

VI

BRITISH STATE TAKES CONTROL OF INDIA BUT KEEPS THE EAST INDIA COMPANY AS THE CONVEYOR OF ITS INSTRUCTIONS

Compiled by
Dharampal

Ashram Pratishtan, Sevagram - 442102
May 2000

TABLE OF CONTENTS

1. PROF ADAM FERGUSON DEFINES BRINGING WEALTH FROM INDIA TO EUROPE AS BRITAIN'S CHIEF PURPOSE c. 1773 - COMPANY'S SERVANTS MUST BE ALLOWED TO ACQUIRE FORTUNES	4
2. PROF. ADAM FERGUSON WRITES TO MR HENRY DUNDAS AND SUGGESTS THAT THE COMPANY AND ITS SERVANTS FUNCTION IN INDIA AS SITUATION DEMANDS BUT UNDER AWE OF BRITISH PARLIAMENT c.1783.....	5
3. THE MORE WEALTH THEY DRAW FROM INDIA THE BETTER FOR GREAT BRITAIN c. 1766.....	7
4. ROBERT CLIVE TO EARL OF CHATHAM: THE INDIAN CONQUEST TOO LARGE FOR E.I.CO; THE BRITISH GOVERNMENT SHOULD CONSIDER TAKING IT IN ITS HANDS; CALCUTTA: 1759	8
5. MR. WALSH REPORTS ON HIS MEETING WITH EARL OF CHATHAM TO ROBERT CLIVE 26.11.1759.....	9
6. ANXIOUSNESS IN BRITAIN ABOUT THE SECURITY OF THE BRITISH POWER IN INDIA AND THE ARRIVAL OF INDIA'S WEALTH IN BRITAIN	10
7. SUBSTANCE OF A LATE CONVERSATION HELD BY THE EARL OF CHATHAM: ff41-2 ..	11
8. THOMAS WALPOLE TO THE EARL OF CHATHAM, London, September 9, 1766	12
9. NEWCASTLE TO LORD HARDWICKE: SEPTEMBER 13, 1766	13
10. EARL OF CHATHAM TALKS TO CLIVE EMISSARY WALSH c. 1766	14
11. EARL OF CHATHAM TO CHARLES TOWNSHEND	15
12. EARL OF CHATHAM to C. TOWNSHEND, Bath 6.1.1767	16
13. GEO MENSON TO MARQUIS OF ROCKINGHAM : 2.3.1767	17
14. GEO MONSON TO MARQUIS OF ROCKINGHAM : 5.3.1767	18
GEO MONSON TO LORD MANSFIELD: 21.8.1768	18
15. SIR M. FETHERSTONE TO DUKE OF NEWCASTLE ON INDIAN NEWS: 18/19.6.1767 ...	19
16. NOTE ON NEWS FROM INDIA (FOLLOWING LETTER FROM ROCKINGHAM): 20.6.1767	20
17. LETTER TO DUCHESS OF NEWCASTLE: 19.6.1767	21
18. EQUIPOISE OF BRITISH CONSTITUTION BASED ON EQUALITY AND INDEPENDENCE OF KING, LORDS AND COMMONS THREATENED BY THE BRINGING IN OF INDIA'S WEALTH AND IT FALLING IN TO THE HANDS OF THE CROWN: ie. THE STATE c.1772.....	22
(i) MARQUIS OF ROCKINGHAM TO CHARLES TURNER : 7.4.1772.....	22
19. (ii) MARQUIS OF ROCKINGHAM TO WILLIAM DOWDESWELL	22
20. CLIVE REBUKES GOVERNMENT FOR NOT HAVING A PLAN FOR INDIA.....	23
21. ROBERT CLIVE COMES WITH A PLAN TO BRING IN THE BRITISH STATE IN FURTHER MANAGING BENGAL, ETC	24
22. CLIVE'S HINTS OF A POLITICAL SYSTEM FOR THE GOVERNMENT OF INDIA c. 1772	25

23. CLIVE'S HEADS OF A BILL FOR REGULATING THE GOVERNMENT OF THE EAST INDIA COMPANY'S AFFAIRS BOTH AT HOME AND IN INDIA.....	30
24 . MINISTER JENKINSON`S REASONS FOR CHOOSING THE EAST INDIA COMPANY AS THE NOMINAL INSTRUMENT FOR GOVERNING INDIA: c. 1780.....	33
25. THE BRITISH STATE PUBLICLY TAKES OVER THE RUNNING OF ITS INDIAN CONQUEST WITH THE E.I.CO. AS ITS NOMINAL INSTRUMENT: THE EAST INDIA ACT,1784.....	38
26. PRE-1784 WIDE-SPREAD DISPOSSESSION AND OPPRESSION IN INDIA IGNORED BY BOARD OF COMMISSIONERS FOR THE AFFAIRS OF INDIA AN EARLY DECISION OF THE NEW BOARD - Representation of the E.I.Company on Revenue Despatch to Bengal and Madras; 2.11.1784	40
27. MEMORANDUM OF [MR HENRY DUNDAS`S] INSTRUCTIONS, REGARDING THE NEW CHARTER OF THE EAST INDIA COMPANY, FOR MR RUSSELL c. 1791	43
28. THE COMPLIMENTARY ROLE OF THE PRIVATEERS IN PLUNDERING OF ENEMY SHIPS: A GOVERNMENT NOTE; c. 1791	47
29. THE BRITISH PRIME MINISTER TAKES A HAND IN THE PREPARATION OF THE DESPATCH OF THE PERMANANT SETTLEMENT OF BENGAL c. 1792	49
30. CONSIDERATIONS ON THE GOVERNMENT OF INDIA IN THE EVENT OF THE CHARTER OF THE EAST INDIA COMPANY NOT BEING RENEWED (cir 1812)	51
31. THE ULTIMATE DECION IS OF THE BOARD OF CONTROL IN ALL ORDERS TO INDIA: MR BEAUFOY EXPLAINS THE FUNCTIONING IN LONDON TO SIR GEORGE BARLOW IN CALCUTTA.....	55
32. DR MILNE ON IMPERATIVENESS OF CORRECT INFORMATION FROM INDIA THROUGH VARIED CHANNELS.....	57
33. ESTABLISHING ALTERNATE AND FASTER ROUTES FOR COMMUNICATIONS FROM ENGLAND TO INDIA VIA SUEZ: ESTIMATED TIME 100 DAYS.....	60
34. DATA ON THE FISCAL DEALING BETWEEN THE BRITISH STATE AND THE EAST INDIA COMPANY 1708-1803; AND ON THE ANNUAL EXPORT FROM BRITAIN TO INDIA 1710-1775	61
APPENDIX. NO VIII	62
35. THE BOARD OF CONTROUL EXPLAINS ITS STATUTORY POWERS TO THE E.I.CO. c. 1803.....	64
36. EARL OF CHATHAM TO LORD SHELBURNE : 24.5.1773	67
37. EARL OF CHATHAM TO LORD SHELBURNE 17.7.1773	68

