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Pamela Nightingale

Excerpt

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CHAPTER I

TRADERS AND GOVERNORS

When the first East India Company vessel sailed up to the city of Surat in 1608 not even the boldest of forecasters would have linked the destinies of the empire of the Moghuls with what Napoleon was later to call the nation of shopkeepers. There was little to suggest from the abject humility with which Captain Hawkins pleaded for permission to trade in Surat that his struggling new company would two hundred years later have in their power the great emperor Akbar's descendant, a pitiable blind old man of eighty-three seated under a small tattered canopy in Delhi. Between these two events the decisions were taken and the battles fought which turned the merchant company into the strongest power of the Indian sub-continent. Another hundred years was to see the company disappear under the weight of empire. Where once ill-paid clerks had laboriously copied profits and losses into morocco-bound ledgers, the officials of the Raj, the gifted products of the Oxford and Cambridge honours schools, were to decide the destinies of India with all the arrogance of a ruling caste. Trade became slightly discreditable, and the Europeans who engaged in it moved in different social circles from those of the official and military elite. The once honourable profession of the East India Company found little place in the imperial splendours of New Delhi.

It was a curious development, on the surface affected by events in Europe, but worked on beneath by strong contrary currents. Before the eighteenth century was out it was remarked that Englishmen who stayed for any time in India either became 'sultanised' or 'Brahminised' and Lord Wellesley was cited as an example of the former.¹ Despite the great changes in nineteenth- and twentieth-century Europe towards democracy, urbanisation and the levelling of social classes, the British Raj remained almost to the last an oligarchic and militaristic caste ruling an agrarian and largely illiterate peasant society. Although Britain might have a socialist prime minister the viceroy of India had to be a peer. At the

¹ See below, p. 137.

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greatest crises of the Second World War when Britain's very survival was in doubt, the viceroy and secretary of state were still obliged to concern themselves personally with the distribution of honours among the various ranks of the civil service. In the last years of the Raj there was still glamour and prestige, idealism and dedication, but when the break came the England of the welfare state had little in common with an India where communal hatreds and mass poverty had proved stronger than the liberal ideas and democratic machinery imported from Europe. Whatever force had bound India and Britain together for two hundred years it seemed in 1947 as irrelevant as the use of elephants in the armies of the nuclear age.

And yet this later estrangement has obscured the fact that there must have been in the beginning a more vital connexion than a love of fighting and national pride. Armies are always costly to raise and maintain, and while the cause of national prestige has led many governments to incautious steps it does not usually lead them to embark on the domination of a sub-continent. Least of all could the British government be tempted in this way when its inglorious defeat by the American colonists in 1783 had shown that the price of maintaining national prestige could be too high. What was it, then, which brought about this strange connexion between Britain and India? Was it an historical accident, the aspirations of ambitious individuals, the effect of European rivalries, the lure of wealth and trade, or even compensation for the loss of the American colonies? All have been put forward as explanations, and if one thing is certain it is that one is not valid to the exclusion of all the others. The territorial expansion of the Indian empire covered more than a century of history in which world powers rose and fell, whole economies changed and the climate of political thought went through a revolution. Such was the effect of these changes that what might be advanced as the reason for maintaining or expanding the empire in 1850 may bear little relation to those put forward eighty or fifty years earlier.

But perhaps the fundamental questions to ask are which are the critical periods when the extension of British territorial power in India became inevitable? Was it then inevitable because there was no real alternative, or because the possibility of retrenchment or severe limitation was swept aside by the more powerful pressure to intervene? Who was responsible for this pressure and can one

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distinguish the real motives behind it? Was the relationship between Britain and India brought about by strategic, political or mainly economic needs? When the problem is approached on these lines it is apparent that the whole process began in the eighteenth century in two critical periods, the first coinciding with and immediately following the Franco-British conflict of the Seven Years' War which brought Bengal and eastern India under British control, and the second roughly coinciding with the French revolutionary and Napoleonic wars when British power was extended to northern and western India. By the end of Wellesley's governor-generalship in 1805 the East India Company was irrevocably committed to territorial power in India.

