interests which so strongly defied Parliamentary Reform. Trade affected many in a variety of ways. There was the eternal conflict between the treatment of East and West Indian products and the incessant and not unreasonable demand for the equalisation of duties on the commodities of these two areas. Further there was a great demand for the opening of the China trade as a means of alleviating the depressions which afflicted much of this period, inspired as this demand was by two factors, a wishful belief that the trade of China would be very profitable and the resentment that many British subjects were excluded from a trade to which foreigners had free access and which they seemed to find very rewarding. The campaign against the monopoly was
coloured by the varying local interests of the different outports and industrial centres. We will examine the interests of several of the more important and representative of these centres, starting with Manchester and Liverpool whose part in the development of the attack on the monopoly has already been traced.

1). MANCHESTER.

Manchester was most concerned about the East Indies as a source of raw material and a market for manufactured goods; it was quite apparent that this extensive area of the world with its large population could supply Manchester with the raw materials to be made into the finished articles which, if given the chance, could be sold profitably in the East. To make this dream a fact changes would have to be made. The merchants quickly noted the success of Englishmen in developing indigo estates in India64 and felt that this was an adequate argument for the settlement and colonization of India by Europeans. That this was necessary and desirable was indicated by the poor quality of the raw cotton wool65 sent from India. European interest and advice, given on the spot by men who had a stake in the Country, they maintained, would soon lead to an improvement in the cotton wool produced in India. Some idea of the importance attached by Manchester to the

64. Proceedings of Manchester Chamber of Commerce, 21 January 1830. Resolution of Thomas Sharp "That the success which has attended the application of British Capital, enterprise and skill to the culture of indigo in India, by improving its quality and extending its growth, holds out flattering encouragement for the adoption of a corresponding policy with regard to cotton and other stable productions of the Indian soil."

65. Ibid., 21 January 1830; motion of Fraser.
Eastern trade can be obtained from the trade returns; the British and Irish exports of produce and manufactures to the East Indies had risen from £2,462,000 in 1818 to £3,684,000 in 1825, while even more striking were the figures of the export of cotton pieces, each 28 yards long, plain and printed, to India only; in 1815, after the opening of the trade as a result of the 1813 Charter, 29,221 pieces were exported, but by 1822 the annual export to India had risen to 711,449. On the face of it these figures provide good grounds for the Manchester attitude of desiring to free the Indian trade from the remaining restrictions associated with the East India Company's Charter, and thereby giving the manufacturers a free hand in what appeared to be a very hopeful and extensive market. Looking back it is possible to see that the Manchester merchants were too hopeful as well as being incorrect in their knowledge of Eastern requirements and conditions. The success of the indigo cultivation in a year or two inspired a rash and widespread speculation in indigo cultivation which led to the financial collapse of many of the great Calcutta Agency Houses and a partial disruption of Eastern finance. The increasing sale of cotton pieces was also illusory, many being sold below cost price. The heavy duties on the products of the East Indies were another cause of annoyance and complaint; in particular Manchester complained that in the matter of duty East Indian sugars were treated

67. Ibid.
unfairly in comparison with those of the West Indies. Cotton and sugar, they urged, would be very profitable dead weight in ships returning from India, and they would help to solve the eternal problem of remitting funds from India to England. 68

The main interest of Manchester was trade; freedom from restrictions, low duties and ample opportunities; and in connection with this the Chamber of Commerce took an interest in communications and encouraged Thomas Waghorn in his efforts to establish quick steam navigation to India. 69 The Chamber was slower than Liverpool to take an interest in the China monopoly of the East India Company, doubtless because they had never sold large quantities of goods to the Chinese and rather tended to look upon India and the East Indies as their potential market, unlike Liverpool, whose shipping interest having fathomed the depths of the Indian trade, saw great possibilities in the carrying trade with China and, in particular, the tea trade. Some indication of the interests of the Manchester Chamber of Commerce can be obtained from a study of the topics which occupied their attention during 1832; these included:

1) repeal of excise duty on printed cottons
2) increase of duty on raw cotton
3) Brazil Customs Duties
4) Reform Bill
5) Duties on Fire and Marine Insurances
6) Steam Navigation to India
7) Conveyance of Bullion

68. Proceedings of Manchester Chamber of Commerce, 9 March 1827.
69. Ibid.
8) Law of Arrest
9) refining foreign sugars
10) quarantine regulations at Genoa and Naples
11) the North Mails.\textsuperscript{70}

It is therefore not surprising that they were not so intensely interested in the Charter monopoly as were Liverpool, and unlike other opponents of the East India Company's Charter they showed little interest in the Government of India. Though we have said that Liverpool took more interest in the renewal of the Company's Charter than Manchester yet it was to Manchester that the India Board applied for answers to a questionnaire on Eastern trade.\textsuperscript{71}

The reason for this was that Manchester had a formal Chamber of Commerce for all merchants and trades while Liverpool only had a large number of Committees and Associations, each dealing with single interests.

2) LIVERPOOL.

Liverpool very definitely took the lead in the attack on the Company's monopoly and revealed a much wider interest in the whole problem of the future of the East India Company. Liverpool ships had access to Indian ports, though subject from time to time to petty annoyance imposed by the licence system; they were, however, excluded from Canton and felt their exclusion bitterly when they observed the free access afforded to ships of other nations and, in particular, the Americans. The Liverpool

\textsuperscript{70}. Proceedings of Manchester Chamber of Commerce. 18 February 1832.
\textsuperscript{71}. Ibid., 11 April and 23 May 1832.
merchants launched many bitter attacks upon the West Indies against whom they had a double complaint, first the fact that the privileged position of the West Indies destroyed any real hope of an improvement in Liverpool trade with India because the East Indies whose products might have been very profitable suffered because of the preferential treatment given to the West Indies; and secondly because what trade there had been with the West Indies had decayed hopelessly while the financial difficulties of the West Indian planters did not make them very attractive customers for the United Kingdom outports and industrial centres.

Another reason for Liverpool taking a broader view of the situation than Manchester was that the Liverpool shippers and merchants drew from a hinterland which, besides the cotton goods of Manchester, included the many and varied products of the new industrial England. They also saw the possibilities of the tea trade and the shipping which would arise out of the ending of the China monopoly; hence their determination to lead the movement on the wide basis of free trade. The Liverpool merchants were most anxious to take part in the China trade and they believed it would prove most profitable, but in this they failed to understand the conditions in Canton for, in referring to the activities of the Company in Canton they said:

"The East India Company, jealous of the increasing trade carried on by American merchants at Canton, have obtained an Order from the Chinese Government, forbidding the Americans to carry on
trade at Canton, but through a Chinese Company there, called the Hong, through which the Company transact their own business. The Americans before this, made all their purchases and sales through the medium of private brokers; and the growing popularity of their commerce exciting the jealousy of the Company, and their fears lest the evils of monopoly should be exhibited in too glowing colours when contrasted with freedom of trade, has led to this underhand proceeding, which has naturally caused much discontent amongst the American merchants. 72

In this statement the Liverpool merchants revealed that they knew little about the methods of foreign trade at Canton. As we now know all foreign merchants were compelled, by Chinese Law, to trade through the Hong; what the Americans had been trying to do was to evade duties and controls by ignoring the Hong, and it was not surprising that the East India Company drew the attention of the Chinese authorities to this attempt of their rivals to evade their obligations. 73 Nor was this all; merchants and manufacturers in the United Kingdom, as the Jardine-Matheson archives show, did not realise the difficulty of finding goods which would be acceptable to the Chinese market, or the limitations of that market. In every respect the English private traders at Canton and the East India Company's Select Committee had a far better understanding of the Chinese scene than the free traders at Home.

72. Liverpool Mercury. 9 January 1829.
73. For an account of this affair see Morse "East India Company trading to China" Vol.IV, chapter 85.
3). BIRMINGHAM.

Birmingham, which had its own Chamber of Commerce, revealed considerable interest in the free trade campaign, frequently reporting progress in other towns and cities in its own local press. The state of trade was of great interest and many proposals for the purpose of alleviating the depression were put forward, chief of which was that of extending markets for British goods and manufactures, particularly in the East. The two difficulties frustrating such improvement in Eastern trade were regularly attributed to unfair treatment of the East Indies and limitation of opportunity. In great detail Birmingham complained that the West Indies had an unfair advantage over the East Indies in the case of favourable duties; these favourable duties had been originally initiated to compensate the West Indies for a severe limitation of markets open to their trade, but in more recent times most restrictions on West Indian markets had been removed but most unfairly they still retained their favourable duties which placed East Indian produce at a very serious disadvantage and severely curtailed the extension of British trade in the East Indies. The opportunities of selling British goods in the East were severely curtailed by the Company's monopoly; this limitation appeared most annoying to the British free traders who regularly asserted that foreigners had better chances for successful trade in the East than British merchants. It was also felt that free trade, if obtained, would be able to take advantage

74. Aris's Birmingham Gazette. 11 May 1827. Motions at a public meeting to urge free trade to the East.
of what was believed to be a very lucrative trade in the Burman Empire which had just been conquered by British arms. The Birmingham attitude towards this feat of arms was more favourable and hopeful than that of many other opponents of the East India Company who felt that the penetration of British arms into Burma would have an adverse effect upon the timid Government of China.

J. Horsely Palmer was adopted as Parliamentary candidate for Birmingham after expressing opposition to the continuance of the Company's monopoly. It may seem surprising that such a man, a governor of the Bank of England and therefore associated with a monopoly should be considered as a candidate for Birmingham, but Palmer had other claims, being connected with the East India Agency House of Palmer, McKillop and Co., and was therefore opposed to the East India Company's monopoly of the China trade.

4). EXETER.

Very few areas in the Country gave the East India Company any support, and even those whose prosperity had so long depended upon the bounty of the Company from time to time found occasion to complain of the Company's policy. The South-West had always been a stronghold of the Company when they had obtained long eell for the China trade from that area. At one time this area had provided the Company with powerful support in the House of Commons; Devon had 26 M.P.'s; Somerset 18; Hampshire 28; and Wiltshire 34; while Cornwall which supplied the Company with

75. Aris's Birmingham Gazette. 11 May 1827.
76. Ibid., 19 November 1832.
77. Ibid., 26 November 1832.
78. W. T. Lawrence "Parliamentary Representation in Cornwall."
tin for export to the East and which served as the spinning area for the rest of the South-West had 44 M.P.'s.79 Thus for many years 150 out of 658 M.P.'s for the whole of the United Kingdom represented an area which owed its prosperity to the Company and its monopoly.80 In addition to this the Baring family of Bankers had much influence in Devon and Francis Baring, the close friend of the Younger Pitt, was a director and Chairman of the East India Company.

Exeter had little to say about the struggle over the Company's Charter except to report very occasionally the events of the big industrial centres. Yet in spite of the close connection with the Company there were times when the Exeter press criticised the Company's policy in securing its supplies of long ells.81 In January 1829 they rebuked the Company for cutting

79. A. de C. Glubb "When Cornwall had 44 M.P.s."
   "It was believed by the manufacturers that the Company had been requested by the executive Government to relieve the distress in Devonshire." An indication that the Company had been a great factor in upholding the South-Western Woollen Industry in favourable and unfavourable times.
81. J. H. Fox "The Woollen Manufacture at Wellington, Somerset." Page 44: "1783 the manufacture of Long-ells was introduced about this time, and for many years subsequently formed the principal output of the business, taking the place of the Continental trade which had greatly fallen off. These serges were 24 yards in length, 31 inches in width, and weighed 12 pounds, and they were mostly dyed scarlet and orange. They were for the China market, and were made for the East India Company who gave out an annual contract.
   Annexed is a copy of one of the forms of tender, and also the particulars of the quantity of pieces allotted to the various serge-makers of Somerset and Devon." The date of the form was 28 May 1818, and the list of firms was 40. Pp. 44-48.
down the size of orders and for buying from other parts of the Country. It seems that the Company had adopted a new policy of asking for individual tenders and accepting the lowest; and as the South-West was unable to compete with the more modern industrial methods of the North they began to lose orders. Exeter then suggested that if the Company's monopoly should be renewed they ought to be compelled to export sufficiently large quantities of British manufactures to ensure that the industry of the South-West would be kept alive. The South-West felt much happier a year later when a large East India order for woollens went to Wiltshire and Somerset in the teeth of fierce competition from Yorkshire.

Though the woollen industry of the South-West was to collapse with the abolition of the East India Company's monopoly, by 1818 it was, in certain areas, fairly modern and efficient. By 1818 Ashburton was using water power extensively and upwards of £100,000 worth of serge was exported annually to China, and the population had risen to 4,165, an increase of over 1,000 in 30 years. This state of affairs did not last for the Reform Act and the end of the Company's monopoly led to a shifting of Parliamentary influence, and without the protection which it had enjoyed for so long the South-West found that:

"The quantity required for China being limited, the

82. Trewman's Flying Post. 1 January 1829 and 8 January 1829.
83. Ibid., 8 and 15 January 1829.
84. Ibid., 1 April 1830.
85. The Transactions of the Devonshire Association 1876.
86. Ibid., p.335.
86. Ibid., p.336.
North of England with its energy and coal swamped us.

Thousands of serges made for China lay on our hands. The old restrictive policy of our Western manufacturers tied their hands from entering into new branches of trade.87

Thus even the South-West, traditionally the supporter of the East India Company, had doubts about the monopoly, as a glance at the list of petitions to Parliament will show, and in any case it was only in the more up to date area of Ashburton that the industry survived until the end of the monopoly when even that failed.

5). Sheffield.

Among the towns which took part in the campaign against the renewal of the Company's Charter Sheffield was unique in that there was little real interest in the monopoly within the town, yet on the surface there seemed to be much concern over the Charter. This curious situation was a result of two factors, James Silk Buckingham and the local newspapers. These two factors produced the artificial and exuberant interest shown in the Charter but the general interest was not deep enough to allow the town to send a deputation to London. Other towns, it is true, were influenced by the press but in those instances there were already strong sections in these communities which felt very strongly about the Company's Charter and needed very little prompting from their local press.

The Sheffield press began to show an interest in the fate

of the East India Company's monopoly as early as April 1822,\textsuperscript{88} and four years later expressed rather a different view of the significance of Lord Amherst's Burma war to that put forward by Birmingham, maintaining that its effect upon the Chinese would be to frighten them into closing the trade with the West.\textsuperscript{89} The press showed a fair amount of interest in free trade but it is difficult to determine how much of the interest reported in connection with the East India Company belonged to the Town and how much to the various local editors. The chief interest in the fate of the East India Company seems to have come from the editors and James Silk Buckingham. It only really caught the interest of the people of Sheffield as a side-line of the general problem of free trade, the agitation for the Reform Bill and the acquisition of Parliamentary representation for Sheffield. The topics which really roused the interest and enthusiasm of the people of Sheffield at this time were:

a) the preservation of their craft and the safeguarding of the processes of the cutlery trade

b) the abolition of slavery which probably received much inspiration from the methodists.

c) the welfare of climbing boys

d) the corn laws

\textsuperscript{f) the Reform Bill

\textsuperscript{g) Catholic Emancipation.}

\textsuperscript{88} Sheffield Iris. 9 April 1822.
\textsuperscript{89} Sheffield Iris, 13 May 1826: - "The fatal result of Lord Amherst's war with the Burmans may be the annihilation of the valuable trade of the East India Company with China. It appears that the head of the Celestial Empire has already taken the alarm at the advance of our troops, and ordered towns and fortifications to prevent the violation of his frontiers. The jealousy of China is proverbial, and the Tartar cannot hear of our conquests in his vicinity without sensible apprehension."
There was a strong radical element among the better educated craftsmen in Sheffield, as is shown by Miss Thickett, many of the work people were very independent; besides working for themselves as master-craftsmen they often worked for larger employers as journey-men, changing their status frequently. Sheffield quickly took an interest in Buckingham when he was trying to secure redress in Parliament from the East India Company for his deportation from India as a result of his criticism of the Indian Government when he was editor of the Calcutta Gazette. Later when Buckingham launched his lectures attacking the Company's Charter he received much support from Sheffield. In spite of this the Iris remarked, in 1829, upon the lack of interest in the East India Charter and the Bank note suppression Bill. In 1830 the editor of the Iris advised the leading citizens of Sheffield to urge the Master Cutler to call a public meeting to petition against a renewal of the Company's Charter. Very soon after this suggestion the Master Cutler did call a public meeting, but instead of considering the Company's Charter it dealt with the equally important, for Sheffield, problem of securing Parliamentary representation for the Town. Incidentally no mention was even made of free trade at this meeting. There is not a lot of

90. Miss B. Thickett's Thesis, in the Durham University Library on "Radical Activity in Sheffield, 1830-48."
91. Sheffield Iris. 13 June, 1826.
92. Ibid., 20 Oct., 1829.
93. Ibid., 9 February, 1830.
94. Sheffield Iris, 9 February, 1830.
95. Ibid., 16 February 1830. Also Hansard 23 February 1830, col.858. Lord John Russell presented Sheffield Petition in House of Commons.
96. Sheffield Iris. 23 February, 1830.
evidence to suggest much enthusiasm for free trade in Sheffield, but it was tolerated as a useful means of securing support for Parliamentary representation, as was Buckingham's attack on the East India Company. To improve his chances in his clash with the Company Buckingham became one of the first candidates for a Parliamentary seat in Sheffield. He was strongly supported by the Iris and a section of the community to whom he appealed as an intelligent, accomplished and widely travelled man. The Mercury strongly attacked him as an opportunist and an adventurer. The clash between the two papers over the personality of Buckingham seems to have taken up more space than any other topic during this period. The Sheffield Independent preserved a strictly neutral attitude over the affair. The Independent did, however, comment upon the apathy shown by Sheffield towards the fate of the East India Company. Thus, in general, Sheffield did not play as decisive a part in the attack on the monopoly as might have been expected.

6). JAMES SILK BUCKINGHAM.

Receiving support and sympathy from Sheffield in his petition to Parliament to secure redress and compensation for his deportation from India, Buckingham then started a series of lectures all over the United Kingdom in which he attacked the East

97. Sheffield Mercury. 6 August, 1831.
98. Ibid. 10; 17; 24 Sept; 1; 8; Oct. 1831 etc.
99. Sheffield Independent. 24 April 1830.
100. General Index, House of Commons Journal: page 727 gives a lengthy list of towns which sent petitions supporting Buckingham's claim against the East India Company.
India Company. He opposed the monopoly but declared the Company had the right to trade in open competition. Unlike the majority of the free traders who cared little about who governed India, he strongly objected to the Government of India being left in the hands of the East India Company. His lectures were immensely popular, even the Mercury states:

"For a period of two hours and 20 minutes the audience were electrified with the language, description and manner of the lecturer; indeed altogether, such a treat was never, perhaps, offered to the attentions of the inhabitants of this town."  