1. PROF ADAM FERGUSON DEFINES BRINGING WEALTH FROM INDIA TO EUROPE AS BRITAIN'S CHIEF PURPOSE c. 1773 - COMPANY'S SERVANTS MUST BE ALLOWED TO ACQUIRE FORTUNES

Edinburgh university: DC. 1.77: Letters from Prof Adam Ferguson to Sir John Macpherson: 1773-1808: 72 letters. The letter dated 10.1.1780 is No 17: No 19 is dated 24.8.1780, then there is a gap of ten years, and the next letter No 20 is dated 31.7.1790. After a three year interval No.21 is dated 25.9.1793.

November 3, 1773

The Company has received many blows within the 12 months and is still upon the anvil to be hammered into nobody knows what. But I hope and believe that no harm will happen. I shall be sorry if anything be done to hinder the Company's servants from acquiring fortunes in an innocent way abroad for after all that has been said this I believe to be the likeliest way of bringing wealth from India to Europe. The state I hope will leave the Company in all matters to govern itself, and it will be wise in any minister to leave them accountable for what happens there but it will be allowable likewise to squeeze them to the last farthing they can pay....

April 9, 1775

.... I am affraid that we never shall have genius enough to turn the great resources which are presented to us in the East or the West to account. I have heard of your intention to returne to Europe and likewise of the probability that Lord Pigot's appointment and arrival at Madras will detain you in India. In that I wish you to do what is best but can not help recommending to you to collect the fullest detail you can of every circumstance relating to the state and operation of policy in India and so equipped to be ready to present yourself here by the time Indian affairs again come under the review of Government, which cannot, by the term of the Charter, be very far off.... That you may the better apprehend what I mean by the detail I have mentioned on the last page, select some town and its district. Procure if possible an account of its extent and number of people. The different classes of that people, the occupations, the resources, the way of life of each. How they are related and their mutual dependencies. What contributions Government or subordinate masters draw from the labourer of any denomination and how it is drawn & c. But I beg pardon for saying so much of an object which you must know so much better than I do. The man who can bring light from India in to this country and who has address to make his light be followed may in a few years hence make himself of great consequence and here I shall conclude my letter.

January 10, 1780

... Fortune seems inclined to favour us, and the nation is in a condition to make great and I hope successful efforts.... This cloud that is gathering in Yorkshire alarms me more. That county seems to be forming itself into a republic, with meetings continued by adjournment, different departments and an executive council. It should in appearance be taken very lightly by Government: but is in reality or may be a very serious matter....

2. PROF. ADAM FERGUSON WRITES TO MR HENRY DUNDAS AND SUGGESTS THAT THE COMPANY AND ITS SERVANTS FUNCTION IN INDIA AS SITUATION DEMANDS BUT UNDER AWE OF BRITISH PARLIAMENT c.1783.

Scottish Record Office : GD 51/3/12:letter from Prof. Adam Ferguson to Mr Henry Dundas; dated Edinburgh 30th October 1783 relative to government of India & c &c.

Edinburgh, 30th October 1783

Dear Sir

I deferred answering your letter till I should return the papers enclosed with it. Dr. Carlyle gives me reason to believe that you have by this time recovered them. They lay so long by me for J. Homes coming to town that I was affraid you would think they were lost. The friends you mentioned have seen Mr Mcpherson's letter and we are all much obliged to you. As for him, I am affraid we cannot all acquit him of partiality tho we shall certainly not quarrel with him on that account. I certainly never suspected you of any hostility to him nor thought the proceedings of the Secret Committee at all directed by any such principle: but embarked as he was with Mr Hastings whatever affected the vessel seemed to be levelled at him. The aspect of affairs as he represents them is very agreeable and I hope will not soon undergo any change. I have been long a politician in speculation and as ready as my neighbours to reform the state: but come to think it a fundamental rule, not to change what is doing well.

How far my friend Mr Mcpherson's concern in the matter affects me I will not pretend to say, but certainly I wish this rule at present to be followed in respect to Indian affairs. There are many faults to be spyed, and there certainly never was a form of executive power less promising than the incorporated proprietors of India stock. Yet under their management the factories or camp of Indostan have become a British empire in India. The French with all their decision and ability of council, the Dutch with all their mercantile skill and masterly plans of empire in Batavia, are beat on that ground. We are so far from being qualified to ensure such effects by premeditated plans of government that when the thing happens we can scarcely explain it. **One conjecture however appears to me not improbable that the general success of our affairs in India is owing to what appears a solecysm in the disposition we have made for the conducting of them, and proceeds from the mean character of a trading company considered as a pretender to empire. This does not hinder the servants who are formed in India from being fit for the greatest affairs. It encourages them on occasion to dispense with the orders of their masters when the service requires it, and if they sometimes abuse their discretionary powers, they know that not only they are accountable to their masters: but feel themselves master and servant together acting under the awe of parliament and lyable to be brought to a severe account by ministers who are little pleased to see so extensive a patronage in their hands. Reverse this and make the first powers in the state the immediate administrators for India and I am affraid you will reverse the fortunes of Great Britain in that country.*** Indostan certainly can not be

* Emphasis added by Editor-Compiler.
Archival Compilations – Vol 6

governed by orders from Great Britain and if much discretionary power be necessary the more it feels itself under the awe of responsibility the better.