The obvious conclusion would seem to be that the conquests in India were undertaken as part of the wider European contest for sea power, overseas territories and trade which in the sixteenth and seventeenth centuries had brought the Portuguese, the Spaniards and the Dutch to the Americas and to Asia. In the eighteenth century it was the turn of the British and the French, newly strengthened at home, to take the major role in this overseas expansion as the financial and naval strength of their rivals decreased. In the economic thinking of the time the amount of the world's wealth and trade was fixed and nations became powerful by wresting from others their share of trade. Since trade was also thought to depend largely on territorial possessions, the contest for European power was extended overseas. The ambitions of the British and French to acquire wealth equal to the gold and spices which the Spaniards and Dutch had won from their overseas enterprise, and the belief that colonies were an important part of commercial and naval power, were largely behind the long-drawn-out struggle which engaged the fleets and armies of France and Britain in America, Canada, Africa and the West Indies, as well as in the east. In India it was the fear of the alliances which the French under Dupleix were making with Indian princes on the Coromandel coast and which threatened to cut off English trade from its hinterland, which first brought the East India Company into open warfare. Even when the French had been decisively defeated in India by 1761 the English still feared that they would attempt to re-establish their power, and after the final naval victory of Trafalgar the protagonists of the expansionist policy continued to justify it in terms of the French menace.

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But attractive though this explanation is, it leaves important facts out of account. The area where English and French armies actually fought each other in southern India during the Seven Years' War and where the French had their strongest base at Pondicherry, was not the scene of the East India Company's first and greatest territorial acquisitions. The very real menace to English interests which Dupleix and his French force had been, and Madras had actually been in their hands from 1746 to 1748, did not produce any appreciable expansion of English power on the Coromandel coast (apart from the acquisition of the Northern Circars) until the nineteenth century. It was quarrels with Indian rulers over issues of Indian power politics which brought the first harvest of territorial gains, and these were where the dissolution of the Moghul empire had gone furthest.

Far more important than the conflicts between the European powers for the control of India in the eighteenth century was the fate of the Moghul empire. While the empire remained strong the Europeans were insignificant traders dependent for their existence on the privileges which the Moghuls permitted them. The administrative machine which the great sixteenth-century emperor Akbar bequeathed to his successors survived even the break-up of central authority, and it was only the persistent failure of ability in the eighteenth-century emperors which brought about the decline and eventual dissolution of the empire. Towards the end of the seventeenth century the emperor Aurangzeb began the process by reversing some of the policies which had given India a long period of peace and stability. He declared outright but unsuccessful war on the Marathas, a militant Hindu people of the Deccan, and ended the policy of tolerating the Hindus and taking them into partnership in the empire. From the time of his death in 1707 the empire broke up steadily, and under Maratha attacks, succession disputes, a Persian invasion and civil war, power increasingly fell into the hands of provincial governors or adventurers who set up their own succession states.

Despite these disasters India was not a prize to be had for the taking in the eighteenth century by any European soldier of fortune. There remained a nucleus of Moghul power in the important state of Hyderabad which was sufficiently strong to block foreign ambitions in that quarter, while the Carnatic was ruled by a Moghul deputy until 1801. Some of the succession states proved to

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be strong and stable and were quick to adopt European military techniques. The future Duke of Wellington was to find India a tough training ground for his later campaigns against the French. The north and west were dominated by the Marathas who were feared throughout India for their marauding attacks, while in the second half of the eighteenth century the power of Mysore under Haidar Ali and his son Tipu grew and threatened the south.

Only in the east where the dissolution of Moghul power had gone furthest and government was weakest was an opening given to Europeans. The English were able to take advantage of this because their Dutch and French rivals could not equal them at that time in sea power and commercial strength. Nevertheless the English Company was drawn into Bengal politics first in self-defence. Its trade had been restricted in the 1740s and '50s by the ruling nawab who was strong enough to subdue the foreigners. But it was only when it was threatened with annihilation by his weak but headstrong successor Siraj-ud-daula who attacked the Bengal settlements in 1756 that the English Company made war. Once it was involved, the weakness and chaos of the local political scene made retreat difficult, even if it had been desirable, and by 1760 Bengal and Bihar were virtually under the rule of the Company. The Company's servants used their new power to enrich themselves shamelessly by private trade through avoiding the taxes which were imposed on their Indian competitors. For most of them this was their only means of earning a competence as their official salaries were inadequate. A sufficient number of fortunes were made and flaunted in Bengal to make the establishments of Madras and Bombay wish to copy Bengal's example, and in the 1770s they plunged the Company into disastrous wars with the Marathas and Mysore which brought it to the verge of ruin.