His success encouraged him to stand for Parliament but in this he was attacked as being unsuitable for Sheffield which, it was felt, would be better served by members:

"Who know something about our local interests, and who will expose the villainous trickery of the quack manufacturers of London. Let us first pull down monopolies a little nearer home, and which affect our interests more than the Indian monopoly, before we set out on a work of reform in Asia."  

Efforts to persuade Buckingham to find a seat in one of the free trade towns failed and he became M.P. for Sheffield. He spoke at great length in the debates on the Company's Charter and remained a member for Sheffield until 1838, when, having failed to secure compensation from the East India Company, he resigned.

101. Sheffield Mercury. 16 July 1831.
102. Ibid., 3 Sept., 1831.
Much criticism of the East India Company's Charter was to be found in that compendium of alleged abuses, the Extra-ordinary Black Book. This work criticised various aspects of the Company. It complained that the judicial system in India was corrupt and oppressive and that the system of patronage was abused, extending on occasion even to the President of the Board of Control.\textsuperscript{104} It also accused the Company of putting pressure upon the 4,000 employees in their warehouses and other London establishments to secure their votes on behalf of the Company's nominees in parliamentary elections.\textsuperscript{105} This abuse was promptly linked with general corruption of other vested interests on the Parliamentary scene and was used to further the demand for Parliamentary Reform. The Company was accused of wasting the territorial revenues of India upon the salaries of their servants and on the upkeep of extensive and often unnecessary establishments.\textsuperscript{106} The Black Book claimed that most of the Company's commercial ventures were run at an

\begin{itemize}
\item \textsuperscript{104} Extra-ordinary Black Book, page 410.
\item \textsuperscript{105} Ibid., page 411.
\item \textsuperscript{106} Ibid., page 413.
\end{itemize}
increasing loss except for the envied profit of the tea trade.\textsuperscript{107} They objected to the continuance of the Company's trade and urged the ending of the monopoly, but believed that the Company were the fittest people to govern India; by such an arrangement there would be no danger of the Government of India and the extensive patronage, believed to be associated with that Government, falling into the hands of the King's Ministers at Westminster where it might be used to maintain a permanent majority in the House of Commons; it would also eliminate the nightmare of finding other means of governing India; indeed, for all the criticism of the East India Company no-one else wished or was bold enough to take over the arduous task of governing India.

\textbf{1833 ONWARDS - ATTACKS UPON THE WORKING OF THE GOVERNMENT REGULATIONS REPLACING THE COMPANY'S AUTHORITY.}

The passing of the new Charter Act and the opening of the China trade and the elimination of the East India Company as a

\textsuperscript{107} Extra-ordinary Black Book; page 419: "The Court of Directors, however, though they have some interests in common with the Oligarchy and executive government, are not directly identified with either; they are a different power, based on different interests; their constituency are neither pot-wallopers, burgage-holders, nor free-holders - they are proprietors of India stock, and this is a qualification from which neither the peerage nor the House of Commons derive their ascendancy. Under this arrangement a diversion of influence is obtained, and the danger to public liberty, which might result from consolidating the patronage of India with that of the United Kingdom is in some measure averted.

In our opinion then, the Company ought to retain their political sovereignty, and for this plain reason - that we do not see by what other constituted authority their functions could be discharged with less danger to the community."
trading concern was met with great rejoicing by the free traders. The East India Committee representing the outports in London was dissolved, but when the first flush of excitement had faded the free traders found a number of points in connection with aspects of the Charter Act and the subsequent Acts regulating Eastern trade which were not to their liking. They immediately objected to the proposals of the Tea Duties Act which fixed the manner and value of the duties to be paid on teas imported into the United Kingdom. The tea was to be divided into several qualities and a separate duty was to be paid on each quality. This led the London tea Committee to seek the assistance of the Manchester Chamber of Commerce to secure the repeal of the Tea Duties Act. It was stated that there would be great difficulty in determining the various grades of tea, there being a shortage of skilled and reliable tea buyers and inspectors; besides this there was also the danger of the smuggling of better quality tea to evade the higher duty. The merchants therefore favoured a fixed poundage duty on tea. Another aspect of the tea problem which caused concern and discontent arose from the arrangements laid down by the Government for the disposal of the very large stocks of tea still in the warehouses of the East India Company; these stocks would have been even greater if the Company had not early sought the advice of the Government and ceased to buy tea in China. The system imposed by the Government was that for the first three

109. Ibid., 12 March and 22 April, 1834.
quarterly sales after the passage of the Bill the Company could dispose of as much tea as it wished; at subsequent sales the amount of Company's tea to be sold would be determined by the Board of Control. Though this seemed quite a fair method of disposing, without undue loss and hardship, of the very large quantity of tea which the Company had been required by law to keep in stock, the free traders soon objected that the market was flooded by large quantities of East India Company's tea. There were other minor grumbles associated with the untrammelled freedom of free trade, particularly in a complaint:

"Now that the tea trade has been thrown open it would appear from recent circumstances, that disreputable persons on the Continent are manufacturing spurious tea, to be exported to this Country; and if effectual measures are not taken to prevent its introduction the different ports will be inundated with the unwholesome and poisoning article, as no doubt, a large quantity has already been prepared for the purpose."

It would be interesting to learn in what grade this spurious tea was placed for the assessment of the tea duty!

Much dissatisfaction was expressed concerning the Orders-in-Council regulating the China trade. These regulations had established a commercial commission presided over by a Chief

110. Liverpool Mercury, 17 July 1835:

"Tea Trade. - On Wednesday the East India Company issued their declaration for the September Sale, and the determination shown by the Court of Directors to continue to put up 4,000,000 lbs quarterly until the whole of their stock shall be disposed of produced much dissatisfaction in the trade."

111. Ibid., 17 October 1834; quoting from the Morning Herald.
Superintendent for the purpose of regulating British trade at Canton. Duties were imposed on British ships trading at Canton for the purpose of supplying funds for the upkeep of this Commission and these charges were deeply resented by the free traders who failed to appreciate that the cost of upholding British interests at Canton had, in the past, been borne by the East India Company and not by the private merchants at Canton. Now that the East India Company had ceased to trade this expense fell upon the British Government who promptly passed the expense on to those who benefited from this service. The argument put forward by the free traders was that this increased cost placed British ships trading at Canton at a disadvantage compared with foreign vessels who faced no such exaction.112

Any fears concerning the limitation of trade to a few ports under the new arrangements were soon removed when the Ministers accepted many additions to the number of ports originally scheduled for the privilege of warehousing East Indian goods.113 Obviously there were limitations based upon the warehousing facilities at the various ports, for if the facilities were inadequate then the Government would lose too much customs duty.

Among the ports which had taken part in the attack upon the monopoly and which were added to the original list of warehousing ports for Eastern goods were Newcastle-upon-Tyne, Greenock and Port Glasgow.114

112. Liverpool Mercury, 6 January 1834; also Aris's Birmingham Gazette, 30 December 1833.
113. The Asiatic Journal, October 1834 - Home Intelligence. These places were originally approved as tea-ports: - London, Liverpool, Bristol, Hull, Leith, Glasgow, Dublin, Belfast and Cork.
114. Liverpool Mercury. 11 July and 11 August 1834.
One of the signs of the times was the failure to establish large Joint Stock Companies to exploit the Eastern trade, now released from the shackles of the Company's monopoly. In October 1834 much excitement was caused by a proposal to form a Joint Stock Company with a capital of two millions to trade with China and to import tea. It was feared that such a company would have little chance of success under free trade conditions of competition while, obviously, the Government which had just destroyed the East India Company's monopoly would certainly not favour any new monopoly. The free traders, however, had little to fear because little response was made to the glowing prospectuses of such Joint Stock Companies. The free trade in tea soon proved worth while, as was shown by a comparison of the figures of the seven months ending 6 August 1835 and those for the corresponding period ending 6 August 1836. In the former period 21,011,000 lbs of tea were imported, paying £2,189,000 duty; while in the latter period 36,650,000 lbs of tea were imported, paying £1,279,000 duty.

One matter arising out of the legislation of 1833 was the continued existence of an East India Company Finance Agency at Canton. Repeatedly the Manchester Chamber of Commerce approached the Government to protest against the continued manipulation of the exchange with India and China resulting from the efforts of the Company to remit home their Eastern capital, which was done

115. Liverpool Mercury, 14 October 1833.
116. Ibid., 14 October, 1836.
partly by shipping bullion and partly by advancing money in Canton to British merchants for the purchase of tea and other Chinese commodities. One might have thought that Manchester merchants trading to China might have found the provision of funds in Canton by the Company of value to their trade; but it is significant that in February 1834 John McVicar was appointed a director of the Manchester Chamber of Commerce.\(^{118}\) Now McVicar had been the Manchester agent of Jardine, Matheson and Co., the private trade Firm at Canton, and he had become imbued with that firm's opposition to the financial activities of the Company's Canton Select Committee even before the end of the monopoly; consequently it is a matter of no surprise to find that in February of the following year McVicar was deputed to go to London to consult with the Manchester Members of Parliament on how to deal with the continued activity of the Company's financial Agency at Canton. At the same time the assistance of Liverpool, Glasgow and Leeds was sought.\(^{119}\) Eventually the closing down, by the East India Company, of its Agency in the face of growing unrest in Canton in 1839 finally removed this source of annoyance to the Manchester Chamber of Commerce.\(^{120}\)

Not every desire of the outports had been achieved with the end of the Company's monopoly, an old problem was still unsolved. Whatever else had been obtained the equalisation of East and West Indian duties had not been achieved. Working in close conjunction with Liverpool the Manchester Chamber made

\(^{118}\) Proceedings of Manchester Chamber of Commerce. 10 February 1834.
\(^{119}\) Ibid., 9 February 1835.
\(^{120}\) Ibid., 11 February 1839.
further efforts to break down the privileged position of the West Indian Interest, 121

121. Proceedings of Manchester Chamber of Commerce,
   9, 10, 19 February 1834.
   4, 19 February 1835.
   8 February 1836.
   13 February 1837.
CHAPTER 6.

NEGOTIATIONS BETWEEN THE
EAST INDIA COMPANY AND
THE KING'S MINISTERS.

The Company were very slow to take any action towards negotiating a fresh Charter when the existing one was drawing to a close. The first move was a conference at Apsley House between the Chairs, the Duke of Wellington and Lord Ellenborough on 12 October 1830. \(^1\) In the following month Wellington's Government fell and was replaced by the Whig Government of Earl Grey in which the post of President of the Board of Control fell to Charles Grant, son of Charles Grant, the great East India Company Director. Nearly eight months later, on 7 July 1831, Grant expressed a wish to learn what action the Company were going to take with respect to

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\(^1\) Charter Negotiation Papers 1833. 30 March 1831.
the question of a renewal of their Charter. Progress was slow but eventually at a Secret Committee of Correspondence on 18 December 1832 the Chairman of the Court of Directors produced a "Paper of Hints" which Grant had sent for their consideration. On 12 February 1833 a long letter on the subject of the Charter was received from Grant. It was not until 15 April 1833 that a General Court was called to consider papers concerning the renewal of the Charter, an indication of the lack of urgency in the Court of Directors and a measure of the insignificance of the Court of Proprietors. The Company could now make little impression upon the scheme of the Minister and events moved inexorably towards the climax which he had planned and, on 17 July, he wrote to the Company advising them not to send any more ships to India or China. This was the beginning of the end. Eight days later Grant "showed his teeth" by declining a request from the Company to delay the third reading of the Bill; this he did on the grounds that all the points had been fully discussed. On 29 July a petition by the Company against the third reading failed. On 12 August the Court of Directors accepted the Bill and advised the Proprietors to place their Charter in abeyance; that is, to place to one side their Charter of William III which gave them a perpetual right to trade to the East Indies but made no mention of Ruling India; so that they might accept the Bill which gave them the statutory right

3. Ibid., 18 December 1832.
4. Ibid., 25 April 1833; also Asiatic Journal; General Court Debate, 15 April 1833.
5. Ibid., 17 July 1833.
6. Ibid., 25 July 1833.
7. Ibid., letter from Lawford to Auber 29 July 1833; also Asiatic Journal; General Court Debate, 31 July 1833.
to rule India for another twenty years. To this proposal there were several dissentients including the Chairs. On 13 August the General Court agreed to accept the Bill but certain elements in the Court demanded a ballot. On 16 August 1833 the final surrender was made when the General Court, as a result of the ballot, accepted the Bill.

I. THE MAIN QUESTION.

The most important question facing the East India Company was whether they should hold on to their Charter, which gave them the right to trade to the East Indies, or to give it up in return for money in the form of a guaranteed annuity, or for the privilege of continuing to rule India, or perhaps a combination of these alternatives.

There can be little doubt that the Wellington Government was fully aware of the need to accept the Country's demand for the abolition of the monopoly, but there are indications that the Company hoped that though the trade would be opened they might still be allowed to trade in competition with the traders of the outports; but Grant, who had followed Ellenborough at the Board of Control, very quickly scotched any such hope by declaring that if the trade was opened the Company would not be allowed to share in it as long as they held the Government of India. His argument was based upon the question of efficiency in the Government of India.

8. Asiatic Journal; General Court Debate, 13 August 1833.
9. Ibid., 19 August 1833.
11. Ibid.,
view shared by Ellenborough who also suspected that the failure of the Government of India to reduce its expenditure sufficiently to allow it to balance its budget was due to its reliance upon the relief regularly supplied out of the profits of the China tea trade. Ellenborough had hoped to compel the Indian Government to reduce its expenditure sufficiently to balance its finances without this extraneous assistance. If this desirable state of affairs could be attained then the British Government would be in a favourable position to abolish the monopoly. There was no danger, under a Tory Government, of the Company losing the Government of India whatever the fate of the China trade. His Lordship had even contemplated, in the event of the Government of India failing to reduce its expenditure sufficiently to rely upon its own resources, replacing the China trade by some other less obnoxious form of financial aid. Thus the Company, rightly or wrongly, believed it had more to hope for from a Tory Government which would tend to protect existing rights than from a Whig Government which had just carried a Reform Bill, which was closely connected with trade and which abhorred a monopoly. Though for some time, until he disillusioned them, they hoped for favourable treatment from Grant as the son of a famous Director of the Company.

It is abundantly clear that the Government had not the slightest intention of depriving the Company of the Government of India; perhaps because to do so would have meant much mental labour and hurried toil in order to substitute some other authority

for the Company's Civil Service. This could not have been done very easily at the short notice which would have been necessary had the Company decided to stand firm in the character of traders; such action would have caused chaos in India, but it was not a line which the Company wanted or dared to take. To have had the bluff of declining the Government of India called would have been fatal to the Company, and they, as well as the Minister, knew this. Such an action would have left them as traders to China without the valuable safeguard of the monopoly, while they would have been subjected to many claims similar to those of the Nozeed, the Calcutta Bankers, Hutchinson and many others;¹³ to say nothing of such difficulties as the dispute whether the Home Bond Debt of nearly £4,000,000 belonged to the Commercial or Territorial Branches; they knew, too, that these claims would be decided by Courts which would not be very sympathetic to their cause. The Company were, however, very perturbed about the conditions under which they would continue to hold the Government of India under the new Charter, especially if they were to have to carry on that Government without the financial assistance which they had hitherto received from the surplus profit of the tea trade.¹⁴ Several of the Directors and many of the Proprietors feared for their dividends if they were compelled to administer India without this external aid. This led them to quibble at length about the proposed financial provisions which Grant contemplated in the event of their accepting the new Charter.¹⁵ Unpalatable though it was

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¹³. For account of these cases see below: Section II of this Chapter.
¹⁴. Charter Negotiations, Court of Directors to Grant, 29 Feb. 1833.
¹⁵. Ibid., also Secret Committee of the whole Court to Grant, requesting increase of Guarantee Fund, 18 March 1833.
most\textsuperscript{16} of those connected with the Company realised, in their heart of hearts, that the monopoly was bound to go, though some continued to hope that the Company would be allowed to trade in Eastern waters.

The Company protested against the unfairness of the attack upon them and pointed out the benefits which England and India had obtained from them. They reminded the Minister how the Port of London with its mighty East India Docks had benefited from the Eastern Association,\textsuperscript{17} how the Country had enjoyed in time of war a not inconsiderable addition to its naval forces in the war-like attributes of the stately, well-manned and heavily armed East Indiamen, while the Indian revenues had benefited to the extent of some £17,000,000 over a period of years.\textsuperscript{18} They quickly realised that whatever else might be saved the monopoly was doomed. This left the Company with the problem of deciding what they were

\textsuperscript{16} Charter Negotiations, Tucker's Dissent, 30 March 1833.

On the ballot on the Motion of 25 April 1833 which was held on 3 May 1833, in the General Court, 477 voted for the question, 52 against; so most of the Company supported the view of 25 April 1833 that:

"If Parliament in its wisdom should consider as His Majesty's Ministers have declared that that great object may best be promoted by continuing the administration in the hands of the Company, but divested of their commercial Character, the Company having through the Court of Directors suggested, as it was their duty to do, the difficulties and dangers, political as well as financial, which beset the dissolution of the connection between the Territorial and Commercial branches of their affairs, it will not shrink from the undertaking."

\textsuperscript{17} Asiatic Journal, page 80. General Court Debate, speech of Twining. 18 April 1833.

\textsuperscript{18} Charter Negotiation Papers 1833. Secret Committee of Correspondence. 2 January, 1833.
to accept in its place; the Government of India or a sum of money on the realisation of their assets and perhaps a forlorn attempt to enter the open trade to China in the teeth of fierce competition from the outports, the Americans and the country traders. With the monopoly gone the Company quickly realised that they might be wiser to come to terms with the Minister and accept his proposals. Grant at once offered them an annuity and the Government of India in return for the surrender of the monopoly. Judging by the quick reaction of the Proprietors this offer was most acceptable, so much so that Tucker, the leading Indian in the Direction was led to remark that:

"The Proprietors of East India Stock had, in the first instance, a boon held out to them in the shape of a beneficial annuity. This was accepted, and I fear too eagerly, because from that moment all power of resistance on their part was virtually surrendered. The Public concluded that we were satisfied; that we acted in full concurrence with the views of His Majesty's Government."  