I am with the greatest respect Dear Sir,

your most obedient
and most humble servant

(Adam Ferguson)

**3. THE MORE WEALTH THEY DRAW FROM INDIA THE BETTER FOR GREAT BRITAIN
c. 1766**

PRO 30/8/54-II:ff 287-90; Letter from Jas Steurt: May 29, 1766

My Lord,

....In the first place, this new flux of money coming into their coffers in India, will enable them to suspend spending at least any more bullion from Europe; for the China and other market, which lie out of their own territory....

The additional wealth of the Company, in whatever channels it is made to flow into England, must have the effect of lowering the rate of national interest sooner or later. The more wealth, therefore, they can draw from India, so much the better for Great Britain. It would be a poor jealousy in that great nation to attend to the names of those who are the first in spending it. No matter through whose fingers the gold first passes provided it belongs to the nation; and an attempt to grasp it at coming home in virtue of a right may be the means of losing it altogether.

Your affectionate brother and humble servant.

4. ROBERT CLIVE TO EARL OF CHATHAN: THE INDIAN CONQUEST TOO LARGE FOR E.I.CO; THE BRITISH GOVERNMENT SHOULD CONSIDER TAKING IT IN ITS HANDS; CALCUTTA: 1759

Correspondence of the Earl of Chatham, vol I, p. 388-391; Colonel Clive to Mr. Pitt. Calcutta, January 7, 1759

I have represented to them in the strongest terms the expediency of sending out and keeping up constantly such a force as will enable them to embrace the first opportunity of further aggrandizing themselves; and I dare pronounce from a thorough knowledge of this country government and of the genius of the people, acquired by two years' application and experience, that such an opportunity will soon offer. The reigning Subah, whom the victory at Plassey invested with the sovereignty of these provinces, still, it is true, retains his attachment to us, and probably, while he has no other support, will continue to do so; but Mussulmans are so little influenced by gratitude, that should he ever think it his interest to break with us, the obligations he owes us would prove no restraint.

But so large a sovereignty may possibly be an object too extensive for a mercantile company; and it is to be feared they are not of themselves able, without the nation's assistance, to maintain so wide a dominion. I have therefore presumed, Sir, to represent this matter to you, and submit it to your consideration, whether the execution of a design, that may hereafter be still carried to greater lengths, be worthy of the government's taking it into hand.

Now I leave you to judge, whether an income yearly of upwards of two millions sterling, with the possession of three provinces abounding in the most valuable productions of nature and of art, be an object deserving the public attention; and whether it be worth the nation's while to take the proper measures to secure such an acquisition, -- an acquisition which, under the management of so able and disinterested a minister, would prove a source of immense wealth to the kingdom, and might in time be appropriated in part as a fund towards diminishing the heavy load of debt under which we at present labour.

It is well worthy consideration, that this project may be brought about without draining the mother country, as has been too much the case with our possessions in America. A small force from home will be sufficient, as we always make sure of any number we please of black troops, who, being both much better paid and treated by us than by the country powers, will very readily enter into our service.

**5. MR. WALSH REPORTS ON HIS MEETING WITH EARL OF CHATHAM TO ROBERT
CLIVE 26.11.1759**

Correspondence of the Earl of Chatham; vol I, pp 392-393

Mr. Walsh, by whom the letter was sent, gave to Colonel Clive , on the 26th of November, an account of his interview with Mr. Pitt, of which the following is the substance:-- "Mr. Pitt received me with the utmost politeness, and we had a *tete-a-tete* for an hour and a quarter. He began on the subject of your letter. I said I was apprehensive that he looked upon the affair as chimerical: he assured me, not at all, but very practicable; but that it was of a very nice nature. He mentioned the Company's charter not expiring these twenty years; that upon some later transactions it had been inquired into, whether the Company's conquests and acquisitions belonged to them or the Crown, and the Judges seemed to think to the Company. He said the Company were not proper to have it, or the Crown, for such a revenue would endanger our liberties; and that you had shown your good sense by the application of it to the public. He said the difficulty of effecting the affair was not great, under such a genius as Colonel Clive; but the sustaining it was the point; it was not probable he would be succeeded by persons equal to the task".

6. ANXIOUSNESS IN BRITAIN ABOUT THE SECURITY OF THE BRITISH POWER IN INDIA AND THE ARRIVAL OF INDIA'S WEALTH IN BRITAIN

Sheffield Public Library: Rockingham Papers: R 66/1, R 66/3,4,6; extract, last but one para

R. Clive to Lord Rockingham : 6.9.1766

That your lordship may have some idea how much the nation has at stake in Bengal, and how necessary it is we should have able managers both at home and abroad, I enclose you an abstract of the Company's receipts and disbursements for one year in the provinces of Bengal, Bahar and Orissa and I do assure your lordship the treasure received is neat and clear of all deductions, neither do I see under able conductors the least appearance of any considerable interruption in the receipt of our revenues for some years to come.

Abstract of Receipts and Disbursements Accounts 1766

Receipts		Disbursements	
	(pound sterling)		(pound sterling)
Bengal	2,178,972 – 12 &	King's tribute &	351,866 – 13
Bihar	786,688	Nabob's allowance	487,200
Later	990,383 – 6	Company's Expences	980,000
<u>Acquisitions</u>		(c&m)	
			1,819,066 – 13
		Nett Balance to the Co's Credit	<u>2,136,977 – 5</u>
	<u>3,956,043 – 18</u>		<u>3,956,043 – 18</u>

7. SUBSTANCE OF A LATE CONVERSATION HELD BY THE EARL OF CHATHAM: ff41-2

BM. Add Ms 32977: ff 41v

Claremont, September 7, 1766.