If Clive's intervention in Bengal to avenge Siraj-ud-daula's attack marked the first step on the road to empire, the crisis which confronted the East India Company and the whole imperial strategy of the British nation in the early 1780s was for both the more critical. All at once several chickens came home to roost and the flamboyant successes of the Seven Years' War came to a drab end. The failure of the British to subdue their rebellious American colonies and the ignominy which the treaty of Versailles in 1783 meant to a proud nation could not fail to produce deep heart-searching about the value of overseas territorial possessions. New

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economic ideas began to circulate which suggested that commercial growth was not necessarily dependent on political control, a theory which was borne out by the great increase of trade between Britain and her former American colonies after they had won their independence. The growing enterprise of navigators and traders in the eastern seas had opened up new opportunities in the inter-Asian trade and in the tea trade with China. Pamphleteers and intelligent observers began to suggest that Britain's real interest lay not in territorial acquisitions but in developing strategic posts on the trade routes which could provide dockyards for her merchant ships and marts where the goods of Asia could be exchanged without the expense and trouble of large-scale political responsibilities. These views were gaining ground in Government circles even before the failures of the American campaign made continental entanglements of dubious appeal.¹

But even where the loss of the American colonies produced the contrary effect, as Pitt claimed in 1784, of making the Indian possessions seem more valuable,² all who were acquainted with the real state of British affairs in India at the end of the American war could not be optimistic about the future. The Court of Directors, the governing body of the East India Company, was concerned at the ever-rising cost of military expenditure. In 1773 they were forced to raise a loan of £1 million from the state to remain solvent and in return had to submit to the Regulating Act which introduced the first measure of Government control. But with the independent attempts of Bombay and Madras to emulate Bengal's success which led to their costly failures in war, the Company's debts rose to an estimated £8 million in 1784.³

Moreover, the trading accounts of the Company did not hold out much promise of reducing this vast debt. The long-established trade in woven piece-goods which the Company shipped from India to Europe had ceased to expand and was beginning to be challenged by the machine-made products of Lancashire. The Company had never been very successful in selling British goods in India and there seemed to be no immediate prospect of improving the situation. If it had been forced to rely on its Indian trade the Company could not have escaped bankruptcy. But fortunately for

¹ V. T. Harlow, *The Founding of the Second British Empire, 1763-93*, 1.

² Cobbett, *Parliamentary History* xxiv, 1085-1100.

³ Philips, *The East India Company 1784-1834* (1961), 46.

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its affairs the fashion for drinking China tea seized eighteenth-century Europe and the Company's trade with Canton boomed. In 1784 this trade took an exceptional turn. Before that date the British government had levied duties of 115 per cent on all imports of tea which had made smuggling highly profitable. As a result foreign ships had competed with the Company's at Canton and shipped the tea to Europe whence it was smuggled into Britain to the Company's loss. But in 1784 Pitt introduced a Commutation Bill which reduced the duty on tea to 12 per cent and so made smuggling unprofitable. The result was spectacular. The Company was able to price its competitors out of the British and most of the European market and its China trade leapt in value. But this brought its own problem, because unless it exported bullion to Canton from Britain or India, a course which was highly undesirable, the Company had no easy means of paying for the tea as China was no better market for British goods than India. But the new demand served to stimulate the enterprise of British private traders who were based in India, and although forbidden by the Company's monopoly to trade with Europe, they were allowed to export Indian produce to China. They paid the proceeds of their sales into the Company's treasury in Canton and received in return bills of the Company to be drawn in India or Britain.¹ The arrangement suited both the Company and the private merchants, and drew Britain, India and China into a close commercial relationship. Nevertheless, even the profits of the tea trade could not outweigh the mounting debts caused by Indian entanglements.

These financial embarrassments brought the Company's affairs more closely to the attention of parliament. The misgovernment and blatant corruption which had come near to impoverishing Bengal in the fifteen years after Plassey, and the wealth of the returning nabobs, were criticised in parliament in the early 1770s and in the reports of the select committee which preceded the Regulating Act. This revulsion against exploitation and costly military adventures in India came to a head in the House-of-Commons resolution of 1782 demanding the recall of Warren Hastings and the governor of Bombay, and it subsequently led to Hastings's impeachment. The need for some measure of government control over Indian affairs was urgent and in 1784

¹ E. H. Pritchard, *The Crucial Years of Early Anglo-Chinese Relations, 1750-1800* (Research Studies of the State College of Washington IV, 1936).

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Pitt passed his India Act. In introducing the Bill he maintained that:

The first and principal object would be to take care to prevent the Government from being ambitious and bent on conquest. Propensities of that nature had already involved India in great expenses, and cost much bloodshed. These, therefore, ought most studiously to be avoided. Commerce was our object, and with a view to its extension, a pacific system should prevail, and a system of defence and conciliation. The Government there ought, therefore, in an especial manner to avoid wars, or entering into alliances likely to create wars...¹

To make sure that this should not be merely a pious resolution, the Act provided that the political power which had hitherto been exercised by the Court of Directors of the East India Company should be supervised by a new government department, the Board of Control. The directors were to retain their powers of patronage but the governor-general was strictly forbidden to make war without the express approval of the Court of Directors unless forced into it by the hostile preparations of an enemy. And to make sure that there should be no repetition of the circumstances in which Bombay and Madras had dragged the Company into wars of their own making, the act forbade them to make treaties or declare war without the assent of the governor-general or Court of Directors unless forced by a dire emergency. The officials of the subordinate presidencies were firmly put under the authority of the governor-general and were ordered to obey him on pain of suspension from their office. The days of buccaneering in India, insofar as legislation could decide, were over.