This decision of surrender was taken, in effect, early in the negotiations; it only remained for the Directors to "haggle" over the detailed terms of the compromise. It is quite probable that the Company were very anxious, once their Dividends were secured, to retain the Government of India in which they had a genuine pride and feeling that they alone were the only people who were really fitted by experience and tradition to carry out this tremendous task, having due regard to British prestige and a proper

attitude towards the welfare of the Indians. They were most anxious to ensure that they, and not the Minister, would govern India. They objected to any alterations which might reduce the Company to the position of a Government Board, a mere instrument for expressing the views of the Indian Minister. They were apprehensive about the relations which would exist, under the new scheme, between the Directors and the Board of Control; they agitated at length, though in vain, for some measure of publicity as a means of appeal against ministerial decisions which might, in their view, be damaging to India. We will return later to the question of relations between the Court and the Board.

The terms of the annuity were to cause much discussion and concern. The Minister in his original proposals had suggested an annuity of £630,000 p.a. for a term of years; to be repaid when the term expired at the rate of £100 for each £5: 5: 0 of the Annuity; this repayment was to be guaranteed by means of a Guarantee Fund of £1,200,000 which, by means of interest would be allowed to accumulate. This Fund, when it was large enough, would eventually be used to redeem the Capital Stock of the Company. The Company would have to hand all their assets over to the Crown in return for the annuity. As they valued their total assets at over £20,000,000 they felt that they were receiving an inadequate return and an insufficient security as the annuity was charged against the revenues of India. Uncertain about their future relations with the Board and fearing a limitations of their existing powers in India, knowing full well that for some years

the Indian expenditure had exceeded the revenue, they feared that the payment of Dividends so secured would fall into arrear. They had some grounds for apprehension for even the saving in administrative costs under Lord William Bentinck had failed to produce a credit balance, and even he had been forced to depend upon the surplus obtained from the China tea trade, a source which could no longer be used once the trade was thrown open and the monopoly abolished. They were tormented by a fear that the increased supervision to be exercised by the Board of Control, and which would be less easily resisted when they lacked the financial and commercial support which the China trade had given to their prestige, might endanger the safety of the Annuity. Such a disaster would affect remittances from India and might lead to the Guarantee Fund being raided to supply the deficiency. This would imperil the chance of the Guarantee Fund being allowed to accumulate sufficiently to pay off the Annuity by the required date; for it had been suggested that the Fund might be allowed enough time to reach the sum of £12,000,000. The Directors proceeded to agitate for a larger Guarantee Fund of at least £3,000,000, and even suggested the transfer of their 3% Stock (amounting to £891,000) to the Guarantee Fund. They were also very anxious to know how long the Annuity was to be irredeemable.

Grant soon replied informing them that he was making the Annuity a charge to the Indian Territory in order to identify the Company with the Government of India and that it was to be

irredeemable as long as they held that Government. The Annuity was not to be redeemed until the Guarantee Fund should have reached the sum of £6,000,000 and then only at the option of Parliament, but no limit was being set to the period of the Company's enjoyment of the Government of India.\(^{23}\)

The leading Director representing the Indian interest in the Court dissented from the Grant proposals.\(^ {24}\) He felt it would be unwise to accept the Annuity unless it was guaranteed by a sufficient capital secured upon English Funds. Also the Guarantee Fund was too small; there was no adequate system for remitting punctually from India the funds to pay the Annuity and to pay the Territorial Charges incurred in England.\(^ {25}\) He looked upon the Minister's proposals as a form of blackmail, the Company being forced to submit to the Ministerial plan by the menace of destruction by legal or parliamentary process which, owing to the complicated nature of their accounts and commitments, would be so long as to involve them in legal expenses which would prove ruinous. He blamed the Company for failing to make early preparations to defend their position and to state their case; he felt that they ought, at least, to have demanded sufficient time to allow them to dispose of their large stocks of tea, stocks which they had been required to keep by law. As it was it looked as if they would have to dispose of these stocks at a loss because of competition from the vast quantities of tea which would be

\(^{24}\) Ibid. Tucker's Dissent, 30 March 1833.  
\(^{25}\) Territorial Charges in England were payments due from the Indian Government to pay for stores and supplies etc. sent out from England for Government use.
imported by the free traders. He maintained that their care and skill in so long supplying the Country with good tea at least merited this slight consideration. He proposed that they should be allowed two years to dispose of their stocks so that they might be able to wind up their ventures without loss. Though his prestige in the Court was great and his reputations as a financier outstanding, Tucker was unable to influence events.

Grant declined to increase the Guarantee Fund beyond £2,000,000 but he agreed to it acting as security for the Dividend as well as for the Capital.26 He was also willing, should an emergency occur, to allow the Company to borrow money to pay the Dividend by Exchequer Bills or other means, the Indian Government to repay this with loan interest as required. He proposed to fix the Company's tenure of the Government of India at 20 years. He also agreed to pay off the Company at three years notice should their tenure of the Indian Government cease, whereupon they would be permitted to resume trading, but both parties realised that this last point was merely academic because the Company would have little prospect of resuming trade successfully in open competition after such a length of time and when their officials, servants, ships and organization had been dispersed or broken up. He did set his face sternly against instituting any method whereby the Company might appeal against the decisions of the Board, reminding them that the ordinary means, open to all subjects, of petitioning would still be available to them. When the Company still agitated

for an increased Guarantee Fund Grant pointed out that the Government had guaranteed to repay the Annuity at the rate of £100 for every £5: 5: 0 of the Annuity and that if by the time of repayment the Guarantee Fund was not sufficient then Parliament would take steps to make up the deficiency.\(^{27}\) In spite of this explanation the Chairman, Mr. C. Majoribanks, and the Deputy Chairman, Mr. W. Wigram, both dissented from the Directors report,\(^ {28}\) which recommended the Proprietors to offer no further resistance until they had the Bill before them. This dissent of the Chairs was based upon the size of the Guarantee Fund and the question of publicity. Shortly afterwards when the Court, after consulting with Grant, issued a Draft to China for the purpose of stopping the trade\(^ {29}\) the Chairs dissented,\(^ {30}\) and suggested that the Company instead of ceasing to trade ought to continue a limited trade in order to reduce their loans and to help to wind up the Company's affairs.

By this time most people would have said that all resistance was over, or if not, it ought to have been; instead at this late hour the Company petitioned against the Third Reading of the Bill. This action seems to have been in accordance with the spirit of the Court of Proprietors, which was expressed in Mr. Randie Jackson's advice to them "to submit to the Bill rather than to accept it."\(^ {31}\) Their efforts to retard the progress of the Bill failed and the Company finally accepted the Bill after a ballot taken in the Court of Proprietors in which the voting

\(^{27}\) Charter Negotiations 1833. Letter from Grant, 4 June 1833.
\(^{28}\) Ibid., Dissent of Chairs, 10 June 1833.
\(^{29}\) Ibid., Court of Directors, Draft to China, 19 July 1833.
\(^{30}\) Ibid., Dissent of Chairs, 19 July 1833.
\(^{31}\) Asiatic Journal, p.250. General Court, 13 August 1833.
was 173 for the Bill and 64 against, a majority of 109.  

II. RELATIONS BETWEEN the COMPANY and the BOARD of 
CONTROL in the FUTURE GOVERNMENT of INDIA.

Though the main question of the fate of the monopoly 
was thus easily and obviously decided the opposition to the Mini-
sterial Proposals was prolonged by many side issues, some of 
which, particularly in the Court of Proprietors, caused commotion 
and discussion out of all proportion to their importance in 
relation to the main problem; these will be dealt with later. 
First we will examine one or two topics which are fairly closely 
bound up with the monopoly and its corollary, the Government of 
India. One of these was the question of the relations between 
the Company and the Board of Control in the future Government of 
India.

The future relations between the Court of Directors as 
the representatives of the Company, and the Board of Control as 
the engine of His Majesty's Ministers were coloured by past 
experiences. There was much in the past relations of these two 
bodies to cause friction and resentment. The Company had been 
forced to accept this form of direction and control by the 
Government in return for assistance given by the Crown when the 
Company had been in dire straits arising from financial embarrass-
ments.  

32. Asiatic Journal, p.270 General Court. 13 August 1833.  
33. In 1773 the Company received a loan of £1,400,000 from the 
Government; in return they submitted to the Regulating Act. 
This set the pattern for repeated surrenders to the control of 
Government at each renewal of the Charter - 1784; 1793; 1813; 
and - finally - 1833.
The Board frequently felt that the Company were slow and reluctant to carry out Ministerial policy and often deplored the lack of control which the Court had over affairs in India. This last had been a sore point with Ellenborough during his term of office as President of the Board of Control. On the other hand the Company frequently blamed the Board for unjustified and unwise interference in matters which they little understood, a form of intervention which could be very costly, for there is much in Professor Philip's assertion that part of the financial mess into which the Company had manoeuvred themselves by the Nineteenth Century was due not so much to mistakes by the Directors as to unsound financial schemes which owed their instigation to the Board. Examples of pressure of this nature which caused the Company much financial loss are the cases of the claims of Hodges against the Zamindar of Nozeed, of Hutchinson against the Rajah of Travancore, the attempt to compel the Company to enforce the claims of Palmer and Co. against the Nizam of Hyderabad, and the proposed attempt to make the Nawab of Oudh pay the claims of the bankers Muni Doss and Setul Babu. These claims, all influenced by support of varying degrees from the Board, caused the Directors a considerable amount of worry and the Company much money. The Nozeed claim was typical of this type of friction caused by Ministerial interference.

The Nozeed claim was encouraged by Grant who if he had set his face against it could have been instrumental in enabling

34. Ellenborough Diaries II page 130.
36. Ibid., Chapter X on Company's external policy.
the Company to defeat this rather unsavoury demand. It was presented to the House of Commons in the form first of a petition and then as a bill. It could only hope to succeed with Government support, and this would not have been forthcoming if the President of the Board of Control had accepted the arguments of the Company. The Bill was intended to provide for the discharge by the Company of sums of money which it was alleged had been lent by the late James Hodges to the Zamindar of Nozeed; in return the Zamindar had given Hodges various lands as security for the loan. The Company naturally resisted this old-standing threat and made their best endeavours to oppose the Bill, endeavours which failed because of lack of support and even active opposition from the Board. These debts had been incurred by the Zamindar in 1775-7. Eventually the Company acquired the management of the Zamindary and they were perturbed by its failure to provide an adequate revenue. Its finances were very unstable as a result of the large borrowings of the Zamindar. In 1784-5 owing to the extent of the Zamindary's deficiency, the Company persuaded Hodges to exchange the lands he held for other areas. The Company soon found that the revenue of Nozeed was insufficient to fulfil the demands of the Company as well as private claims of this nature, so the private claims had to wait. The Directors had turned down claims on behalf of Hodges, so the Board ordered them to re-examine the whole affair. The Directors objected to this high-handed interference for though there seemed to be some validity in the claims, they had come to the conclusion that no hardship had befallen Hodges or his
representatives because he had already made a considerable sum of money out of this transaction, although it was of such doubtful morality that shortly afterwards dealings of this type were forbidden in the Company's Territories. Indeed the whole affair savours of the unpleasantness associated with the huge loans, at enormous rates of interest, which the Company's Madras servants had contracted, by virtue of their official positions in the Company's service, to enable the notorious Nabob of Arcot to pile up his mountain of debt. In spite of the steady opposition of the Directors the Bill to enforce payment of the Nozeed claim was passed. It is true there were definite weaknesses in the Company's case but the rights and wrongs of it need not detain us here; the significance of the Nozeed claim for us is that in company with the other cases briefly mentioned above, it left the Company with a perpetual fear that their Indian finances might suddenly be thrown into jeopardy by some future high-handed action of the Board of Control; hence this long drawn out conflict over the question of relations between Court and Board and the Company's oft repeated demand for publicity or some other means of appealing against or drawing attention to the actions of the Board.37

In such a way the past experiences of their relations with the Board led the Directors to wonder how they would fare under the new proposals. In addition to sacrificing their commercial interests they were at first required to agree to other

37. Charter Negotiations 1833. Secret Committee of Whole Court, 29 May 1833. Also Dissent of Chairs, 10 June 1833.
changes, one of which we have already dealt with and against which
they protested long and bitterly but unsuccessfully; the question
of appeal from the Board's decision and their demand for publicity.
Grant also demanded a reduction in the number of Directors and,
though continuing the system whereby \( \frac{1}{4} \) went out of office each
year, he was to allow them to be immediately eligible for re-election
without the existing requirement of one year out of office. At
once a fear arose that a reduced number of Directors would be
more amenable to the pressure of the Board; but fears on this
score were soon allayed when Grant informed them that he had
decided not to reduce the number of Directors. The Minister
decided to leave the patronage in the hands of the Directors
because he feared that in any other hands it would be liable to
abuse and might arouse considerable jealousy and apprehension.

The Government proposed to reserve to the Board the
right to veto the recall by the Directors of the Governor-General,
the Governors and the Military Commanders. Against this the
Court protested vehemently because it would constitute a heavy
blow against their authority and their control over the Indian
Government. Should a Governor-General choose to defy the
instructions of the Court of Directors naturally they would, if
they felt it to be necessary, recall him. But should the Governor-
General feel secure in the support of the Minister then the Board
could veto his recall and enable him to set the wishes of the
Court at naught. As the Court usually included several Directors

39. Ibid., Letter from Grant, 27 June 1833.
40. Ibid., Paper of Hints, 18 December 1832.
with a personal knowledge of the Indian situation as well as many thoroughly well versed in a general understanding of the problems of India, it is only fair to assume that their instructions would be reasonable and suitable, while on the other hand, a Minister who lacked their experience and information might be led by a strong-willed Governor-General into supporting a policy at variance with that of the Court, with subsequent unfortunate consequences for India. Fortunately this very important difference was soon adjusted by the President of the Board withdrawing the proposed veto.  

There were to be no other changes in the relations between the Board and the Court except over the sending of despatches, control over pensions and gratuities and the cost and size of the Home Establishment. With regard to the first of these three points it was proposed that if the Court should fail or refuse to send a despatch to India, then the Board could send it on the first available ship. This was an echo of a long standing argument between the Directors and the President. Often in the past the Court had declined to agree to a proposed despatch and had refused to send it on the grounds that its contents were illegal, and consequently the Minister had been forced to obtain the help of the Courts as in the case of the despatch concerning the claim of the bankers, Muni Doss and Setul Babu. Grant had drawn up a despatch ordering the Governor-General to force the Nawab to accept the claim; this despatch the Company refused to

42. Ibid., Paper of Hints.
send, whereupon Grant laid the affair before the Courts and was granted a mandamus compelling the Company to send the despatch. The new proposals were designed to ensure that the despatch, once sanctioned or ordered by the Board, should be sent without any query as to the merits and legality of its contents. The Directors rightly realised that this was "one more nail in the coffin" of their independence. The second point was a further blow at the pride and prestige of the Directors. The Board already possessed a control over certain pensions, salaries and gratuities by means of which the Court was wont to reward the Company's faithful servants. This control had been exercised over salaries and pensions above £200 and over gratuities above £600, now it was extended to include those below these figures.

The third change was a further blow at the Directors' prerogative; the expenditure of the Home Establishment and its composition was to be submitted to the detailed control of the Board. Insult was almost added to injury when the Directors discovered that while the Board was proposing to question their running of the Home Establishment, the Bill had, according to the opinion of Sir James Scarlett (whom they had consulted in the absence of the Company's Standing Counsel), removed the existing restriction limiting the annual expenses of the Board to £26,000; expenses which the Company had to pay. Well might the Court express a fear that they would be reduced to the position of a Government Board!

In spite of all this the future was by no means as dark

43. Philips "East India Company 1784-1834," Chapter X.
44. Charter Negotiations 1833, Court of Directors. 30 July, 1833.
as some of the Company feared. Mr. Carnac in his Dissent to one of the Court's petitions drew attention to a Minute of the Directors of 15 July 1813, when they were recommending the previous Charter to the Proprietors, in which it was pointed out that the control given to the Board by previous charters was so large that if these powers:

"had been exercised illiberally or vexatiously, it might have been difficult for the Court of Directors to perform their functions; and, in respect to the present powers, much will depend on the spirit in which they are administered."

It was not that Grant was trying to increase the power of the Board over the Court but that he was preparing the way for the Minister's Department to exercise more fully and frequently the powers which it had possessed for a very long time; the apprenticeship was over, the Minister was now the journey-man and would soon become the master in the craft of governing India.

III REMITTANCE and the GUARANTEE FUND

A very important factor which caused the Company much worry during the negotiations was the problem of remittance. Remittance home from India had always been a cause of great worry to all concerned with India and the Eastern trade. It had always been a problem to the Directors; the Company's servants had found the remitting of private fortunes a matter of some considerable difficulty and even after 1813 it had sometimes proved a worry to the free traders who could not always find a satisfactory means
of sending their proceeds home just when they wanted to do so. In the early days of Eastern trading it had been possible to obtain return cargoes of luxury goods or silver. With the greater volume of trade luxury goods ceased to be profitable and it became necessary to institute a search for other means of remitting the profits of the trade to England. Silver soon ceased to be practicable because of the tremendous drain upon the specie of India, a drain which had been going on for centuries. Diamonds were used by Warren Hastings and others to remit their private monies, but this could only be done to a limited extent. Some of the Company's servants made use of bills sold to the agents and servants of the Dutch, Danish and other foreign trading companies, and payable after a certain date in London. This, too, had its limitations. Finally the East India Company discovered a very effective way of sending funds home. This was by buying cargoes of a commodity which would be in great demand in England. This commodity was tea. Funds available in India were sent home by the simple means of buying tea with them at Canton, shipping the tea to London where it was sold for money which the Company could then use in England. True there was the little difficulty of sending silver from India to China, but in actual fact this was no problem, the money never left India in the form of silver; it

45. House of Commons Records 1833. Vol.23, page 349, Paper 390. Gold and silver exported from Bengal to Europe between the seasons 1802/3 and 1830/31 amounted to 26,081,542 sicca rupees; or approx. £2,608,154 (sicca Rupee at an average value of 2/-). The total gold and silver exported from all Presidencies during this period was 52,191,276 sicca rupees or £5,219,127.

46. See Furber "John Company at Work."
left India in the form of opium, sold to the country traders who were the native and European traders who plied coastal and China ships round the Archipelago to Canton. The Company would not ship opium itself because the drug was prohibited in China. The actual distribution was done by the country traders who then paid their takings (silver) into the Company's Canton treasury and this money was used to buy the tea. So, in this manner, funds from India reached England in the form of tea. The remittance became of great interest once it was realised that the Company were going to lose their monopoly, especially when they found that Grant also intended to deprive them of any right to trade in open competition with other merchants; how then were they to get their remittance home?