That his plan of conduct should be upon the principles of the last administration, tho not with the same persons.

That the two great objects, which required the early meeting of parliament, were, the East Indies and America. He did not enter into any particulars about either; but did not seem to apprehend any difficulties about them.

8. THOMAS WALPOLE TO THE EARL OF CHATHAM, London, September 9, 1766

Correspondence of the Earl of Chatham, vol III; pp 61-64, Extract

Such a balance in favour of this country, whether managed by a particular body of men or by the public treasury may be matter of pure speculation, in comparison to securing it, one way or the other ; but if the East India Company is unequal to the task, their legal rights can be only considered as they combine with the good of the whole; and government would be blamed for trusting so great an acquisition in hands too weak to hold it.

9. NEWCASTLE TO LORD HARDWICKE: SEPTEMBER 13, 1766

BM: Add Ms 32977 (3.9. to 20.11.1766) : ff 75r-v has a letter to Lord Grantham similar to the one to Hardwicke. There are various other references to this topic and interest in the E. Indies. Extract: ff17-26 and 51-5 is from Bengal General Letters.

... The parliament was to sit at the beginning of November; which, I see is now fixed for the 11th. I know nothing of what is doing or intended to be done. I know, my lord Chatham said to a friend of mine, that the two great objects, which required the meeting of the parliament, early, were the *East indies*, and *America*. But his lordship did not explain himself upon either.

10. EARL OF CHATHAM TALKS TO CLIVE EMISSARY WALSH c. 1766

Correspondence of the Earl of Chatham, vol III, pp 93-95; Walsh to Lord Clive: 11.10.1766; Extracts

"It was the 11th of October that I saw Lord Chatham. I told him the occasion of my visit in almost the same words I had used to Lord Camden: in answer to which, after complimenting me on the purity, as he styled it, of my intentions, and of the liberal way in which I had considered this matter, he told me that all *matters of fact* relating to India would be very acceptable to him, though he did not wish to receive propositions on that head, as the affair was of too extensive and too difficult a nature for ministers to determine; that they could not undertake to decide, between the state and the Company, what was precisely proper for each; that the consideration must of necessity come into parliament; that by the means of so many gentlemen coming from different parts of the kingdom, and turning the subject different ways in their minds, many new lights might be gathered; that the crown had nothing to do in the affair, and that its ministers could only interfere in preventing unreasonableness and oppressions on one side or the other; and that the Company, in all cases, must subsist. On my giving him the state of the revenues, he seemed much surprised at the smallness of the amount, saying that Holwell and common report had made it much larger. He spoke very handsomely of you; said that he heard with concern of the virulent publications against you; that it was incumbent on the Company to support you strongly, and likewise to reward you. I mentioned how greatly the Company's commerce might be extended with the assistance of government; hinted the necessity there was of excluding foreigners from being stock-holders, and sharing in our benefits; and concluded with observing, that every thing I had heard from him gave me the highest satisfaction, except the impracticability that he intimated of any arrangement between the administration and the directors before the meeting of Parliament.

"This is the substance of my conversation with this great-man, who is certainly not only the most vigorous, but the most comprehensive and judicious minister this country ever had. I hope, in consequence of what I before wrote to you, that you have taken steps to conciliate and attach him. He has a greatness in himself, which makes him feel and assert the great actions of others."

11. EARL OF CHATHAM TO CHARLES TOWNSHEND

Correspondence of the Earl of Chatham; vol III, pp 153-154; Burton, Pynsent, January 2, 1767: Extract

I need not tell you how entirely this transcendent object, India, possess my heart and fixes my thoughts. It will not be hard, then, to judge of my sensations, on a dawn of reason and equity in the general court, so long delivered up to the grossest delusions of a mistaken self-interest, and shutting their eyes to the clearest principles of justice, and to a series of the most incontestible facts.

I can call it hitherto only the dawn, waiting anxiously for the more perfect day. The motion, (discreet enough in itself) is so worded, that it may contain all that is right and desirable; it may also conceal, within a specious generality, certain narrow notions, that would frustrate national justice and public prosperity. I will, however, hope for the best side of the alternative, and am fully persuaded, my dear Sir, that you and I shall equally share the honest joy, if the desired success crowns the great work; and, indeed, by one and the same act to do the nation justice, and to fix the case and pre-eminence of England for ages, are plentiful sources of manly and noble joy.

12 . EARL OF CHATHAM to C. TOWNSHEND, Bath 6.1.1767

Correspondence of the Earl of Chatham; vol III; pp 157-158, Extract

It would be an useless intrusion upon your time to repeat here the first principle which rules me in this matter; namely, that the right is evidently with the Company; for I can venture upon no method of defining the idea of adequate, but by assuming or deciding the question of right, and by considering, consequently, whatever portion of the revenue shall be left by Parliament to the Company as indulgence and matter of discretion. I will only add upon this head, that my fears do not arise from distrust of the good intentions of the directors, but from the vices and passions of the general court, to whom they are to report. Under these circumstances, I confess I am not sanguine enough to hope for an issue I shall think adequate. Allow me now, dear Sir, to assure you, that I esteem myself sensibly obliged to you for the honour of the letter I am now answering, and am not a little flattered with the attention you are so good to give to solicitudes, which are very real, and proportioned to the mighty national benefit, which is to be acquired or lost at the end of this momentous business. I feel all the extent of the very favourable and kind expressions with which you conclude your letter, and beg you will accept of my warm acknowledgments.