But it would be a mistake to see the situation created by Pitt's India Act in modern terms as a Whitehall attempt to control a giant corporation in the public interest. Eighteenth-century politics knew no such thing as impartial civil service control or any clear distinction between public and private interest. Rather there were many sectional interests jostling for office and patronage. This was as true of the East India Company as it was of the House of Commons. Individuals collected round themselves men of like concerns and through family connexions, wealth or political alliances, sought to build up a following which might procure them further places and patronage. In the East India Company this

¹ Cobbett, *Parliamentary History* xxiv, 1085-1100.

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meant that from the newest recruit to the most powerful director there was little idea of the interest of the shareholders or of the Court of Directors being distinct from their private interest. Every recruit to the Company's service owed his much sought after position to his personal or financial connexion with one of the directors. Not only did he feel bound to support his patron's interests but he relied on him for recommendations in the presidency to which he was sent and for help in winning promotion. To have the patronage of a powerful director was a most valuable asset.

Moreover the directors were not appointed primarily to protect the interests of the shareholders. To qualify for the position a man had to possess £2,000 of East India stock, and although theoretically he had to be elected by the shareholders in practice the directors elected each other virtually for life. Vacancies only occurred on the death or disqualification of a director and if a man aspired to the job it involved him in an expensive contest. But no matter how much money he spent he had little chance of success without the support of one of the great interests of the day. For the Company was not a monolithic structure but a body in which at different times separate and sometimes quite opposing interests fought for control. The real money was made not from dividends on shares but from the commercial and financial possibilities which a position inside the Company afforded. This could be the right to engage in private trade in India and eastern waters which, until the time of Cornwallis, every Company's servant had, or it could be the right of the Company's shipowners, ships' captains and officers to take on board a fixed amount of 'privileged' cargo, free of charge, which they could sell in the east. The Company was honeycombed with a multitude of these private interests and perquisites, the holders of which banded together and sought to protect or extend them by seeking control of the Court of Directors.

At the end of the eighteenth century the Indian interest of returned nabobs with financial stakes still in India competed with the City and shipping interests whose concern was chiefly to retain the Company's monopoly of trade with India. The latter were to be challenged by the private trading interest who fought for its abolition. These interests embraced shareholders and Company servants alike, so that decisions about the Company's policy in India could often be the result of contests at home between the different factions. The practical effect of Pitt's India Act between

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1788 and 1800 was only to introduce a new factor, the ministerial interest of Henry Dundas, the president of the Board of Control, who sought by the same methods to gain control of the Company's policy. The consistency of the Company's policy in India and the smoothness with which it was carried out depended partially on the extent to which the ministerial and directorial interests worked in harmony. When they came into conflict the repercussions could be felt from Bombay to Canton. That conflict was inevitable appears from a study of East India politics in London. 'It becomes clear that neither Parliament and the Board of Control, nor the directors and shareholders of the Company acted in agreement or pursued any consistent policy, but were each swayed by powerful groups formed for the promotion of special, often antagonistic, interests.'¹

But India was several months' sailing distance from London, and powerful though the directors and Board of Control were the final decisions about war and peace, treaties and annexations were more often than not made in India under the influence of Indian politics and the Indian interests of the Company's servants. For just as the decisions made in London were the result of sectional conflicts and compromises so the politics of the Company's representatives in India were shot through with private motives. In the first period of conquest before the reforms of Clive and Hastings these motives could be unbridled desire for loot and the wealth which could be made from private trade concessions extorted by terrorising the countryside. With the sudden acquisition of power the respect in which the Company's servants had formerly held both their own masters in London and the local Indian rulers was largely dissipated, and there began a period of feverish acquisitiveness, luxury and corruption. Where the opportunities for exploitation were so great and official remuneration so low it was the very exceptional man who put the Company's interest before his own, even when it was possible to identify it. This was true from the lowest to the highest ranks. Without some private source of income the newly arrived recruit could hardly make a shift to live in the hard-drinking, gambling and extravagant society in which he found himself. In 1762 it was reported from Madras that few private gentlemen spent less than £5,000-£6,000 a year and the governor lived at the rate of £20,000 a year.² It was

¹ Philips, *The East India Company*, viii.

² T. G. P. Spear, *The Nabobs* (1963), 39.