It was not so much the loss of the trade which was upsetting the Company; beyond the reduction of staff and the redundancy of the East Indiamen, already partly prepared for, they had no overwhelming incentive to continue in trade, they could not hope to increase their Dividends because for years their Dividends had been fixed at 10½% p.a., and this was ensured by the Guarantee Fund which was to secure the £630,000 p.a. Annuity and the Capital involved with it. Their great anxiety was centred in the fact that the Annuity was charged upon the Indian revenues and the surplus from these had somehow to be shipped to England. This was where the question of remittance became so important. In connection with remittance and the tea it must be remembered that the Company claimed to have helped the revenues of India by a surplus
from the sale of tea amounting often to nearly £1,000,000 p.a. In some respects the Company were very unenterprising and conservative in their views. They had often maintained that tea was the only possible medium for remitting funds from the East to Europe. This view was challenged by many of the newer traders, men who believed in free trade and the modern ideas of credit trading and the use of bills of exchange. As the Company became more powerful they became more reluctant to take financial risks owing to their ever increasing commitments and they saw a warning in the occasional unfortunate experience of other traders who were in greater haste to make fortunes than the powerful Company with their limited Dividend of 10½% p.a. All the energies of the Company were employed to make sure that there was no rash speculation similar to that enthusiasm for the cultivation of Indigo in India which is believed to have been the cause of the failure of so many of the Calcutta Agency Houses about 1829. This disaster seemed to prove that the Company was quite right in suspecting methods of trading which relied upon a seemingly endless credit and a very extensive system of bills of exchange. Quite possibly the Company after the opening of the trade could still have made use of the tea trade, though in private hands, as a basis for remitting by buying the bills of the private traders and redeeming them in London when the tea was sold. But they disliked this because they were afraid, and not unnaturally, that the free traders might not be able to honour their bills because of the highly

47. Alexander's East India Magazine, Vol. 5, January - June 1833, "The recent failures in India, their causes and effects."
intense competition in the tea trade which would follow the abolition of the monopoly. In some respects the Company were right in their fears because, far from the new traders being able to act as a channel for remitting the funds of the Company, they were very glad to avail themselves of the financial assistance of the Company's Canton treasury; a state of affairs which intensely annoyed the older country traders, Jardine, Matheson, Innes and other "Old China Hands." They immediately demanded the closing of the Company's treasury at Canton on the grounds that its continued operation constituted an infringement of the Charter Act. The Company had also frequently denied that there was a market for English manufactures in China, a view based upon their own experiences; yet many of the country traders managed to dispose of Manchester goods to the satisfaction of their constituents. The answer to this problem is probably to be found in the difficulty of the Company in giving a sufficiently individual attention to each consignment, and their inability to work on the narrow margin of profit enjoyed by the country traders with their swift sailing ships and up to the minute information of the markets. The Company accepted the view that there was no market in China for these goods, the other traders did not, instead they tried every possible method of creating a market. One of the Directors, Tucker, drew attention to the difficulty of remitting home by reference to what was known as the Political remittance, a tribute paid to England of £3,000,000 p.a. This had in the past been sent by means of indigo

48. P.L.B. (Jardine); 6 August 1837, to Weeding.
and silk. Recently this had been falling off. The indigo which had once produced between two and three and a half millions in sterling had fallen to about one million sterling, while silk had produced £700,000 or £800,000, but this, it seemed, was being taken out of the Company's hands.

To all these points Grant replied by stating that he had faith in the ability of free commerce to remit money and he also felt sure that the Company would have little real trouble in remitting if they made use of the available financial channels. Should the remittance fail, then the Government of India could always borrow exchequer bills and repay them later, but this last suggestion did not recommend itself very strongly to the cautious Directors; though it seemed easier than to raid the Guarantee Fund should such a temporary deficiency arise.

IV EFFECT on the FUTURE TRADE of CHINA.

The Company felt that the opening of the trade would lead to much friction with the Chinese and that this would eventually endanger the supply of tea to England. They also expressed doubts about the quality of the tea which would be supplied under the free trade. They endeavoured to magnify the difficulties which might be expected and to enhance the effectiveness of the work of their own Select Committee at Canton in its relations with the local Chinese authorities. They maintained that the greatest difficulty was to contact the Chinese officials, for they were

51. Ibid., Letter from Grant, p.29, 2 Feb. and 27 May, 1833.
52. Ibid., Secret Committee of Correspondence, 2 January 1833.
very reluctant to deal directly with foreigners, and it was only after many efforts that the Select Committee were elevated to a suitable status in the eyes of the Chinese and given certain rights of communicating with the local authorities.53 This is emphasised by the refusal of the Chinese to acknowledge the authority of a British Admiral in 180854 and in the great difficulty which the Americans had over the case of the Italian member of an American ship's crew who accidentally killed a Chinese; and, owing to a misunderstanding was handed over for interrogation and treacherously executed by the local authorities.55 Only the strong position of the Company backed by the presence of their large and well armed tea fleet had enabled them to surmount similar difficulties in the past. The Company expressed a fear that after the opening of the trade there would be no single body among the traders in Canton which would either be strong enough to stand up against the Chinese, or which would be recognised by the Chinese as eligible to represent the traders. There was also the danger that the traders themselves, in the excitement and exhilaration of an unrestrained and open trade would commit breaches of the Chinese Law which would embroil them in conflict with the local authorities. The fear was also expressed that there would be a great falling off in the quality of tea bought for shipment to England as a result of the withdrawal of the highly expert and experienced tea-buyers of the Company, that the tea merchants, no longer compelled to abide by the high standards of the Company would seize this

53. Charter Negotiations 1833. Secret Committee of Correspondence to Grant. Page 73, 27 February 1833.  
54. Morse "East India Company trading to China," Vol.3, Chapter 64.  
55. Ibid., Vol.4, Chapter 78.
opportunity to swindle the new traders.

The expected benefits resulting from the sale of British manufactures, so confidently expected from the opening of the trade, would not materialise because the Company and the Americans had both found this trade unprofitable and poorly received in the past; while all that could be expected from the flood of British manufactures which would be released upon the China market would be the failure and bankruptcy of all those firms who were rash enough to speculate in this field. Certainly, the Company maintained, there was no legal market for such manufactures in China; any success which had been obtained in the past had been got by illegal means; as had the success of the American trader, Cushing, who had made a fortune but by methods which caused him to refuse to give evidence before the Parliamentary Select Committee; thereby leaving himself open to the implication that his trading success had been obtained by illegal and unsavoury methods. Such methods might lead to temporary success but coupled with the lack of restraint which would come with the opening of the trade they would lead to friction with the Chinese and to the ultimate destruction of the China trade.

They did not feel that the Crown representative who was to succeed the Select Committee would be very successful. His increase in authority over the free traders in comparison with that of the Select Committee would be of little benefit because he

57. First Report of Select Committee of House of Commons on Affairs of East India Company: Vol.5, Session 5 February - 22 July 1830; Minute of Evidence, No.3941.
58. Charter Negotiations 1833. Page 73, to Grant. 27 February 1833.
would have the greatest difficulty in securing acceptance by the Chinese. He would be at a disadvantage in negotiating with the local authorities because the Select Committee as representatives of a trading company could make concessions without "loss of face" which he, as the representative of the Crown, could only do with loss of dignity, or which he could only oppose by the threat of war. The Company reminded the Minister that the Chinese had little respect for foreign dignitaries and referred him to the fate of the embassies of Lords Macartney and Amherst to Pekin.

As a final comment the Proprietors of the Company objected to the imposition of a duty on shipping for the purpose of paying the Superintendents at Canton; they felt that such a charge ought to fall upon the whole Country and be paid by the Government.59

Grant on the other hand felt that the Company's fears for the future of the China trade were very much exaggerated. The international trade conditions demanded that this Country should explore every avenue to develop her trade and this meant that the China trade must be opened. With regard to the quality of tea bought and shipped under the free trade the very keenness of the competition would serve to keep the standard up. The Company were undoubtedly exaggerating the effect of replacing their own Select Committee with a Consular representative whose position among the free traders would be much stronger than that of the Committee for, as the trade increased, so would the importance of the Select decline with the increasing number of traders, and

this would also serve to lower it in the eyes of the Chinese.\(^6\)

V  **EFFECT on INDIAN INTERESTS.**

Grant proposed to make changes in the administrative organisation in India by creating an extra Presidency, by increasing the powers of the Governor-General and by abolishing the Councils of the subordinate Presidencies, leaving only the Governor-General with a Council. All this was designed to centralise the control in India and to make India more directly responsible to the checks of London, particularly to those of the Board of Control. Immediately there was an outcry directed against the proposal to abolish the Councils of the subordinate Presidencies. This quickly struck at the parochialism of the smaller Presidencies by attacking the patronage of the local Governor and through him, that of the Directors. Membership of the local councils was much prized by officials as a reward for faithful service and as a stepping stone to greater things.\(^6\)

With this went much of the power of the Governor, the power which had made his office worth while, and which had placed at his disposal a useful and influential patronage. The removal of the Governor's Council would render him less important and make him more dependent upon the whim of the Governor-General whose power had been considerably increased. The increased powers of Fort William made it more difficult for the Governor to oppose the Governor-General, more especially as he was now to be deprived

\(^{60}\) Charter Negotiations 1833, from Grant. 12 February 1833.

\(^{61}\) Ibid., to Grant, 2 July 1833.
of the advice and ripe knowledge of his Council. In the past the Governor, who was often new to India as well as to his office, had frequently derived much help from the Council in his Presidency for it was composed of experienced, trained and reliable civil servants of the Company. True it had on occasions opposed the Governor, but its check upon the Governor was more likely to have been based upon a sound knowledge of local affairs than any control which Fort William might attempt to impose in the future.

The Directors naturally protested about this abolition and the Minister soon shifted his ground, leaving the question of the councils of subordinate presidencies to be decided by the Directors and the Board of Control.

Slackness in the administration, especially where finance was concerned, had frequently been a complaint of the Board, especially during Ellenborough's term of office as President of the Board of Control. This was believed, in certain quarters, to be one of the reasons for the failure of the Indian Government to avoid an annual deficit. It was hoped that when that Government no longer had the profits of the China trade to offset an adverse balance it would seek to reduce expenditure. Already some effort had been made in the direction of economy thanks to the great efforts of Lord William Bentinck to reduce expenditure. The Minister, however, felt that the only way to make sure that there was no rash and unnecessary expenditure was to endow the Governor-General and the Supreme Government in India with the necessary powers to over-ride and to control in detail the policies and

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expenses of the other Presidencies. He laid it down that:

"There shall be a more defined and efficient control of the Supreme Government over the others; and for this purpose, it shall have a precedent and preventive, in place of a subsequent and corrective control." 63

The control exercised by the Supreme Government was to be complete, the other Presidencies could not pass laws or incur expense unless it had been allowed beforehand by Calcutta. 64 The Directors expressed a fear that the subordinate Governorships with their very much reduced and slender powers would not prove very attractive and that it would be very difficult, in such circumstances, to persuade the best type of person to accept such a post. 65 They pointed out that such detailed control would require much labour and would be slow and expensive; it would also place a considerable amount of work upon the Governor-General and would render abortive the reduction of work falling upon him which another proposal, the creation of the Fourth Presidency, was designed to provide.

The Government proposed to create an extra Presidency by dividing the very large one of Bengal; making the Upper Provinces of Bengal into the Presidency of Agra. The Company objected to the creation as an extra expense because it would mean another establishment which would have to be paid for. The Directors considered that granting the Supreme Government complete power to

64. Ibid.
65. Ibid., to Grant. 2 July, 1833.
oversee expenditure in the other Presidencies was an infringement of the rights and powers of the Court of Directors. They also suggested that in the past the Supreme Government had been very much a cause of the heavy expenditure which had so frequently been incurred; in this, however, they were hardly fair because strong arguments could be put forward on both sides.

A further fear to which the proposals gave rise was that the powers of the Governor-General were becoming so great that it would become increasingly difficult to find a man big enough to carry out the task, and also that he might become so mighty and powerful that he would be difficult to control, a situation which might lead the Indian Government to follow a policy in total disregard of the wishes of the Court and which might incur expense sufficient to endanger the Annuity and the payment of the Dividends. The situation was eased when Grant agreed to drop the proposed veto, already alluded to, of the Company's right to recall the Governor-General, and the Directors again found that however powerful and masterful their Governor-General might become, they could always discipline him by the threat of his recall.

It was pointed out that the taking over of the Company's assets in return for the Annuity would be of a very practical and immediate advantage. It would involve the substitution of a single loan in place of several loans held under a variety of conditions and rates of interest. In particular the remittable Indian loan which was held under conditions which were very

67. Ibid., from Grant. 27 May, 1833.
disadvantageous to India would be replaced by a loan at a lower
rate of interest and would be an annual saving in the expenditure
of the Indian Government. 68

The Company had been importing raw silk from India and
this trade had employed many of the natives whose livelihood
would be endangered by the ending of the Company's right to trade. 69
Grant promised to help them as far as he could by arranging for
the Indian Government to protect them until they could be trans-
ferred from the Company's employment to that of private traders. 70

The Law was to be equally applicable to Indians and
Europeans and there was to be no restriction upon the entrance of
Europeans into India as long as they agreed to abide by the Law. 71
The Company had always been very cautious about the admission of
Europeans to India, partly to safeguard their trading interests,
and later for fear of their causing unrest and discontent among
the Indians. This was one of their reasons for their reluctance
to encourage the entrance of missionaries, while much discussion
had arisen over the famous case of the expulsion of J. S.
Buckingham, the Editor of the Calcutta Gazette. Buckingham had
enjoyed, to a large extent, the protection of the Marquis of
Hastings, then Governor-General. But when that nobleman's term
of office ended the vigorous Editor was deported for his attacks
on the administration. The Company and the Indian Government both
felt that the natives were not yet ready for the advanced and

68. Charter Negotiations 1833. From Grant; p.31. 12 February 1833.
69. Ibid., Tucker's Dissent, p.114. 30 March, 1833.
70. Ibid., Court of Directors quoting letter from Grant, p.369;
17 July 1833.
71. Asiatic Journal Vol.XI. C. Grant in House of Commons, p.196.
13 June, 1833.
radical views which the able Buckingham had expressed through his Calcutta Gazette; hence their anxiety to control the entrance and exit of Europeans.

The Company were also concerned in the Cotton trade. They exported cotton from Bombay and Bengal to China, but with very little profit. The main channel of remittance was by way of the country trade in opium, and this provided the funds to purchase the Company's tea in Canton. They were also very perturbed about the proposal to abolish Slavery in India, fearing that this would cause much discontent among the Mohammedans, but we will return to this later.

VI LONDON and the OUTPORTS.

A line of defence put forward by the Proprietors in their own discussions but not pressed by the Directors in their negotiations with Grant was the effect of the ending of the monopoly upon London, at that time the leading port in the Country. They were well aware that one of the reasons for the very strong attack upon the monopoly was that the outports felt that London received very great benefits as a port and commercial centre from the fact that all the tea was disembarked, stored and sold there. The Proprietors feared that the opening of this trade would mean the dispersal of the tea cargoes to other parts of the Country to the detriment of London as a port and market; that the fine and extremely extensive East India Docks would fall into disuse and that some 2,200 persons who were employed in the

72. Asiatic Journal, p.168; Goldsmith in the General Court of 19 December 1832.
Company's London warehouses would be thrown out of work. The Proprietors had also expressed surprise that those people most interested in the preservation of the Port of London, in particular the Members of Parliament for the Tower Hamlets, seemed indifferent to the threat from the outports which might render their docks "the best and noblest in the world" comparatively useless and unproductive.

Strangely enough the shipping interests in London were quite indifferent to the threat against their Port, and it is most probable that most of them were very willing to see the abolition of the monopoly, because in its destruction they foresaw, not a threat to their Port of London by the outports, but an increased and more extensive employment of shipping in the open trade; a state of affairs which would benefit London just as much as the outports, and in this boom they fully expected London, because of her unique position, to maintain her existing status as the leading port and market in Britain.

VII SIDE ISSUES.

Now that the more important aspects of the problem have been examined we can turn to some of the minor issues which really had little influence upon the abolition but which served to inflame tempers in the General Court and to provide opportunities for loquacious Proprietors to "score off" rivals and vent their annoyance at the "strong hand" held by the Minister.
The College of Haileybury came in for a certain amount of criticism but not until the negotiations were in an advanced state and there is a suggestion of petulance in these attacks, a feeling that they were designed to hurt the Minister by attacking an institution whose welfare lay close to his heart. He was accused of wishing to retain Haileybury because his father had been one of the founders of the place. Several Proprietors attacked the College urging that it ought to be abolished. It was feared, so its detractors would have us believe, that it would produce a stereotyped civil servant who would lack the broader outlook of the University man and that this would lead to the rise of a "caste of Indians" rather than of Englishmen. Men from Oxford and Cambridge would be debarred from the Company's service because they would be too old; and this would lead to the College becoming the only means of entry into the Company's service. One proprietor also objected to the methods used in the College. Another feared that its control would soon slip out of the hands of the Directors into those of the Board of Control, and though the Minister had denied that the Government wished to control the patronage it was a fact that the appointment of the teaching staff was in the hands of the Board of Control. It was admitted that there was some virtue in the scheme to nominate four candidates for each place. Yet one of the Directors, Jenkins,
expressed a desire for the retention of Haileybury as being the only suitable place for the training of Indian Civil Servants, and he went on to express a wish that the now defunct College of Fort William might be revived. It was also suggested that Haileybury be turned into a public school.

H) CHRISTIANITY IN INDIA AND SLAVERY.

On 2 July 1833 the Directors in a letter to Grant, among other matters, approved of the proposal to appoint two Suffragan Bishops for India, they expressed their delight that this move would meet the approval of the Evangelical enthusiasts while enabling the Company to dispense with the Archdeacons, thereby saving the salaries of the Archdeacons. But in a subsequent letter of 10 July they wrote in quite a different vein; they were quite willing to provide for the spiritual needs of the Company's servants out of the revenue of the Indian Government but they saw no need to tax the people of India in order to spread Christianity. The outcry for the support of missionary work was very misguided, the Directors felt that the missionaries would be far more successful if they were not connected with Government support. There was, they maintained, no need to increase the ecclesiastical establishment, and if they did so they would lay themselves open to a demand from denominations other than the Church of England for further proportional increases. Indeed only one extra bishop was required. They

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79. Asiatic Journal. Weeding at General Court, 6 July 1833.
80. Charter Negotiations 1833, to Grant. 2 July 1833.
81. Ibid., to Grant, 10 July 1833.
ended on a typical note; since the institution of the See of Calcutta the cost of the ecclesiastical establishment had risen from £48,000 to £100,000. Grant replied by enclosing a memorandum from the S.P.C.K.\textsuperscript{82} advocating an increase in the episcopal staff in India because the work was of such an exacting nature.