13. GEO MENSON TO MARQUIS OF ROCKINGHAM : 2.3.1767

Sheffield Public Library: Rockingham Papers: R 1/758

Broxbom bury
March 2, 1767

My Lord

As the ocean of riches flowing into the East India Company's treasury from Bengal may dazzle and make small streams altho rich, glide unnoticed and unheeded, the Company's acquisitions on the coast of Coromandel may possibly be unknown to your lordship, I have therefore taken the liberty to state them, and the means by which they become possessed of them, leaving to your lordship to decide on their right, and am with most profound respect your lordship's most obedient and most humble servant

Geo Monson

14. GEO MONSON TO MARQUIS OF ROCKINGHAM : 5.3.1767

Sheffield Public Library: Rockingham Papers: R 1/761

acknowledges Rockingham's reply and would wait on the Marquis tomorrow at 11.A.M.

GEO MONSON TO LORD MANSFIELD: 21.8.1768

Sheffield Public Library: Rockingham Papers: R 1/

...Their scheme is to force the East India Company to pay for every thing; viz towards the supplies for the current service of the year, and, I dare say, no inconsiderable sum, for the discharge of the kings civil list debt. They are making the necessary enquiries into the profits of the acquisitions of the East India Company, in order to dispose of them, as they please. They assert the undoubted right of the crown to all the acquisitions and conquests of the E.I. Co. They seem to go roundly to work and to dispose of **

** words illegible

15. SIR M. FETHERSTONE TO DUKE OF NEWCASTLE ON INDIAN NEWS: 18/19.6.1767

BM: Add Ms 32982 (Newcastle Correspondence 18.5.to 30.6.1767; ff 462. The volume has much correspondence on the 1767 India Bill;) ff 357r-358r

Friday Night, 10 O'Clock

My Lord,

Though your Grace will hear tomorrow all the letters, and tho you have likewise talked with Mr Walsh and learnt from him the intelligence that is come, yet in compliance with your Grace's request, I have wrote these few lines to inform you that the news which is come by the Cruttenden, is the greatest that the most sanguine could wish; *that all the debts owing by the Company* in India are paid that all the investments are made, and yet near to 600,000 pounds are left in the treasury. That the Nabob of Oudh's debt is *paid*. which was called *rotten* by Lord Camden among other articles; that the country is in a state of the utmost tranquility; subordination restored; the Marattas quelled, and sent home; Lord Clive says he shall leave the Government in the hands of a person (Mr Verelst) who is most upright and every way deserving of it. Lord Clive is out of danger and coming home in the Britannia. Jaffier Aly Cawn left by *will* 5 lacs to Lord Clive for his conduct, bravery & c in India. Lord Clive (according to the covenants entered into) would not accept it, but has generously given it for a fund for the widows and orphans & c of the officers of the army; and has got the Nabob to add 3 lacs to it, which makes in all 100,000 pounds; and will produce *there* an income of 8,000 pounds per anum for the charity. In short your Grace will find (mixed with great good news), such a scene of, [] #practices committed by some of the servants, that wanted to be washed white, that will astonish you as I hear. And that the officers who are come or coming home have merited, what I hope they will find here, the indignation that must arise in good minds at bad intentions.

I am my lord your Grace's most obedient and most humble servant,

Mattw Fetherstone (hough)

P.S.: I write this as well from private letters come, as from those your Grace will hear tomorrow.

**16. NOTE ON NEWS FROM INDIA (FOLLOWING LETTER FROM ROCKINGHAM):
20.6.1767**

BM: Add Ms 32982: ff 371r

By the letters received the debts in India appear to be all satisfied, the investments to be all made and yet near 600,000 pounds left in the treasury in Bengal. The Nabob of Oudhe's debt paid, the Country in the utmost tranquility and the Marattas quelled. So that the whole riches arrived in the Cruttenden supposed to be near a million; and the effects of all the Company's other ships that are daily expected, must amount to a sum equall to all their simple contract debts at home.

17. LETTER TO DUCHESS OF NEWCASTLE: 19.6.1767

BM: Add Ms 32982, ff 395r

Newcastle House, June 19, 1767
eight O'clock.

Madam

My Lord Duke is just come from the House of Lords; and, it is with the greatest pleasure, I acquaint your Grace, that he is extremely well, and very happy. The House of Lords is adjourned to Monday next; and his Grace proposes to be at Claremont, early tomorrow. The ship (Cruttenden), so long expected from the East Indies, is arrived, and has brought very great news, from Lord Clive, of the prosperous state of the company's affairs; which will afford a very strong argument, to show the impropriety of the Bill now depending in the House of Lords.

My Lord Duke sends his kindest compliments to your Grace; and I am, with the highest respect, Madam, your Grace's dutiful

humble Servant, Thos Hurdis

**18. EQUIPOISE OF BRITISH CONSTITUTION BASED ON EQUALITY AND
INDEPENDENCE OF KING, LORDS AND COMMONS THREATENED BY THE BRINGING IN
OF INDIA'S WEALTH AND IT FALLING IN TO THE HANDS OF THE CROWN: ie. THE
STATE c.1772**

Sheffield City Libraries: Fitzwilliam Mss: Rockingham Papers: R 1/1402, R 1/1415. Marquis of Rockingham to Charles Turner 7.4.1772. The Marquis of Rockingham was Prime Minister of England around this time. Extract

(i) MARQUIS OF ROCKINGHAM TO CHARLES TURNER : 7.4.1772

... I expect no success, but it will afford some satisfaction to see right and proper efforts continued to be made to check the *court views*, on the East India business. Unfortunately many things combine to further, and promote the court views in that matter. It is useful to the court, that there should be a general prejudice against *Nabobs*. The East India directors, and the ministry join in proving the misconduct, and rapaciousness of the East India Company's servants in India. The ministry will proceed to show the inability, or even perhaps the iniquity of some of the East India directors at home, and then will expatiate on the necessity of something being done, to remedy the grievances, and to save so important an object to the country. The result will naturally be, that *Parliament* ie the *Ministry* must take the super direction of the East India Company's affairs. The lucrative offices, and appointments relating to the East India Company's affairs, will virtually fall into the patronage of the crown. **Such an addition to the ways and means of corruption, which is at least equal to all the appointments of the crown in army, navy and revenue, church, etc, must be felt, when already what the crown possesses in patronage has nearly over-balanced the boasted equipoise of this constitution, which consisted in the equality, and independence of the three separate estates, of king, lords, and commons. The danger to the constitution is imminent, I fear unavoidable. Charles the First and his ministers had not the advantage of a diffusive patronage to create influence, and therefore strove to create a high undefined prerogative in the crown.***

19. (ii) MARQUIS OF ROCKINGHAM TO WILLIAM DOWDESWELL

... If the comparison would hold between the Company and the Publick, as between landlord and tenant I should say, that tenants who to divide annually among themselves 3 or 400,000 pound sterling occasioned 12 or 1,300,000 pound sterling to be paid into the landlord's treasury, were surely well deserving of favour.