What then had caused the change of front by the Directors within such a short period of time? There were two possible reasons for the change of view. Between the two letters a General Court of Proprietors had met\textsuperscript{83} and at this meeting there had been a sharp clash between Poynder and several other Proprietors\textsuperscript{84} on the subject of the Church Establishment, which emphasised the expense of the proposed increase in the church establishment in India. They may also have been swayed by the speech made by Lord Ellenborough when speaking on behalf of the opposition after Lord Landsdowne had introduced the Commons' Proposals on India in the House of Lords. In his analysis of the Proposals Ellenborough suggested that instead of saving money they would be the cause of increased expense, and this may have emboldened the Company to resist the proposed increase in establishment in the hope of support from the Tory opposition in the House of Lords.\textsuperscript{85} Both these possibilities may have been coloured by annoyance at the inevitability of the Bill and by a

\textsuperscript{82} Charter Negotiations 1833. From Grant, 12 July 1833.
\textsuperscript{83} Asiatic Journal. General Court Debate, 27 July 1833.
\textsuperscript{84} Ibid., General Court Debate. The Directors seem to have adopted the views of (1) Sir H. J. Brydges who was opposed to meddling in religion (2) Weeding who felt lower clergy more useful than bishops, to increase the episcopate would increase cost of establishment and amount of patronage (3) Levin who feared the claims of other Christian Churches if more bishops were appointed.
\textsuperscript{85} Ibid., Ellenborough in House of Lords. 5 August, 1833.
petulant desire to attack Grant's well-known interest in missionary work.

In the Court of Proprietors much time was wasted discussing the question of religion, which proved to be a very controversial issue. Those supporting the extra bishops attacked the Government of India for not helping the spread of Christianity, for upholding idolatrous practices and for making a profit out of the heathen pilgrim tax. The defence that the clerical establishment was adequate was hotly refuted; had not four bishops died of overwork and arduous conditions within a period of ten years! Bishops were necessary because the constitution of the Church of England did not permit Archdeacons to confirm candidates, sanctify churches, consecrate bishops or ordain priests. The inadequacy of the existing establishment was shown, they maintained, by the fact that Juggernaut and Suttee still flourished. The episcopalian were attacked in their turn by the presbyterian members of the Court. In connection with the attack upon the Indian Government's reluctance to support the Church, the leading spokesman for the episcopalian, Poynder, very much regretted the objections that had been raised against the proposal to abolish Slavery in India. He pointed out that the danger of upsetting the natives was to be avoided by the gradual nature of the measure. The Court of Directors themselves did not escape all this evangelical blast which seems to have had quite strong support outside.

86. A tax on pilgrims to native temples imposed for the upkeep of those heathen places of worship. As the successors to the Mogul Emperors the Company felt it was their duty to continue to collect and administer this tax.
the confines of the Company, for it was remarked that out of 192 missionaries who had applied for licences to work in India the Directors had rejected six, and of these six the Board of Control, when applied to, gave licences to all but one.

c) LAW COMMISSION and LEGAL MEMBER of the GOVERNOR-GENERAL'S COUNCIL.

The proposed Law Commission and the Fifth or Legal Member of the Governor-General's Council who was not to be a covenanted servant of the Company caused some comment. Grant quickly removed one of the Director's misapprehensions by making it clear that the only member of the Council who was to be uncovenanted was the Fifth Member.87 This post, as a matter of history, fell to T. B. Macaulay then Secretary to the Board of Control who later became the Legal Member of the Governor-General's Council. A similar fear was raised by the Law Commission which seemed to open the way to nepotism on the part of the Cabinet. In connection with this it was also feared that the failure to set a time limit to the Commission's work would enable it to become a "job" to provide posts for the sons of gentry,88 but Grant allayed these fears when an amendment in the House of Lords' stage of the Bill made it perfectly clear that the members of the Commission were to be covenanted servants. Members of the Company objected to the expense of the Law Commission89 and resolutely affirmed that it would be impossible to unify the Law to satisfy the needs of the

87. Charter Negotiations 1833, from Grant. 27 June 1833.
89. Ibid., Weeding at General Court. 27 July 1833.
diverse races of India. A fear was also expressed in the Court of Proprietors that admitting legal gentlemen as attorneys without the certificate of a judge and without the Company's licence would lead to the Country being flooded by dubious lawyers who would encourage an increase in legal actions amongst a race notoriously prone to litigation.

Though the side issues of Haileybury, Christianity in India, Slavery, the Legal Member and the Law Commission served to provide debating points within the General Court, they had little real significance once the main question of the fate of the monopoly was decided and the decision to retain the Government of India had been taken. Once the Company had agreed to surrender its trade and to accept the Government of India for a further term of years, then they were bound to fall into line with the Minister regarding the minor issues, for the days had passed away when the Company could appeal to the Country for support on behalf of private property and the sanctity of the Constitution against the despotic encroachment of the Crown or the Ministers, as had occurred at the time of Fox's India Bill.

CHAPTER 7.

PARLIAMENT AND THE CHARTER.

1820 - 1833.

I. BRIEF HISTORY OF PARLIAMENTARY CONCERN OVER THE CHARTER.

a) 1820 - 1829. PARLIAMENT AND THE FREE TRADE MOVEMENT.

Britain suffered from a trade depression after the Peace of 1815 and this lasted until 1823 when trade improved rapidly. In the Court of Directors in 1820 there was strong opposition by the private trade interest to the continuance of the East India Company's trade with India for the purpose of remitting funds home. This movement was defeated largely by the efforts of the elder Charles Grant.¹ This continued participation in the Indian trade did not pass unnoticed in other quarters and though the Charter had another 14 years to run, there began a

¹ Philips "East India Company 1784-1834." Chapter IX.
steady stream of attacks upon many of its provisions. On 8 May 1820 Alexander Baring² presented the petition of the London merchants urging that some of the adverse effects of the depression should be mitigated by the removal of many of the restrictions imposed upon free commercial intercourse. This petition which really started the movement for free trade³ suggested the removal of the restrictions upon the trade with China,⁴ and urged the need to extend the trade with India.⁵ Eight days later K. Findlay⁶ reinforced this plea when he presented the petition from the Glasgow Chamber of Commerce.⁷ On 26 May Lord Lansdowne, speaking in the House of Lords, complained that monopoly cramped enterprise, and he cited the East India Company's monopoly of the tea trade and the limitation imposed upon the trade to India by the refusal to allow small vessels to take part in that trade. He drew attention to the effect of opening the Indian trade upon shipping; before the opening in 1814 there had been very little British shipping east of the Cape of Good Hope, but since that date there had been 20,000 tons of Company's shipping and 61,000 tons of free trade shipping annually.⁸

Parliament had shown itself very interested in the

². Alexander Baring, 2nd son of Francis Baring who founded the Banking House of Baring Brothers, East India Proprietor; M.P. for Taunton (W) 1806-26; for Callington (W) 1826-31; for Thetford (T.) 1831; for Braintree (T) 1832-35. Created 1st Baron Ashburton of the Second Creation 1835.
complaints and petitions seeking greater freedom in commercial matters but Lord Liverpool cooled the ardour of the free traders by reminding them that:

"As to China, he much feared that any new attempts to introduce our goods would be abortive as all the many previous endeavours. It was perfectly true that the tea-trade between this Kingdom and China was restricted to the East India Company; but this did not apply to the intercourse between India and China. Private ships, under licence, might bring tea to India, though not to England; and that licence, upon fit security, was never refused." 9

Baring moved a Select Committee on foreign trade on 5 June 1820, 10 while nearly a year later Lord Stanley presented a petition from the Manchester Chamber of Commerce protesting against any additional duty on East India sugar. 11 Attacks on the privileged position of West Indian sugar continued, but the West Indian representation in the Commons had sufficient influence with the Government to fend off the attacks for some years. 12

On 18 May 1821 the report of the House of Commons Committee on the foreign trade of the Country stated that nationals of other Countries possessed advantages in trading which were denied to most British subjects, and in some cases their advantages were superior even to those of the favoured East India Company. The

The Select Committee of the House of Lords in its report favoured the use of ships under the 350 tons limit for the Indian trade and stressed the value of a free port in the East by reference to the growth of Singapore which had grown from 200 to 3000 inhabitants in three months and at which 173 vessels had arrived and departed in the first two months. They even suggested that private traders should be allowed to trade with China in those articles which the East India Company did not touch, and even to be allowed to bring tea to Europe though not to England. The latter proposal had long been opposed by the Company on the grounds that tea brought to Europe would, sooner or later, be smuggled into England to the detriment of the Company and to the loss of the Government's duties. The Committee also foresaw changes in the situation at Canton which were in some respects not unlike the system of Trade Superintendents established in 1834 when the monopoly was abolished. They felt that as the China trade had proved so safe and prosperous for foreign traders, then British

15. They suggested setting up a consul or giving consular powers to the leading members of the East India Company's Select Committee at Canton to control the free traders with a view to assisting the free trade and avoiding interference with the Company's monopoly.
traders ought to be allowed to take part in it; but they closed with a warning to the over enthusiastic that they:

"cannot conceal from themselves, that in the present state of the Law, no material benefit or facility to free trade in this quarter of the globe can be obtained, without infringing in a greater or less degree upon the privileges invested in the East India Company until the year 1834, when their present Charter expires, and that their consent may be required to any measures which may be submitted to the consideration of Parliament."16

The significance of this warning was seen in the following year when the Government suggested to the East India Company that they should waive the section of their Charter which debarred the private traders from using ships of less than 350 tons in the Indian trade. The Company did not reject the proposal out of hand but replied that if they were to waive this section, then they would expect concessions in return; firstly the grant of full rights of British registry for all India built ships and, secondly, equal consideration for East and West Indian sugars in the Home market.17 But the Company did not hold out for long and in June of that year, when Canning presented a petition from Liverpool on the subject of the Indian trade he was informed by Wynn,18 the President of the Board of Control, that the Company were now willing to give up the restriction upon private trade ships of under 350 tons trading to India. But in reply to a query concerning the China trade Wynn

17. Annual Register, 1822. page 125.
18. C. W. W. Wynn. President of Board of Control, 1822-27. Protegé of Duke of Buckingham and Chandos until they quarrelled over his failure to secure the recall of Amherst and the Governor-Generalship for the Duke.
stated that the Company were unwilling to allow any change in the conditions of that part of the Charter.19

On 25 May 1824 a new opponent entered the lists against the Company when a petition from J. S. Buckingham, late Editor of the Calcutta Gazette, was presented in the House of Commons and was ordered to be printed; this petition dealt with the freedom of the Press in India20 and Buckingham's claim for compensation. This was followed by a discussion on the removal of British born subjects from India and Hume21 expressed the view that:

"Though it could not be said to obstruct our trade with India, was calculated to limit the advantages which we might derive from our possession of that Country."22

Several people felt that the conditions in India were not suitable for the encouragement of British settlers though they did not all express views concerning the Company as antagonistic as those of Buckingham. But the free traders had some compensation in 1826 when the East India Company abolished its trade to India, a trade which was now becoming unprofitable in the face of increasing private trade competition; the Company also promised to end their trade from India to England, which they used as a means of remittance, when the territorial debt should be paid off.23

19. Liverpool Mercury. 7 June, 1822.
21. J. Hume: reformer and economist. Educated for the medical profession; assistant-surgeon in the East India Company's maritime service, 1797; Persian interpreter in Mahratta War, 1802-7; Paymaster and Portmaster of forces in India; East India Company Proprietor; M.P. (R) Weymouth 1812; Montrose 1818-30 and 1842-55; Middlesex 1830-37; Kilkenny 1837.
23. Philips "East India Company, 1784-1834," Chapter IX.
b) PARLIAMENT and the CHARTER: 1829 - 1833.

There was very little interest in the Company's affairs until 1829 when there were signs that the free traders were once again opening their campaign against a renewal of the Charter which was due to expire five years later. The influence of the anti-charter campaign now spread to Parliament in the form of increasing numbers of petitions from 1829 onwards. Between 1829 and 1833, 226 places and organizations sent in 261 petitions to the House of Commons, while 174 places and organizations sent 201 petitions to the House of Lords; all these petitions were seeking the end of the Company's exclusive rights of trade. There were also two petitions supporting the Company and three petitions designed to protect certain interests whatever the outcome of the agitation, these were sent to the House of Commons. 24 On 12 May 1829 Lord Lansdowne, in the House of Lords, presented a petition from the Manchester Chamber of Commerce urging the opening of the Eastern trade and objecting to a renewal of the East India Company's Charter. 25 On the same day Huskisson presented a similar petition in the Commons, and he drew attention to the benefits received by British trade since the opening of the Indian trade in 1814. Tea was cheaper on the European Continent than that supplied by the East India Company in Britain. He said that American ships could take British goods to China, sell them and with the proceeds go to any part of the world except Great Britain; to overcome this kind

of competition he urged the opening of the China trade.26

Early in the following year Wellington's Government appointed Select Committees of both Houses to examine the question of the East India Company's Charter and the opening of the China trade. That appointed by the Commons had to face a certain amount of criticism. Baring argued that the subject was too large and that there ought to be several committees and that the investigation should, in the first instance, be confined to the trade of India and China.27 General Gascoyne28 commented upon the poor representation on the Committee of the Commercial towns: one for London, one for Bristol, one for Liverpool, but none for Hull; yet O'Brien the member for Ennis which had no commercial interests had been placed on the Committee, this he suggested was done because O'Brien had written a pamphlet "On the renewal of the East India Company's Charter" in support of the East India Company.29 Though select committees had been appointed no indication was given of the Government's attitude to the problem.

As in 1829, so in 1830 petitions continued to be presented on Indian affairs but Parliamentary business received an upset on 26 June when the King died. Parliamentary Reform received encouragement from the more favourable attitude of the new King, William IV, and from the sudden impetus of the July Revolution in France. The Tory Government of Wellington resigned in November 1830 and was replaced by the Whig Government of Earl Grey. On 10 December 1830 General Gascoyne wished to know when

the Committee on East Indian affairs was to be renewed. Lord Althorpe\textsuperscript{30} assured him that the Committee would be revived after the Recess when the new President of the Board of Control would have taken his seat in the House.\textsuperscript{31} When Charles Grant,\textsuperscript{32} the new President of the Board of Control took his seat he moved the re-appointment of the Select Committee. This met with the approval of Whitmore who thought that the House now had sufficient evidence and information to take a decision on the opening of the China trade. In this he was supported by Hume who felt that the China trade had nothing to do with the Government of India and could therefore be dealt with at once, thereby doing away with one monopoly. The Committee was re-appointed.\textsuperscript{33}

The struggle over the Reform Bill led to the dissolution of Parliament in April. On 28 June 1831 Peel presented a petition from the British merchants and traders resident at Canton. These petitioners expressed great concern over the difficulty of obtaining redress from the Chinese authorities at Canton; and they felt the only safe way to do so was to have the authority of the British Government solidly behind them because the only ways of influencing the Chinese authorities were either by a display of superior force or by means of heavy bribery. They complained that they had made many attempts to secure redress through the "normal channels" but they had failed, although they frequently had the cordial support of the Company's Select Committee of Super-cargoes.

\textsuperscript{31} Hansard (New Series) VOL.1, col.982. 10 December 1830. 
\textsuperscript{32} Charles Grant (W) M.P. for Inverness-shire 1806-35; created Lord Glenelg; chief secretary for Ireland 1819; President of Board of Trade 1823 and 1828; President of the Board of Control 1830. Son of Charles Grant the Chairman of the East India Company. 
\textsuperscript{33} Hansard (New Series) Vol.2, col.194. 4 February 1831.
at Canton, who had also helped to forward the petition to England.\textsuperscript{34} Various views were given in the House of Commons on the best method of overcoming the difficulty of dealing with the Chinese authorities at Canton. Sir George Staunton with\textsuperscript{35} his great knowledge of China felt there were prospects of developing a valuable trade with China, but he preferred conciliation to force, while Sir James Mackintosh\textsuperscript{36} took the opposite view and demanded that the rights of British merchants should be asserted to the utmost. The question of opening the trade was broached and several members showed concern over the possible organization at Canton if this should occur. Alexander Baring said there ought to be some diplomatic machinery set up to replace the East India Company's Committee should it be removed; Whitmore thought an ambassador was necessary; Warburton disagreed, citing the experience of the Americans who managed without a consul. Sir Charles Forbes\textsuperscript{37} expressed quite a different view, maintaining that the British merchants at Canton ought to conform to Chinese Law, for a Chinese junk on the Thames would be expected to conform to British Law.\textsuperscript{38}

\textsuperscript{34} Hansard (New Series) Vol.4, col.430-31. 28 June, 1831.
\textsuperscript{35} Sir George Staunton. (W) M.P. for Heytesbury 1831; Southampton 1832. East India Proprietor. Late Chief Super-cargo at Canton.
\textsuperscript{37} Sir Charles Forbes. For over 40 years was head of the Bombay firm of Forbes & Co. He was given a silver service because he got the natives the right to sit on juries and to act as magistrates; 27 years later a statue was raised to him in Bombay. Rector of Marischal College Aberdeen. East India Company Director. M.P. for Malmesbury 1818-32. Baronet 1823.
\textsuperscript{38} Hansard, New Series, Vol.4, col.435. 28 June, 1831.
When Grant, on 28 June, moved the re-appointment of the Select Committee Whitmore expressed a hope that the powers of the Committee might be increased as he felt that their work was hampered by the fact that the Company not having petitioned for the renewal of their Charter could not be compelled to give information which, as petitioners, they could be compelled to produce. This insinuation was swiftly and hotly refuted and it was pointed out by supporters of the Company that they had given free access to their books and papers; finally Grant intervened to confirm that the East India Company had been most helpful in these matters. In October the demands of the Reform Bill again led to the dissolution of Parliament.