20. CLIVE REBUKES GOVERNMENT FOR NOT HAVING A PLAN FOR INDIA

Lord Clive's speech in the House of Lords: 30.3.1772, pp 56-58, Extract

Disobedience to legal power is the first step of sedition; and palliative remedies effect no cure. Dismiss or suspend from the service, any man who shall dare to dispute your authority.

The Company had acquired an empire more extensive than any Kingdom in Europe, France and Russia excepted. They had acquired a Revenue of four millions Sterling, and a trade in proportion. It was natural to suppose that such an object would have merited the most serious attention of Administration; that in concert with the Court of Directors they would have considered the nature of the Company's Charter, and have adopted a Plan adequate to such possessions. Did they take it into consideration? No, they did not, They treated it rather as a South Sea Bubble, than as anything solid and substantial; they thought of nothing but the present time, regardless of the future; they said, let us get what we can today, let to-morrow take care for itself; They thought of nothing but the immediate division of the loaves and fishes; nay, so anxious were they to lay their hands upon some immediate advantage, that they actually went so far as to influence a parcel of temporary Proprietors to bully the Directors into their terms. It was their duty, sir, to have called upon the Directors for a Plan; and if a plan, in consequence, had not been laid before them, it would then have become their duty, with the aid and assistance of Parliament, to have formed one themselves. If administration had done their duty, we should not now have heard a speech from the Throne, intimating the necessity of parliamentary interposition, to save our possessions in India from impending ruin.

21. ROBERT CLIVE COMES WITH A PLAN TO BRING IN THE BRITISH STATE IN FURTHER MANAGING BENGAL, ETC

India Office Records: Letter from Robert Clive to Strachey: MSS European G/37/Extract

Walcot
7th November, 1772

Dear Strachey,

Lord North When I saw him seemed []# to avoid entering upon the subject of India affairs and I do really believe from sheer indolence of temper he wishes to leave everything to providence and the Directors and that he means nothing more by the meeting of parliament than to enable the Company to find money to discharge the demands that are at present made upon them.

However, it behoves me to be prepared for everything, for which purpose you will perhaps say I have been building castles in the air. Enclosed I send you a sketch of my ideas which I flatter myself might be carried into execution by an able steady and upright minister. I don't want to take you from your other business unnecessarily but I wish you would take this sketch in hand and methodise it. I would have you []#fully and strongly []# the present situation of our affairs in India and shew beyond possibility of refutation the approaching ruin of our possessions, in the East, if vigorous measures be not speedily pursued. Your own experience and knowledge added to any sentiments expressed both in my speech and in the political paper laid before Lord North will enable you to make a great progress in this matter and upon my arrival in town what is wanting may be supplied. I will not patiently stand by and see a great empire acquired by great abilities, perseverance and resolution, lost by ignorance and indolence. If administration should think proper to see our affairs abroad in the same light as I do its well if not I shall have done my duty.

Your affectionate friend
Clive.

words illegible

22. CLIVE'S HINTS OF A POLITICAL SYSTEM FOR THE GOVERNMENT OF INDIA c. 1772

IOR: Philip Francis Papers : Mss Eur E 12: From Clive Papers received from Henry Strachey: *Note:* This document is probably the one written by R.Clive himself and sent to Strachey on 7.11.1772 "a sketch of my ideas which I flatter myself might be carried into..."

Fundamental Maxim

That as our influence and possessions were acquired, so they must be maintained by Force; and that the Princes of the country are only to be kept in order by fear.*

1. The French can never attack Bengal directly. They must begin upon the coast, and be supported by a league with some powerful country prince.
2. The Subah of the Decan, be he who he may, must, at all events, be supported against the Morattas.
3. On the same principle, the peace with Sujah Dowla must be religiously observed.
4. General care must be taken to preserve a ballance of power among the country princes.
5. The Morattoes, whom we are to consider as the most formidable power of India, are not to be resisted by a defensive war. As it is impossible to force such a body of light cavalry to a decisive action, the only way is to enter their country, and attack their capital. To keep them quiet by money in only increasing their power, and encouraging them to raise their demands.
6. To entertain dissention between the two great chiefs of the Morattoes, Janagee and Ramrajah or Nanah.
7. We should not attempt to extend our possessions on the coast. Nothing should be taken from the Subah of the Decan, and Hyder Nag's acquisitions should be restored to the original possessors. In the case of war, our indemnification to be received in money not lands.
8. **We can not be less than we are, without ceasing to be at all.***
9. All rights of sovereignty and allegiance being confounded among the inferior princes, who have set up for themselves, it is highly improbable that the natives should ever unite against us under one head; and as long as we are able to pay our black troops, and use them well, we are secure of their attachment.
10. No distant conquest to be made without the assistance of the natives.

Present Establishment for Bengal:

6 Battalions of Europeans	Exclusive of Officers 3,400
4 Co. of Artillery	
300 black cavalry	
23 Battalions of Sepoys	
	<u>25,900</u>
	29,300

of whom 11,200 are employed in overseeing the collection of the Revenues.