In the House of Lords on 8 December Lord Ellenborough expressed concern at the slowness of the Government in considering the new Charter, for though it was not due until 1834 there was really very little time to deal with it. Earl Grey agreed with him. In the following January Grant proposed a Committee which was to be divided into six sub-committees dealing with:- Public Affairs; Finance (including Trade); Revenue; Judicial; Military, and Political. This proposal met with approval and the Committee was appointed. Progress was slow and a year later, in February 1833, Baring expressed a wish to know when the Charter would be considered by the House, the President of the Board of Control promised that it would be soon. A further step was taken on 17 June when Lord Lansdowne reported three House of Commons

Resolutions which had materialised as the result of a conference between the two Houses. These resolutions indicated the nature of the Government's proposals including, as they did, reference to the opening of the China trade, the divorce of the Government of India, and the need of the Company to give their undivided attention to the task of Governing India. The House of Commons went into Committee on 13 June 1833 and Charles Grant introduced the motion on the Company's Charter. The attendance at the debates was never very large and eventually the Bill passed the Lords in August 1833.

II THE MAIN QUESTION.

In the Committee stage in the House of Commons Grant opened with an appreciation of the Company's work in India. He compared the Company's Government favourably with previous governments of India. Also within the last 20 years the native population had acquired a political existence. In Britain public opinion was beginning to have an influence upon those responsible for the Government of India. These factors seemed, in the view of Grant and the Government, to justify the continuance of the Government of India by the East India Company. Certain changes would have to be made because the Company's Government of India was spoilt by its connection with trade and this led the Indian Government, relying upon funds received from the Company's commerce to pay its expenses and to balance its budget in India, to devote less attention to the expenditure of the territorial revenue upon the

expenses of government than it ought. In consequence the Government of India would have to dissociate itself from commerce. The general view in Britain was that the Company should lose the China trade; some years before the Company had given up the Indian trade because of diminishing profits, now those of the China trade were decreasing.

Certain people had urged that the Government should make a speedy end to the monopoly by dealing at once with the problem of the China trade. This was a matter which had been considered very carefully and the Government was faced with the alternatives of either dealing with the China monopoly alone or else of considering it as part of a complex problem involving the Government of India and the whole question of the future of the East India Company. The Government was driven to adopt the latter view and to treat the whole question as a complex problem in which the China trade was very closely bound up with the Government of India. That the monopoly would have to go was obvious as a result of the strong clamour for its abolition throughout the Country as revealed by the very large number of petitions already referred to. A careful examination of the relations of the trade with the finances of India had also revealed that the former could not be opened without making special provisions to ensure that the Government of India was not embarrassed. Because of the great difficulty in disentangling in a satisfactory manner the connections between the finances of the China trade and those of the Indian Government the King's Ministers had prevailed upon the East India Company to accept a compromise.44

An attempt had been made in 1813 to divide the Company's accounts into two sections, one dealing with the finances of the Indian Government, the other with those of the China trade, known respectively as territory and commerce. The East India Company claimed that for a number of years the finances of the Indian Government had received assistance out of the profits of the China trade; this made it necessary that the question of the future of the China trade should be examined in connection with the finances of the Indian Government. Now the Company's accounts had been divided in 1813 into two parts and the rather arbitrary division in the arrangement of these accounts had left several items open to the disapproval of the Company's critics; and as there were a number of ways in which these accounts might have been drawn up, it was obvious that there were a variety of balances which could be obtained. Certain economic experts were thus able to draw up statements of the financial condition of territory and commerce to prove, to their entire satisfaction, that the territory was in debt to commerce, while other equally indefatigable statisticians were equally well able to prove that commerce was in debt to territory. The Third Report of 1811-12 which dealt with the Company's financial position made the difference between the finances of the Indian Territory and Commerce £1,629,701 in favour of Commerce during the period 1792-3 to 1808-9. Another authority, Langton, made the difference during the same period to be £1,638,135. Though the difference between these two statements is not great, the selection

45. Alexander's East India Magazine: "Report upon the financial accounts of the East India Company" page 312 et seq. for details.
of items which make up the two statements is quite different, though both show that Territory is in debt to a prosperous commercial department. On the other hand, the statements drawn up by Rickards and Wilkinson arrive at quite a different result, both maintaining that the balance was owing by Commerce to Territory. Langton had made Territory the main banker in India, borrowing from the stock-holder and receiving aid from Commerce. By this arrangement the loss of interest arising from keeping large sums of money in the Indian Territories fell upon Territory, but Rickards and Wilkinson placed this loss upon Commerce, for they regarded Commerce as the main banker. Rickards and Wilkinson also held that many other expenses, including the cost of the conquest of Ceylon and the Eastern Islands, and the payments to the creditors of the Nabob of Arcot and the Rajah of Tanjore, should also be charged against Commerce. If this arrangement of the financial statement was accepted then the Commercial Department was bound to be operating at an ever increasing loss. Such special pleading cannot, however, be accepted, for these payments and the need to keep a large floating balance in the Indian treasuries were:

"Quite sufficient to account for the whole of the existing Indian Debt, without supposing that any part of its produce has been applied to the augmentation of the Company's commercial property. The accumulation of that property since 1793 appears to have resulted from the gradual accumulation of commercial profit."  

47. Ibid.
Thus the problem whether the Territory, out of its revenue contrived to bolster up a losing Commercial Department, or whether the profits from a successful trade were used to balance the Territorial budgets which was so hotly disputed by the supporters of the monopoly and their bitter opponents, depended for its solution on how one drew up the statement of the Company's accounts. The East India Company's statement of accounts must be accepted for two reasons; first because they had been approved by the Board of Control and over a period of years had not been rejected by Parliament to whom they were submitted annually, and second because the major items of expense in dispute between the monopolists and the free traders had undoubtedly been incurred in the development and extension of the territorial sovereignty of the Indian Government, and not on behalf of Commerce. Indeed the Company seem to have been very reluctant to incur expense for the extension of their commercial interests.

In the light of the complicated financial system of the East India Company the Ministers of the Crown were very reluctant to force the Company to relinquish either the trade or the Indian Government; they feared the great difficulty of unravelling the complicated threads of the Company's financial labyrinth; while the Company, in their turn, feared to challenge the Ministers because the rival claims of Territory and Commerce could then only be finally settled by expensive and tortuous litigation. The Government had decided to compromise with the Company and to treat the

48. The items concerned conquest of territory; while the creditors of Arcot and Tanjore were mainly officials of the Indian Governments who had abused their positions to lend money at high rates of interest to these native princes.
question of the China trade as part of the greater problem invol-
vying the Government of India; the Ministers were aware that if,
and this was most unlikely, the Company gave up the Government of
India they would be faced with the very difficult problem of
governing India or of finding someone to govern India in a manner
which would be acceptable to the British public. Hence the desire
to consider the question of the China monopoly as part of a com-
plex question which also involved the Government of India.

The Company, in effect, operated in two capacities as
sovereign and trader. The problem of disentangling the two
functions had been successfully averted as long as the monopoly
existed, for the monopoly satisfied the claims of sovereign and
trader at the expense of a third party, the people of England, by
means of a heavy tax on tea. When the third party rejected the
monopoly then the claims of sovereign and trader had to be settled.
Macaulay, 49 who was piloting the Bill in the absence of Grant
who was ill said:

"Even if the Company were permitted, as has been
suggested, to govern India and at the same time to trade with
China, it would make no advances from the profits of its China
trade for the support of its Indian Government. It was in con-
sideration of its exclusive privilege, that it had hitherto been

49. T. B. Macaulay (W) M.P. for Colne 1830-32; Leeds 1832-34;
and Edinburgh 1839-47 and 1852. Son of Zachary Macaulay
(Slave Trade abolitionist). Barrister 1826. Secretary of
Board of Control 1832-3. 4th Ordinary Member of Council of
India and Secretary of the India Board. Member of East
India Company's Supreme Council at Calcutta - legal adviser.
Prepared Penal Code for India. Secretary for War 1839-41.
Paymaster-General of Forces 1846-7. Wrote "History of
England from the Accession of James II."
required to make those advances: it was by the exclusive privilege that it had been enabled to make them. When that privilege was taken away, it would be unreasonable in the Legislature to impose such an obligation, and impossible for the Company to fulfil it. The whole system of loans from commerce to the territory, and repayments from the territory to commerce must cease. Each party must rest altogether on its own resources."

Another difficulty which concerned the Government of India lay in the impossibility of having representative institutions, consequently there had to be some effective check in Great Britain on the Government in India, and it was essential that the check should be divided between a minister of the Crown and some body independent of the Crown. Normally the House of Commons would have been a sufficient check, but in this instance the House of Commons had neither the time nor the specialised knowledge to provide a detailed check. There was, in the view of His Majesty's Government, an efficient and experienced body, independent of the Crown, which could provide an efficient and independent check on the Minister, and that was the East India Company. The evils for which the Company had been blamed, according to Macaulay, were as much the fault of the Crown Ministers as of the Company:

"For the Board of Control could, without the consent of the Directors, have redressed those evils; and the Directors most certainly could not have redressed them without the consent of the Board of Control." 50

One aspect of the basic Government proposal received fierce criticism from James Silk Buckingham. He disagreed with the Ministerial view that the Company's Government in India had been beneficial to the natives, on the contrary it had oppressed and impoverished the people; he was one of the few people who raised little objection to the continued trading of the Company and he said:

"Let the Company trade if it will, and compete with the private merchant if it likes. Let us have no monopoly, but do not deprive it of its fair share of competition with the rest. Take from it its Political character and leave it to deal with its mercantile affairs, divested of its monopoly as it should see fit." 51

Buckingham's objections 52 to the Ministerial proposal to consider the China trade and the Government of India together was based upon his grievance against the Indian Government. He did, however, support the opening of the China trade.

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52. Buckingham's objections to parts of the Bill included:
   1) Giving up the Government of India to a Joint Stock Company.
   2) There ought to be some provision for administration by members of the British population in India in preparation for self-government.
   3) The natives would be burdened with the Company's debt.
   4) Objected to the great powers given to the Governor-General.
   5) The limited right of settlement.
   6) The increase in the Church Establishment.
   7) The Bill made no mention of relief from taxation or the spread of education.
There was some objection from the Tories but this came mainly from the Lords. Though they accepted the view that the trade and the Indian Government could not be considered separately they objected to the great and dangerous haste of the Government scheme. Ellenborough was reluctant to praise the Government proposals for he had, when he was in office, hoped to prepare the way for the gradual abolition of the monopoly by reducing the expenditure of the Government in India. This method had been abandoned by the Whigs; in place of it they instituted an immediate opening of the trade which would prove most embarrassing to the Company who would have the greatest difficulty in adjusting their Indian finances in the face of the loss of the accustomed assistance from the profits of the China trade. The Ministerial view received support from Lord Auckland who felt that the separation of trade and Government was wise, he also feared that if the Company tried to compete in the tea trade with the free traders they would fail.

III ASPECTS AT ISSUE

a) The ANNUITY and DURATION of the CHARTER.

Grant's plan was for the Company to surrender all its rights and properties and the Indian territories but to be given the Government of India for 20 years; to lose their commercial privileges, receiving in return an annuity charged upon the Indian territory. He made it quite clear, in answer to a question

from Sir Robert Peel, that Britain would not be answerable for the annuity. It was to be the sole concern of the Indian revenues and it would not be a heavy burden because the total Indian debt was only equivalent to two years revenue. Satisfied that the cost of the annuity would not fall upon Britain members showed little further interest in it, but several expressed concern about the duration of the new Charter; Hume suggesting ten years while Buckingham demanded less than ten years, but finally the period was set at 20 years.

\section{CONTROL of TRADE at CANTON.}

The Ministerial view, as represented by Grant, was that the attitude of the Chinese at Canton had made the end of the monopoly necessary because of the danger of a clash between the Chinese and British mercantile interests. It was hoped that the end of the Company's monopoly might bring about the collapse of the monopoly so long enjoyed by the Hong Merchants at Canton and lead to a freer system of trade at that port. The Chinese authorities had asked for a chief to be sent out to replace the chief of the East India Company's Select Committee of Super-cargoes when the Company should leave Canton. Sir George Staunton realising the need for a change in the Canton commercial system, and having abandoned his former views in support of the maintenance of the Company's exclusive monopoly, felt that the only question of importance was not whether to have free trade with China or not,

\footnote{Hansard. N.S., vol.18, cols.708 and 713. 13 June, 1833.}
for he believed that question was virtually decided, but how they would make the change from the existing system to one of free trade with China without incurring danger. The private trade at Canton had grown very rapidly and as long as the private traders should work harmoniously with the Select Committee they would be able to oppose the oppression of the local Chinese authorities, but such unity could not be guaranteed, consequently there ought to be an establishment of higher power to uphold British interests at Canton. 57 There was another circumstance which forced him to accept the free trade view: when he had been a member of the Canton Select Committee it had been the practice for that Committee to assist and protect, as far as lay in its power, all British subjects at Canton whether members of the East India Company or not. Since that time the Select had received other instructions from the Court of Directors who wrote:

"It is essential that you should understand that you are not the representatives of the British Nation, but of the East India Company, in whom the exclusive trade has been vested by Parliament."

These instructions came from the 76th paragraph of the Directors' letter to China of the 9th December 1831. 58 In consequence of this Staunton felt he had to support the opening of the trade and the establishing of a higher authority at Canton to oversee British interests.

It was obvious that the Chinese wanted to trade with foreigners and that they would get that trade, much as they had

57. Mirror of Parliament. House of Commons, 4 June 1833. Page 2105, col.6 et seq.
58. Ibid., page 2106, col.1.
obtained opium, in spite of the Emperor's prohibition. Grant suggested that the control of British interests in China should be placed in the hands of a commission which might in time conciliate the Chinese. He thought little good would come of sending an embassy to the Court of China. He reported that he had advised the East India Company not to send any more ships to China.

c) INDIANISATION of the SERVICES.

An old problem concerned the employment of Indians in the Government services in India. In the early days of the Company's rule this question had been debated and Warren Hastings had expressed his faith and confidence in Indian officials. He had made use of natives in the law courts, employing Hindu and Mohammedan judges to assist the Company's district officers. But a successor of his, the great Cornwallis, disliked native officials, regarding them as inefficient and unreliable, so he reversed the policy of Indianisation. In the army the Company, though developing the use of Sepoy troops led by British officers, were reluctant to give full recognition to able native officers.

Wynn, a former President of the Board of Control, urged that natives of India without exception should be eligible for office. Ellenborough had frequently urged economic reform in every part of the Government of India but felt that this could only be achieved by reducing many of the Government's expenses and in particular by reducing the number of Europeans on the establishments in India and replacing them by Indians wherever possible.

urged that this reform should be applied extensively but only to the lower ranks of the establishments because:

"Our very existence in India depended upon the exclusion of the natives from military and political power in that Country," and, therefore, they should have more time to consider the Bill lest they threw India away. Hume wished to know if a native could become the Fifth Member of the Indian Council, and Charles Grant pointed out that a native could become the Fifth Member of the Council because the Fifth Member did not have to be a Company's servant, a qualification which would otherwise bar a native from membership of a council. There is no definite evidence that prior to this question the Government had ever given a thought to the possibility of a native becoming a Fifth Member of Council.

d) COLONISATION: PROPERTY and LAW.

The free traders in their attack upon the monopoly frequently maintained that the monopolistic control exercised by the Company over the China trade was also reflected by the control of the Indian Government over that land. They claimed that the nature of the Company's control over India was a discouragement to trade; that the commerce of India and the East could be increased rapidly if there was colonisation in India. The free traders claimed there was little inducement for British colonists to settle in India because of the despotic control exercised by the Indian Government. For years there had been debates in Parliament concerning the facilities granted to British settlers in India. The

problem included security of settlement, the type of law administered, the right to own property and land, jury service and trial by jury and the freedom of the Press. British subjects who, in the past, had wished to go to India had been under the necessity of securing a licence from the Court of Directors. These licences were not easily obtained, for over a period of 18 years only 1253 people had obtained licences from the Court, representing 60 professions; and of these 192 were missionaries which meant that of the other occupations an average of one a year obtained licences. The settlers complained of the lack of up to date British law and legal system. In the past there had been complaints about the right of British subjects to hold real property in India and this uncertainty had caused much hardship and had restricted the commercial development of the Country in the opinion of many people who felt that European settlers could improve the lot of the natives and make the Country prosperous by go-ahead methods. The legal system was quite involved and did not work very well, while criticism of the Indian Government was silenced by a censorship of the Press. These criticisms found an advocate in J. S. Buckingham who launched an attack upon the Company's system of Government in India and urged the freeing of the Press. He felt that for all the taxes the Company had wrung from India, they had done nothing to improve the lot of the people, and he also believed that India would benefit from colonisation. An amendment was proposed to give British and other residents of Bombay, Madras and

64. Hansard, N.S. Vol.17, col.1361. 21 June, 1829.
65. Hansard, N.S. Vol.19, col.479 et seq. 10 July 1833.
Calcutta all the rights of British Law as then administered by the King's courts in those Presidencies, but this was defeated. The Ministers wished to make licences necessary before British subjects could reside in certain parts of India, and at first there was some opposition to these licences until it was pointed out that they only applied to newly acquired areas and that these could only be opened at a risk of danger, and in any case the Governor-General and the Court of Directors could open such areas as required.

The question of the Law in India was to be settled by the appointment of a Commission which was to investigate the state of the Law in India and revise the system with respect to India and eventually make it a condition of entry to that Country that an Englishman should conform fully to the Law of India. There would be very little danger to be apprehended from the activities of the Law Commission because all their recommendations would eventually be reviewed by Parliament. There was some criticism of the Law Commission on grounds of expense by Ellenborough but his protest received little support.

THE GOVERNOR-GENERAL: COUNCILS and SLAVERY.

There was a certain amount of criticism of the very extensive powers left to the Governor-General, and of the increase in his status in comparison with that of the Governors of the subordinate Presidencies whose importance the Bill seemed to diminish.