N.B. Every Brigade of Sepoys is composed of Mahometans and Gentoos, who are irreconciliable; and no black officer is intrusted with the command even of 100 men.*

11. Infantry the natural defence of Bengal; and in this our chief force must of necessity consist.

12. The fortifications of Calcutta useless with respect to dominion. When we are unable to keep the field, all is lost.

13. To employ fewer ships, of greater force, to act as men of war.

14. The importance of Bombay consists in its docks, and Batavia is the nearest place, where ships of war can be repaired. For want of such a place as Bombay, the French were undone in the last war. Bombay considerable as a check to the Morattas.

15. Necessity of a fleet to watch the French.

16. Necessity of maintaining a Nabob, both at Bengal and in the Carnatic, as well for the forms of internal Government, as to serve for an authority to check the other European powers.*

17. War the inevitable ruin of trade and revenue, when most successful.

18. In 1766, it was Lord Clive's determination, if the Morattos entered Bengal, to make the Brigades act separately.

19. Nothing the Marattas of the Decan dread so much as an alliance between us and Nizam Ally; and this is the only method to [keep] them quiet.

20. Supposing ourselves embarked in war with the Morattos, with the Subah of the Decan, and with Hyder Ally at the same time, Bombay ought to cooperate with the plan upon the coast, be it what it may. From Bombay an impression might be made on the Morattoe country, and their capitals Poonah and Sitarah attacked.

21. The chief strength of the Morattos is horse; the chief strength of Hyder Ally is infantry,

cannon, and small arms. From the one we have nothing to apprehend but ravages; from the other extirpation.

22. Mohammed Reza Cawn, his diligence, disinterestedness, and abilities exceed those of any other Mussulman I have yet seen.

Mem. Copy of Lord Clive's Letter to the Select Committee at Fort William, dated 7th January 1767, viz.

1. The dignity of the Nabob to be supported.
2. The territorial jurisdiction still to rest in the chiefs of the country, acting under the Nabob and our Presidency in conjunction.
3. Not to increase the Revenue, unless you can in proportion increase your investments; as the supply of silver must either lie dead in the treasury or be exported.
4. Our possessions to be bounded by the provinces; to avoid war, and banish all thought of a march to Delhi.
5. To discourage Sujah Dowla from attacking his neighbours, or marching to Delhi.
6. To cultivate the friendship of Janagee, and agree to pay him a Chout of 16 Lacks, on condition that he appoints the Company Zemindar of the Balasore and Cuttac countries. We should then have a free passage between Bengal and Madrass. Force not to be attempted.
7. **Divisions to be kept up among all the other powers. ***
8. As long as any of our forces remain in the king's or Sujah Dowla's dominions, Illahabad *must be* garrisoned by us; and if at any time they should call upon us for our assistance, we are never to grant it, without having Illahabad, Chunar, or some other fortress put into our hands.
9. The greatest care to be taken in the choice of field officers. Seniority must here give place to distinguished merit, nor should the commission of Major be ever bestowed upon a man, to whom the command of a Brigade could not soon after be intrusted.
10. No less care to be taken to keep the military in subjection, and to reserve the power of dismissing *any* officer, without waiting for the sentence of a court martial.
11. The reformatations proposed by the Committee of Inspection to be *strenuously* enforced; and never relax in the discipline of the civil branch.
12. All the Company's servants, free merchants & c (except those fixed at the subordinates and necessarily employed in the silk business) to be recalled from the out-

factories and Aurungs and confined to Calcutta, *is sine qua non*. Their numbers to be gradually reduced.

13. All vagabonds to be apprehended and sent to Europe.

14. To check the ruinous and vain expence of fortifications.

15. The only method is to perform all public works by contract.

16. Debate or difference of opinion in Council to be carefully concealed from the public.

22. Chief strength of Abdalla consists in Horse. To endeavour therefore to bring him to action, (in case he should invade Bengal) in an inclosed country, on our side of the Soan, and as near as possible to the Ganges. Not to buy him off, but in the last necessity.

23. Unity of authority in the person of the Governor to be as much as possible preserved in the eyes of the people. He should take an annual tour thro the country as Supervisor General.

24. To ascertain the true value of the Company's own lands.

25. Writers should be considered merely as apprentices for five years, and not allowed any mercantile indulgence whatsoever.

26. The black officers of the sepoy's must rise from the ranks. Men of family and influence are deterred by this circumstance from entering into the service. These officers are therefore entirely our creatures, and will never desert a people, among whom alone they can have any power; for no acquired discipline will give weight to a mean man sufficient to bring to the Field an army of Indians.* (Dow. 2. 403)

27. Opening a communication between the Northern Circars and Bengal must prove mutually advantageous to the two settlements.

28. The true and only security for our commerce and territorial possessions in this country, is, in a manner, to have it always in our power to overawe the very Nabob we are bound by treaty to support.* (Clive. July 1765.)

29. Bengal, like other subjected provinces, must yield its tribute; but experience will inculcate the necessity of moderating our demands, that the country may be long enabled to continue the payment. If the directors will, for the future, be contented with an annual investment not exceeding five or six hundred thousand pounds, and discontinue entirely the exportation of silver from Bengal, the foreign trade of that country may again revive. (Verelst: 103)

NOTE: Some of the above hints must have got modified or even reversed as time passed. Some others must also have been added from this period to 1860. One such added by Cornwallis, and steadfastly adhered to, except with one or two temporary exceptions, was about the selection of the Governor General himself. This was: that he should be a man of rank and so strongly Cornwallis felt about it that on hearing of Shore's appointment to Governor General-ship (whom he had known as an able subordinate) he observed to Henry Dundas on 7.3.1793, "I should as a public man have been much better pleased to have delivered over my charge in August next to a stranger of a certain rank and character with very inferior talents.... I will explain more fully when we meet." - Editor-Compiler.

23. CLIVE'S HEADS OF A BILL FOR REGULATING THE GOVERNMENT OF THE EAST INDIA COMPANY'S AFFAIRS BOTH AT HOME AND IN INDIA.

Public Record Office : PRO/30/29/3: Heads of a Bill for regulating the Government of the East India Company's affairs both at home and in India: Granville Papers.