The Governor-General was given rather vague powers to make regulations for the extinction of slavery, but realising the uneasiness of the House, Grant introduced an amendment on behalf of the Government to give the Governor-General power to make these regulations, subject to certain conditions; the regulations to be brought before the Court of Directors who would lay them before Parliament. This amendment met with approval. 70

The Fifth Member of the Governor-General's Council met with much criticism on the grounds of duties and expense. This member was to be a person of legal experience who could advise the Supreme Government on legal matters and on the work of the proposed Law Commission which was to examine the existing state of Indian Law and draw up proposals for its improvement and standardisation. The problem was resolved by an amendment in the House of Lords, proposed by Lord Lansdowne, that this Fifth Member of Council would not be a covenanted servant of the East India Company and his advice would be limited to legislative measures only; he would not be permitted to take part in any discussions concerning the executive. 71

The Ministerial proposals for the subordinate Presidencies caused much discussion. The aspect which really roused comment was the proposal to abolish the councils which, in the past, had assisted the Governors. Fergusson 72 in particular, feared that future Governors, many of whom would have had little experience of India, would suffer from no longer having the expert advice and

71. Hansard. N.S., Vol.20, col.446. 9 August 1833.
72. Sir R. C. Fergusson, K.C.B. (W) M.P. for Kirkcaldy and Dysart 1806-30; 1831-35; East India Director, Judge-Advocate-General 1834.
assistance which these councils had been able to supply.\textsuperscript{73}

\textbf{f) \hspace{1cm} THE \hspace{1cm} FOURTH \hspace{1cm} PRESIDENCY.}

One of the Government proposals was to create a Fourth Presidency by dividing the enormous Presidency of Bengal into two parts, Lower Bengal based on Fort William and under the immediate control of the Governor-General, and Upper Bengal or Agra with its Headquarters at Agra and under the control of a Governor. It was hoped by this device to remove some of the detail of administration from the Governor-General and enable him to move about more freely and supervise in a general way all the Presidencies. Fergusson did not find this proposal very attractive. He suggested that the status of the Presidencies of Madras and Bombay be left unchanged while the proposed Presidency of Agra should be of inferior standing, otherwise it might be difficult to get Governors of sufficient calibre for Madras and Bombay. In spite of this plea no change was made in the proposals.\textsuperscript{74}

\textbf{g) \hspace{1cm} SALT \hspace{1cm} and \hspace{1cm} OPIUM \hspace{1cm} MONOPOLIES.}

Wilbraham\textsuperscript{75} tried hard to secure the prohibition of the Indian Government's monopoly of the manufacture and sale of salt in India. He first of all approached the subject on grounds of health and expense; he pointed out that the conditions under which the Indians prepared their salt were very unhealthy, and also very expensive. But he soon revealed his real interest in

\textsuperscript{73} Hansard. N.S., Vol.19, col.668. 16 July 1833.
\textsuperscript{74} Hansard. N.S., Vol.18, col.632. 12 July 1833.
\textsuperscript{75} G. W. Wilbraham (W) M.P. for Stockbridge, Hants 1826-31; for Cheshire South Division 1832-41.
the question when he proceeded to urge the claims of Cheshire salt, which, he maintained, could be prepared and transported to India more cheaply than the native salt could be prepared, it would also spare the natives much misery in their task of preparing their own salt, but he failed to state what the natives would then do for a living. Doubtless the salt manufacturers of Wilbraham's constituency hoped that a salt trade to India would be very profitable. In spite of support from Buckingham and Ewart, Wilbraham failed to destroy the Indian Government's salt monopoly. O'Connell objected to the salt monopoly and also to the Indian Government's monopoly of the growing of opium in India, but with little success, the Ministers probably not wishing to deprive the Indian Government of a very useful source of revenue. The attack upon the Indian Government's monopoly over the opium produced in India was not keenly sustained, perhaps because the quantity produced was so great that the private traders who traded to China in the drug had little complaint about this particular monopoly, there being as much available as they could hope to sell.

h) RELIGION.

The Church Establishment in India came under discussion and though it was a very minor question, as in the Court of Proprietors, so in Parliament much time was spent in discussing it. The attitude of the Indian Government towards the spread of the Christian religion in India was criticised by J. S. Buckingham

77. D. O'Connell (R) M.P. for County Clare 1828-9; Dublin 1832-41. Irish leader who secured Catholic Emancipation.
who complained that little encouragement was given to Christian missionaries in India and that the Government had kept the iniquitous Pilgrim Tax in operation. This was a tax imposed on pilgrims attending various Indian shrines and the money collected was intended for the upkeep of these heathen places of worship. The Indian Government, who seem to have been quite efficient in this matter, were accused by their detractors of making money out of the maintenance of heathen practices and ought to be ashamed of such a policy. The Government defended themselves on the grounds that the upkeep of these shrines had been one of the duties of the Mogul Government, and as the East India Company had assumed the Government of the Moguls they had also assumed their obligations, of which this was one.

The King's Ministers were then attacked for upholding the Establishment of the Anglican Church in India. O'Connell on behalf of the Roman Catholics and Sinclair on behalf of the Presbyterians urged that there ought to be some provision for these two religions. The main change in the Church Establishment was to increase the number of bishops from one to three by raising two of the arch-deacons to the episcopate. This would remove the very heavy burden which had hitherto fallen upon the single bishop and would also obviate delay in consecrating a successor should one of the three die suddenly. Charles Grant suggested a proviso on the Church Establishment expenses to limit those of the bishops and archdeacons to not more than 120,000

80. G. Sinclair (W) M.P. for Caithness 1811-18; 1831-41; and for Halifax 1841.
sicca rupees per year; this was accepted. There were also two chaplains of the Scots Presbyterian Church at each Presidency. Grant also secured for the Governor-General permission to set aside sums of money for the assistance of other Christian bodies (excluding the United Churches of England and Ireland, and the Church of Scotland for which provision was already made). 82

IV CLASH BETWEEN CHARLES GRANT and WYNN.

There were several points over which Grant and Wynn clashed. These included the powers and patronage of the Court of Directors; the responsibility of the Court for mistakes in Indian policy, economy, Religion and Haileybury. Some explanation of their differences can be found in the background of their careers.

Charles Grant was the son of a Director and he had been in India. He relied for some extent for his policy upon the permanent assistant secretary at the Board of Control, and upon the Board's Secretary, who changed with the Government and who was in 1832 T. B. Macaulay. Macaulay, who was at first hostile to the Company, was influenced by Holt Mackenzie who had developed a fierce hatred of the Company, mainly because the Directors had refused to nominate him for the Madras Presidency. Grant had little in common with the Court of Directors, his father's party had decayed and the control of the direction had passed to his father's enemies, the private trade representatives; consequently it is not surprising that Grant was determined to destroy the monopoly and to reduce the number of Directors. That he relented 84

83. Philips "East India Company, 1784-1834." Chapter X.
84. Charter Negotiations 1833. Grant to Court of Directors. 27 June 1833.
over the reduction of the Court was probably due to his desire to secure the Bombay Presidency for his brother Robert and the need to conciliate the Court to secure his nomination. The position had been complicated by the collapse of the private trade interest in the Court of Directors which was caused by the failure of the Calcutta Agency Houses. This situation tempted the Indian interest in the Court to try to regain control of the Direction.

Grant was also very interested in the affairs of Hyderabad and Oudh, and this led him into a quarrel with the Directors. He had intervened in Indian affairs and forced the Indian Government to put pressure on the Nizam of Hyderabad to secure the payment of a debt to Palmer and Co., one of the great agency firms; and this met with the disapproval of the Court of Directors. Grant also intervened in the affairs of Oudh in an effort to enforce a claim of debt against the Nawab on behalf of the bankers Muni Doss and Setul Babu, and though the Directors refused to send the Draft ordering the Indian Government to put pressure on the Nawab, Grant appealed to the Courts and the Directors had to give way; but Grant then proceeded no further, perhaps because he wished to secure the support of the Directors.

In spite of his numerous clashes with the Court of Directors Grant

85. Robert Grant (W), Brother of Charles Grant. M.P. for East Norfolk 1830-32; Finsbury 1832-34. Appointed Governor of Bombay. East India Proprietor. East India Company's Standing Counsel.
86. Philips "East India Company, 1784-1834," Chapter X.
87. Philips "East India Company, 1784-1834," Chapter X suggests that the reasons for dropping the demand were:
   1) The agent of Muni Doss and Setul Babu had died.
   2) Grant hoped for nomination as Governor-General.
   3) wished his brother Robert to be Governor of Bombay.
   4) The Government were considering annexing Oudh.
maintained that the continued existence of the Court was of paramount importance because the Directors wielded the patronage and it was essential that this should not fall into the hands of the Government as represented by the Board of Control. This argument was attacked by Wynn who felt that the amount of patronage was so small as to be of no great significance or danger.

Wynn had an even more extensive quarrel with the Directors which covered much wider ground than the disputes between that Court and Grant. Wynn had a disagreement with the Court over the question of a knighthood for Urinston, one of the Canton super-cargoes, while he also upset them by forcing them to hand over the unpaid salary of his predecessor because the Board was £3,600 in debt. He also intrigued on behalf of his patron, the Duke of Buckingham and Chandos, to try to secure for that nobleman the Governor-Generalship of India should Lord Amherst be recalled. The Duke was not popular with the Directors and Wynn bungled the affair, losing the support of his patron and not improving his relations with the Directors, besides losing the confidence of the Prime Minister, Lord Liverpool. When Munro resigned from the Governorship of Madras in 1824 Wynn supported Lushington, the Ministerial candidate, against the Directors' nominee, Elphinstone. Wynn was also in disagreement with the Directors over the question of the pension of Sir Edward East.

88. Duke of Buckingham and Chandos "Court of George IV" Vol.2, p.64: Wynn to Buckingham, 8 April 1824. "I do not know why their Leadenhall Majesties are indisposed to my giving Urinston the credit which he has deserved, except from the jealousy entertained by all sovereigns of their subjects receiving honour from any hands but their own."

89. Philips "East India Company, 1784-1834," Chapter IX.

90. Duke of Buckingham and Chandos "Court of George IV" page 269. Freemantle to the Duke of Buckingham and Chandos.
Thus like Grant, Wynn as President of the Board of Control had often clashed with the Court of Directors. In spite of Grant's praise for the Directors he felt they were of little real importance; he attributed the real and effective rule of India to the Board of Control, and suggested reducing the number of Directors and altering the system whereby they were chosen. Wynn felt that many able men were deterred from seeking a seat on the Direction because of the need to canvass. Though Grant urged keeping the Directors as dispensers of patronage Wynn felt that the amount of patronage was so small as to be of no great significance or danger. He objected that possession of a certain amount of East India Company stock should be one of the necessary requisites for a say in the Government of India. Wynn, as already stated, supported the eligibility of natives for office in India as part of an economy move.

Though Grant had clashed with the Directors he was not so hostile to them as Wynn who to some extent blamed them for his loss of the confidence of the Duke of Buckingham and of Lord Liverpool which led to his own downfall. Grant felt that the Directors could still serve a useful purpose but Wynn maintained that the real rulers of India were the Board of Control. It is true that the Board of Control quite frequently emerged as victors in the numerous conflicts with the Directors, particularly in the cases of Hyderabad and Qudh, but much of the detailed control lay in the hands of the Directors. In the foreign policy of the Indian

91. Hansard. N.S., Vol.18, col.748. 13 June, 1833.
Government the Presidents of the Board of Control, Wynn, Ellenborough and Grant all tended to reverse and over-ride the policy of the Directors. For years the policy of the Directors had been one of non-intervention in the affairs of Native States in order to avoid aggression and its attendant expense. Circumstances were against them and Wynn who had earlier clashed over allowing the British to train the armies of princes in subsidiary alliance, after the Burma War sanctioned an increase in territory; while in addition to the interference by Grant already mentioned, Ellenborough intervened in the affairs of Nagpur and Berar. Though it was apparent that the Board of Control had the real power, the method of applying this power was a cause of difference between Grant and Wynn; the latter would have liked to eliminate it while Grant preferred to work through the Court, using it as a facade to cloak the real authority of the Board of Control.

V ELLENBOROUGH and the TORIES.

Much of the Tory opposition and criticism, besides that of Wynn, who had his own quarrel with the Directors to inspire him, came from Lord Ellenborough and the Duke of Wellington. Ellenborough when President of the Board of Control had told the East India Company that renewal of their Charter would depend upon their economy, and he had given the Governor-General, Lord William Bentinck, strict instructions to reduce the expenditure of the Indian Government during his term of office. He had also urged many reforms to speed up the business of the India House and the

93. Philips "East India Company, 1784-1834," Chapter
Board of Control with a view to closer control by the Court of Directors over the Indian Government. As time went on he came to the conclusion that the monopoly would have to go, and that could only be done if the Company were left with the Indian Government, but this could only be achieved, he felt, if the Indian Government cut down expenses. Though he had clashed with the Directors by reversing the non-intervention policy he seems to have kept on good terms with the Directors, particularly Astell and Campbell, while the Directors themselves had eagerly sought the support of the Tories in the hope that they might be willing to reprieve the monopoly. The Tories were the only people who might have left some trade in the hands of the Company when it became obvious to all that the trade would have to be opened and Ellenborough:

"Cautioned Ministers not to throw away the advantages afforded by the China trade to the financial administration of India unless they were satisfied that they could conduct the Government without coming to the people of England for assistance. That assistance would not be given, but inconsiderate reductions would be ordered which would occasion the separation of India from England."  

Though willing to make use of the Court of Directors Ellenborough considered that the Government of India should really be controlled by the Board of Control. He was willing to allow the Company to compete with the free traders but he opposed the Grant
proposal that, in return for the Company ceasing to trade while retaining the Government of India, their Dividends should be secured by a guarantee fund. His idea was that the Indian Government should, by its economies, make such a guarantee fund quite unnecessary. Before the monopoly could be abolished, if it was to be removed on the lines Ellenborough planned, then it could not be done for some years until the Indian Government by a period of austerity had made its financial position sound enough to stand alone without assistance from commerce. It was this view that encouraged the Directors to hope that the Tories might be able to postpone the abolition for a year or two; hence their dislike of the Whig Government and Sir Robert Campbell's remark when questioned about renouncing the trade and carrying on the Government of India:

"That if they were fairly dealt by, which, under this, as a Reformed Parliament, they did not expect, they could show assets which, now invested in the 3% would produce £630,000 a year."  

In keeping with this objection to the swift and sweeping proposals of Grant, Ellenborough felt that the proposed changes in the Indian Government, far from reducing expenditure, would increase it; the Law Commission, the proposed Slavery Commission, the increase in the Church Establishment, and the Fourth Presidency, would all add to Government expense and there would no longer be the surplus from commerce to help to balance the Indian budget.

   Ellenborough 20/1/32.
99. Ibid., page 200. Ellenborough 19/2/32.
Wellington supported Ellenborough's criticism of the Government scheme maintaining that the proposals ignored the Charter rights of the Company and deprecating:

"The separation of the Province of Bengal from under the immediate care of the Governor-General, giving it a Governor and Presidency of its own. The Province of Bengal was the source and spring of the power of India, and should never be lost sight of by the Government of that Country."\(^{101}\)

Beyond criticising the abolition of the Provincial Councils, the haste of the scheme and the expense of the Fourth Presidency, the Slavery and Law Commissions and the increase in the Church Establishment the Tories could offer few reasons for the rejection of the Whig plan.

VI THE DECLINE in INTEREST in the COMPANY.

There was not a great amount of interest in the Company or in the Bill. The Company had not recommended itself to supporters of the Reform Bill, partly because it was a monopoly concern and partly because in 1830 eight of the nine Directors who were members of Parliament supported Wellington's Government and therefore opposed the demand for a Reform Bill. Though three Directors in Grey's Government voted for the Reform Bill, this did not undo the effect of the previous opposition to the Reform Bill.\(^{102}\)

The influence which the Directors and Proprietors had formerly exerted upon the Government had declined with decreasing

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102. Philips "East India Company, 1784-1834." Chapter X.
representation in the House of Commons. There were numerous reasons for the decline in the number of Members of Parliament directly representing the Company Interest; owing to the increasing difficulty of making large fortunes in India there were now few retired Company's servants wealthy enough to buy seats in the House of Commons. In addition the Reform Bill had reduced the number of "rotten seats" available for purchase. City merchants and shipping magnates, now that it seemed likely that the Company might lose its commercial monopoly, saw little reason for trying to uphold the Company in its struggle with the Government. Provided their dividend was safeguarded, and Grant undertook to secure this by a Guarantee Fund, the Proprietors showed little Parliamentary interest in the Company's struggle over the India Bill.103

VII  CHINA TRADE and TEA DUTIES BILL.

The Charter Bill of 1833 had ended the East India Company's trade monopoly, opened the trade to China and dealt with the Government of India. There were other aspects, however, which had to be dealt with by other bills. A China trade Bill, to regulate the conduct of the free trade to China, was introduced and though, as Ellenborough said, it was not the normal practice for the House of Lords to intervene in matters of taxation, he felt it was necessary for the Lords to examine the extensive and ill-defined powers granted to the officers appointed to carry out the provisions of the Bill at Canton. Auckland pointed out that there were

103. Wynn remarked that he: "Did not remember any Bill occupying so much time, and on so important a subject, which had excited so little attention, and created so little interest." Hansard, N.S. Vol.20, col.38. 26 July, 1833.
safeguards so Ellenborough withdrew his motion. 104. This Bill imposed duties upon British shipping at Canton to provide for the salaries of the Crown officials there. This led to a petition of protest from British merchants, which Ellenborough presented in the House of Lords. 105 In the House of Commons Sir R. Inglis expressed a fear that the agents or consuls appointed under the Bill to serve at Canton might not be recognised by the Chinese Government; and pointing out, as was proved later, that it might have been better if there had been some previous communication on the subject with the Chinese. 107 G. F. Young's proposal that the expenses of the agents at Canton should be paid by the Government failed. 108

A Tea Duties Bill was introduced and passed, but the duties imposed were not very acceptable to the trading community. The Company's tea was to be disposed after the next three quarterly sales, at which the Company could sell as much as they liked, at a rate to be determined by the Board of Control, having regard to the imports of the free trade and the state of the market. 109

While discussing the Lords' amendments to the Charter Bill Lord Althorpe stated in reply to a question concerning the possible interference in the opium trade by the Superintendents at Canton, that the only trade they would interfere with was that carried on by British subjects. 110

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108. G. F. Young M.P. for Tynemouth 1831-7; Scarborough 1851-2.
Chairman of Shipowners Society.
CHAPTER 8.

INDIA AND CHINA AFTER THE END OF THE COMPANY'S MONOPOLY.

A. CHINA AFTER THE PASSAGE OF THE BILL.

1) EXPECTATIONS AND RESULTS.

Various elements in Britain and the Far East entertained high hopes of a new era when the East India Company's China monopoly was abolished and the Company's Select Committee ceased to wield authority at Canton. Manchester merchants and British shipping interests were in high glee; a prosperous era of trade was opened to them and the great advantages which the Company's monopoly had given to American merchants and shipping now faded away, taking with them a large portion of the vast carrying trade of the
American mercantile marine.  

The eyes of the international credit concerns were turned hopefully towards China. For some 20 years international bankers had played a part in the credit system which had linked America and Europe with Canton and one of the most influential of these was the firm of Baring Brothers, whose correspondents at Calcutta were Gisborne and Co., and at Canton, the American trading House of Russell and Co.  

Barings' were very optimistic about prospects in the East when the East India Company's monopoly was abolished in 1834; and it is more than probable that the ease with which the British Government accepted the proposal to abolish the monopoly can be traced to the removal from the Company of the support formerly given to the East India Company's Charter by the Barings who had long had great influence with the Government. This influence, since the days of the close friendship between the Younger Pitt and Francis Baring, Director and Chairman of the East India Company, had long been exerted in favour of the Company. Undoubtedly much of the Baring loyalty to the East India Company had, since those days, been strained as a result of the ever increasing Baring connection with American finance, much of which was indirectly connected with the private trade element at Canton. By 1838 several other firms were greatly interested in the Eastern trade and were competing with the Barings for the marketing of American bonds.  

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3. Ibid., p.165.
4. Ibid., p.239.
Baring aspect, upset by the re-organization of Russell and Co. and the outbreak of the Opium War but in spite of this Baring Brothers emerged successfully from the turmoil. In the opinion of Hidy this was more than some of their rivals were able to do because by 1842 the firms of:

"Palmer, McKillop, Dent and Co., and Magniac, Jardine and Co. had suffered heavy losses and were still not in the front rank."

Hidy's assessment of the recovery of Barings from the effects of the Opium War is probably correct, but it seems quite possible that he under-estimated the strength of Magniac, Jardine and Co., being misled by that firm's expulsion, with other British firms, from Canton; but as Greenberg shows the firm continued to trade along the coast with heavily armed opium clippers, and from Canton itself through neutrals and by also operating under neutral flags.

The Manchester Merchants also had great hopes of a very successful trade arising from the removal of the Company's control but, up to the time of the Opium War there were few signs of their hopes being fulfilled. A completely new system of international trade had to be established before Manchester cotton goods could achieve any success in the China market, and this was only done after the use of force.

The establishment of a new British authority replacing that of the East India Company's Select Committee did little except provide the genesis of a Canton Chamber of Trade and reveal

6. Ibid., p.302.
the difficulty of trying to side-step the Co-hong in dealings with the local Chinese authorities. Napier's attempt to secure immediate and adequate recognition for himself as the official representative of His Britanic Majesty's Government was a tragic fiasco, terminating in his surrender and death.8

W. C. Hunter, a member of the American Agency House of Russell and Co. tells us that the private traders greeted the end of the Company's control as:

"An auspicious day, opening up to them visions of prosperity, which soon assumed the form and substance of reality."9

This picture was certainly not true; the years between the end of the monopoly and the Opium War were fraught with anxiety and worry for the foreign merchants, and especially for the older "hands" who feared the violence and rashness of the new and inexperienced Houses of Trade.10

The removal of the Company's control had a bad effect upon the Chinese conduct of the tea trade. Without the careful examination by the Company's skilled tea-inspectors the quality began to fall because many of the tea merchants were corrupt and unruly.11

Two years later Jardine was again complaining of the difficulty of controlling the tea-men. These people were becoming too corrupt and independent and the Hongs, without the support they once enjoyed from the Company's Select

8. For an account of this see Costin "Great Britain & China 1837-60." Chapter IA.
10. Jardine and Matheson. P.L.B. (Matheson) II. Canton 14 July 1833, to J. Jeejeebhoy, Bombay: "We regret to learn today that the Americans have reduced their exchange to 4/8__ Nothing but the injudicious eagerness of some of our Young Houses to effect remittances on any terms could have enabled the Americans to reduce the rates as they have done."
Committee, found it very difficult to curb the evil practices of the very numerous tea-men. He also complained that the Chinese were holding back their teas in order to obtain higher prices. Another cause of great annoyance was the continued existence of the East India Company's Finance Committee, to which reference has already been made, and whose activities, it was claimed, had a bad effect upon the market and the exchange.

One suggestion which Napier had made to the private English merchants was the formation of a Canton Chamber of Commerce as a means of counteracting the power which the Co-hong's monopoly:

"Must necessarily have over individual adventurers in regulating the prices of the merchandise, a General Chamber of Commerce was established at Canton on the 28th November 1836."

The opium trade made really satisfactory relations with the local Chinese authorities very difficult, and the widespread and speculative competition of the new British traders at Canton raised so many problems that Matheson wrote to a friend that:

"We are still fagging away here, pretty much as you left us and almost sighing for a return of the Company's Monopoly in preference to the trouble and endless turmoil of free trade."

A further cause of annoyance was the duty, imposed on British ships trading at Canton, for the upkeep of the trade Commission.

15. P.L.B. (Matheson) to John Purvis, Singapore, 25/9/34.
2) THE OPIUM PROBLEM AFTER THE END OF THE MONOPOLY.

When it was rumoured that the Select Committee was about to leave Canton the Chinese authorities, through the Hong merchants, requested that the King of England should appoint a "Headman" to take the place of the East India Company's Chief of the Select Committee and be responsible for the good behaviour of the British merchants and sailors at Canton. This request was passed on to the British Government and the Crown established by Orders-in-Council a Trade Commission and Superintendents to control British trade at Canton, and to take over the duties associated in this respect with the East India Company's Select Committee. The Trade Commission set up by the Crown at Canton had a number of unusual features. It was to control trade and the activities of British subjects and for that purpose was empowered to make regulations and to create a Court of Law with Criminal and Admiralty Jurisdiction to try offences committed by British subjects in Chinese territory. Finally it was given power to levy duties on British ships entering any Chinese port where trade superintendents might be stationed.

On examining the powers of this Trade Commission one is immediately struck by the complete disregard of the rights of the Chinese Emperor within his own dominions. It is not surprising that this

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18. For an account and discussion of this see:-
J. B. Bames "The English in China", pages 178-182. Also:-
East India Company Records 255, Canton Consultations 1834,
14 and 16 July 1834. Also:-
P.L.B. (Matheson) to John Purvis, Singapore, 25/9/34.
P.L.B. (Matheson) to James Scott, Madras, 10/10/34.
P.L.B. (Jardine) to Thomas Weeding, London 23/6/34, etc.
"high and mighty" attitude resulted in failure to secure a working agreement with the Chinese authorities. The Chinese had foreseen the possible difficulties which might arise with the departure of the Company's authority but the British Government never seem to have considered seeking the views of the Chinese Government on the problem. To substitute a new authority for that of the Company without prior consultation with the Chinese left several pressing and rapidly increasing problems unsolved.

The Chinese had looked upon the Chief of the Company's Select Committee as responsible for all British subjects, merchants and seamen, in China. The Select Committee had declined to accept responsibility for all British subjects within the dominions of the Chinese Emperor. Here was a point which could very well have been settled by the British Government after consultation with the Chinese authorities. The problem was not eased by the arrival of the first Chief Superintendent of the new Trade Commission, Lord Napier. He was a man anxious to uphold the high position of the sovereign he represented and also very conscious of his own personal dignity. He at once refused to negotiate with the Viceroy of Canton through the intermediary of the Hong Merchants and demanded a personal meeting with the Viceroy. Because the British Government had neglected to secure prior recognition for

19. East India Company Records. Canton Public Factory Consultations, 1833-34, page 63; 18 September 1833. Refused to intervene over homicide amongst opium ships at Lintin - said they had no control over these vessels. Also refused to pass on to King's ships arriving off the Chinese Coast the orders of the Chinese for their departure.
Napier from the Court of Pekin it was more than the Viceroy's position was worth to receive Napier on terms of equality until after reference to Pekin. Consequently Napier's mission was doomed to failure from the start. His firm stand only procured the stoppage of trade at Canton which was not resumed until his surrender, withdrawal and untimely death. A subsequent Superintendent, Elliot,\(^\text{20}\) secured acceptance at Canton by awaiting approval for his appointment from Pekin.

Acceptance of a British official in charge of the activities of British subjects at Canton did not represent any great step forward because there was no agreement upon the jurisdiction and legal systems to be applied by British and Chinese. The position and power of the Superintendent and the Trade Commission did not meet with the full approval of all the British resident at Canton. In particular the merchants resented the duties levied on British shipping to raise funds to pay the cost of the Commission. There was one matter which was bound to cause friction between the British merchants, the Chinese authorities and the Superintendents until it should be the subject of discussion between representatives of the British and Chinese Governments, and that was the illegal opium trade. The opium trade was a very important part of the trade system of the Westerners at Canton. When the first enthusiasm for the free trade had faded and the difficulty of selling western products in China was realised, the theory shifted to the system of buying Chinese produce, silk and tea in particular, and selling it in the Western

\(^{20}\) The Commission had then been reduced to one instead of three Superintendents.
World at a profit. To pay for these goods it was necessary to raise funds in China and this was done by supplying the Chinese with opium. The other method of paying for goods bought from the Chinese was by shiploads of silver. When the early flooding of the China market with Western manufactured goods failed, it became obvious that Manchester and other manufactured goods could only be sent to China to be sold for small return purely to keep the machines in England "turning over" and to enable them to make their profits on specialised lines sold elsewhere. This was a recognised practice, but it would not provide silver to buy silk and tea; opium would provide silver, hence the great importance of the opium trade, both before and after the opium war with regard to China; it also had another purpose with which we will deal later, to provide revenue for the Indian Government. Consequently the success of the opium trade soon became of paramount importance to the Western merchants at Canton.

From time to time there were rumours that the opium trade would be legalized, but the foreign merchants interpreted the intrigues of the Pekin Court incorrectly in 1836 and

22. P.L.B. (Jardine), 20/8/34; to John Macvicar, Manchester, that the Americans had overdone the business of flooding the market in anticipation of the end of the East India Company's monopoly.
23. P.L.B. (Matheson); 21/1/37; to D. S. Burn, Bombay; reporting a rumour of the legalization of the opium trade.
the following year Matheson wrote that the legalization was no longer thought of. Gradually the situation hardened and in 1839 Commissioner Lin arrived in Canton with extraordinary powers to suppress the opium trade. Lin swiftly compelled the English merchants in Canton to surrender all their opium, which they did upon the advice of Elliot, the Superintendent of the Trade Commission. The Chinese then destroyed the surrendered opium and gradually the situation at Canton deteriorated. The action of Elliot in advising the surrender of the opium brought the British Government into the argument. The demand made by the Chinese that all foreign merchants should sign a bond agreeing to submit to the death penalty if they should ever again deal in opium raised once more and in a most urgent form the old argument whether or not Europeans should be liable to Chinese justice and Chinese courts. The East India Company had always refused to surrender its servants to trial by Chinese legal methods; now the British Government was forced to take note of the same problem and was compelled to make a fairly speedy decision. Lin actually appealed to the moral aspect of the opium question and addressed a letter to Queen Victoria in which he said:

"We have understood that in your Kingdom the prohibition

24. Jardine - Matheson (unbound letters 1815-40): to Captain Rees, Barque Austin, 20/11/36: "We are still in the dark respecting the admission of opium, on paying a small duty, the general opinion is in favour of admission but this is only very lately, and arises from the circumstance of the Emperor having lately given an appointment to one of the Mandarins who opposed it, and removed him from Court. If admitted prices must go up here - if not admitted they cannot go much lower than they are now."


26. For an account of this affair see Costin "Great Britain and China, 1833-60," Chapter I Section C.
against the smoking of opium is of the sternest severity—a clear evidence that opium is exceedingly injurious to mankind ... Suppose that individuals of other nations were to sell opium in your kingdom and to seduce your people to purchase and smoke it, you would be greatly incensed and would by all means stamp it out. We therefore expect you not to do to us what you would not like others to do to you.

By introducing opium into our Country your subjects have murdered our people by the hundreds. To check further murder we have enacted a law, to the effect that all foreigners conveying opium to our Country will be hereafter strangulated. In doing this, we are sensible that we are wiping out a great evil for the World.27

In spite of this appeal to the moral aspect of the question war was imminent. Though there was no obligation for Britain to see that her subjects did not infringe the laws of a friendly state, there was an obligation to protect her subjects from the extreme penalty imposed by a system of justice considered to be archaic and uncivilized and which was carried out in a barbaric fashion. Though there was some opposition to the opium trade in England, this was more than countered by the view that it was justifiable for the Government of India, having the facilities to produce opium, to dispose of it profitably. There were also strong views expressing doubts about the sincerity of the Chinese in their desire to destroy the opium trade.28 Besides

the moral reason for prohibiting the sale of opium in China there was the question of the drain of silver from China. Before 1833, as we have seen, there were few serious attempts to curb the export of silver from China because the balance of trade had been in favour of China with a steady importation of silver dollars. Between 1829 and 1840 the balance was against China leading to a steady drain of silver, much of which was used to pay for the smuggled opium, and this steady drain of silver was another reason why it was considered necessary to destroy the opium trade.

War led to China being compelled to grant trade concessions to the Western Nations, and she continued to receive large quantities of opium from India, though from time to time the question of ending the opium trade was considered. Eventually in 1913 the Indian Government stated that it would sell no more opium for export to China.

B. INDIA AFTER the PASSAGE of the BILL.

In April 1834 the East India Company's distinguished career as a trading Company came to an end; instead the Company began to devote its full effort to the one task of governing India. The first great problem was to maintain that Government out of the Indian Revenue, now no longer augmented by the annual surplus derived from the profits of the tea trade. The fears of swift financial disaster to the Indian finances, now that this prop was no more, were not fulfilled for the figures for the Indian Revenue

1835-36 a surplus of 1½ millions
1836-37 a surplus of 1¾ millions
1837-38 a surplus of 3/4 millions

and a deficit in 1838-39. The decrease in the surplus was due to extra-ordinary expenses which increased the Indian debt from less than 30 millions in 1836 to nearly 47 millions in 1850.31 Though the East India Company had ceased to trade in tea they still retained an interest in that commodity and when they realised that tea was indigenous to Assam they commenced to encourage the cultivation of the tea plant in that area, though it was a considerable number of years before Assam tea was in a position to replace that of China.

Though the Company had lost the China tea monopoly they still retained two other very valuable monopolies, those of salt and opium. The salt monopoly had always been a monopoly of whatever Government had governed India, and the Company continued to make a steady profit from this article.

Opium was a most valuable monopoly. It had been in the hands of the East India Company from the early days of the Company’s control over Bengal. The cultivation of the Bengal opium was undertaken by the Ryots on behalf of the Company and the crop was sold by the Company at auction.32 Once sold to the private traders the Company claimed no further interest in the drug. By 1834 in addition to revenue from Bengal opium the Company’s Indian

32. Owen "British Opium Policy in China and India," page 47.
Government was drawing considerable revenue from the transit duty of 175 Rupees per chest on Malwa opium passing through the Company's territory to Bombay. Though no longer concerned in trade the Company, as the Government of India, continued its policy of securing revenue from transit duties on Malwa opium, and this task was made much easier in 1843 when the Company conquered Scinde and made it possible to block completely the exit of Malwa opium through Portuguese territory, and enabled the Indian Government to raise the transit duty and thereby increase the revenue. Between 1838 and 1843 the transit duties produced £275,000 p.a., rising rapidly to £338,000 in 1848-49. In 1879 the transit duty on a single chest was 750 Rupees, a very considerable increase over the figure of 175 Rupees of 1830.

When the Government of India passed from the East India Company to the Crown in 1858 the same policy was continued. Not only did the opium produce a useful revenue for the Indian Government but it helped to buy teas in China. In 1836-37 teas bought in Canton for the British market were worth 20,225,065 dollars, while the opium imported into China was worth 19,746,759 dollars, consequently it almost paid for all the tea bought by British merchants in China. The Indian Government continued to produce opium for export to China until it decided to sell no more opium for export to China in 1913.

In many respects the abolition of the Company's trade

34. Ibid., page 131.
35. Ibid., page 348.
with China made little fundamental change in the basic principles of foreign trade with China, real change in marketing conditions did not take place until the large scale opening of China by the Great Powers towards the end of the Nineteenth Century. After 1834 opium produced by the Indian Government still served to pay for tea bought by the British in China and to provide the Indian Government with Revenue; while merchants still found the China market very reluctant to accept, in any quantity, British machine made goods.
CHAPTER 9.

CONCLUSION.

The process initiated in 1793 of reducing the trading monopoly of the East India Company was completed in 1833 when the Company not only lost their special trading privileges but also the right to trade. In the latter year they lost the China monopoly which mainly concerned the tea trade. The decision to end the trade was influenced mainly by the noisy efforts of the free traders in Britain who were both numerous and vocal. The outports and industrial centres who were responsible for influencing Parliament, never really understood the real nature of the Canton trade, but their numbers and influence were enough to ensure that the Company's monopoly of the tea trade was destroyed. Curiously enough much of the trouble and difficulty prophesied by the Company actually materialised within a short time of the removal of the
authority of their Select Committee from Canton.

The East India Company had hoped that the existing monopoly might be continued and that the authority of their Select Committee might be strengthened by the grant of Consular Powers which would enable them to curb the activities of the private English and thereby improve relations with the local Chinese authorities. Had such a solution been adopted the problem of the illegal opium trade would still have existed: the Company could not see it destroyed, because that would have made the purchase of tea difficult, and sooner or later they would have had to accept responsibility for its existence and control. Doubtless, with Consular control over the private English they felt they would be able to force a settlement upon the Chinese by the device of a stoppage of trade. Such tactics would have been doomed to failure because the stoppage of British trade alone would not have been sufficient to affect the Chinese, there were by this time too many other foreigners trading at Canton to make a stoppage of British trade a catastrophe for Canton. As we have seen from the nature of the campaign against the monopoly there was little hope of such a course being adopted, social, economic and parliamentary ideas now considered monopolies to be out of date.

Though free traders in Britain wished to end the Company's trade completely, the private English at Canton were not particularly concerned about the elimination of the Company's trade; they believed that in open competition they had nothing to
fear from the Company. The Canton English wanted to be free from the control of the Select Committee of the East India Company. In its place they wanted the strong backing of the British Government, provided that Government did not interfere in their affairs, in an attempt to break up the Canton trading system and to destroy the monopoly of the Co-Hong. Unfortunately they did not always receive the support they hoped from the British Government.

The end of the monopoly was inevitable and the East India Company wisely relinquished their trading rights in order to continue as rulers of India. The removal of the Company's authority from China was only a stage in Anglo-Chinese relations and merely brought the ultimate clash between Chinese methods of trading and the Western system closer and perhaps served to determine the nature of that dispute. An even more important aspect of the abolition of the East India Company's monopoly was that henceforth the Company were free to devote all their energies to the important and difficult task of ruling India, a task which was to enhance the name and the glory of John Company.
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