1. The Directors in future to be elected by proprietors of stock of the value of 1,000 pound sterling of which they have been possessed 12 calendar months before the time of the election.

2. That no persons shall be capable of being elected a Director unless he is at the time of such election possessed of capital stock of value and it shall not be lawful for any Director during his continuance of his office to buy or sell India stock, or to furnish the Company with or enter into any contract for supplying them with any goods, provisions, ammunition or stores or merchandise whatsoever.

(Would it not be better to make the Directors consist of merchants of respectable character and fortunes that have left off trade; that eight should be named by the king and seven elected by ballot of the proprietors. And upon the death of any, the King and Company to fill up alternately, but the company to fill up the first vacancy.)

3. That no candidate for the office of Director be entitled to vote at the election of Directors.

4. That no persons who are owners or Husbands of ships employed in the trade of the Company or any who are possessed of share or inherent in such ships, who are employed as tradesmen in furnishing the said Company with goods or merchandise or shall have entered into any contract with the said Company or shall hold any office, place or employment in the appointment and service of the said company, shall be capable of voting at the election of Director of the said Company.

5. Directors to continue in office four years; but one fourth of their number to be changed by rotation every year.

(How ought the Directors to be appointed in April next: whether by election restrained as aforesaid, or by the King empowered by the Bill to name them *pro hac vice*, or appointed by name in the Bill? At the end of 3 of 4 years, 4 to be withdrawn 2 by the King and 2 by the Company and 4 added in the same manner.)

6. Salary of the Directors to be increased and in such case their number to be reduced.

7. The Presidency of Bengal to be governed by a Governor General and four Councillors.

8. The King to be enabled by the Bill to name the first Governor General and council who shall not be removable during [] years without the consent of the King.

9. They are to have the whole civil and military Government of the Company's Presidency of Bengal and the management of the territorial revenues during such times as they remain in the possession of the Company and to have a superintending controll over the Government

of the Presidencies of Madras and Bombay so far forth as that hostilities shall not be commenced, war shall not be declared or carried on; peace concluded or treaties made with any Indian princes or powers without the consent and concurrence of the said Governor General and Council.

(Whether the Governor General ought not to be invested with a power visiting the other Presidencies and of taking upon him the Government of such Presidencies respectively and of correcting abuses etc. during the time of his visitation, etc.)

10. The Governor General and council to correspond with the Court of Directors, and to receive their orders from them, but this correspondence, as far as it relates to the civil and military government, to be laid from time to time regularly before one of His Majesty's principal Secretary of state, and as far as it relates to the management of the Revenue ,before the Commissioner of the Treasury.

11. The Governor General and council paid by certain established salaries and to be prohibited from any concern whatsoever in trade.

12. A new Court of Justice to be established at Calcutta upon the plan of the Bill of last session.

13. The court to consist of a Chief Justice and 3 Judges to be named and appointed from time to time by the King, and to be paid by established salaries and to be restrained from any concern or dealings in trade.

14. All European subjects of the King resident in the provinces of Bengal or Bahar to be amenable to this Court except the Governor General.

15. The Governor General to be liable to be indicted and tried in the Court of King's Bench Westminster for any crime or offence committed in India.

16. (a) It shall not be lawful for the Governor General, the Council or any other servants of the Company to take presents from any of the princes or natives of India or others or to lend money at interest or to lend money at any interest or on any term to foreign companys or to traders being the subjects of foreign states, or to furnish them with goods or merchandise for their investments.

No European to be allowed to be concerned in private inland trade, by himself or his agents within the company's Presidencies in India, or within the limits of the territorial acquisitions in their possession.

16. (b) All Europeans subjects to His Majesty and all servants of the Company charged with any of the offences before mentioned or with the embezzlement of the Company's goods, stores, or effects in India or with extortion or with acts of cruelty or oppression committed against His Majesty's subjects or the natives of India shall, in every such case be deemed

and adjudged to be guilty of a high crime and misdemeanor¹ and as such shall and may be prosecuted for the same in the new court at Calcutta, or in the Court of Kings's Bench at Westminster and such person or persons, so offending being convicted shall be liable to be punished by imprisonment, forfeiture of goods and chattels and to be rendered incapable of serving the Crown or the Company in any office civil or military.

17. In cases of indictments or informations found or exhibited in the Court of King's Bench, for misdemeanors committed in India and also civil actions brought in the said Court or any other of His Majesty's Courts at Westminster against the servants of the Company where the cause of action arises in India, depositions of witnesses examined by virtue of commissions issued out of the Court or courts at Westminster and taken in the presence of the Judges sitting in the new court at Calcutta to be admitted as evidence in the trials of such indictments, informations of civil actions respectively. such evidence so taken shall be as good and competent as if the witnesses had been examined or entries [] in the G.court at the G.trials.

18. No person having been employed in the Company's service in India to be capable of being elected a Director until he has been returned from there for three years.

19. Regulations to be made to prevent the restitution of servants who have been dismissed from the Company's service for misbehaviour.

The clause for obliging the company to export goods or merchandise of the growth or manufacture of Great Britain to the amount of 80,000 pound sterling per annum expires on 1st September 1773.

This provision to be re-enacted, additional regulations proposed.

20. Such powers to be given to the Company for the better recruiting their forces as shall be found necessary for them and as shall be attended with the least inconvenience to the national recruiting service. **Might not the Company have a resource for recruits from offenders under certain descriptions. Suppose persons deemed incorrigible rogues under the Vagrant Act, persons who make a practice in the night of stealing poultry, fish, game upon being convicted thereof by a Judge of Assize of quarter sessions to enlist in the service of the India Company at the option of the Company or others committing transportable offences.***

21. The Company to be enabled under certain restrictions to carry either from hence or directly from China tea to be sold in America.

22. The Company to be bound according to terms and conditions to be settled between the Lords of the Admiralty and the Court of Directors to victual and repair such of His Majesty's ships as shall in future be stationed in India, out of the revenues, arising within the Presidencies of Bengal and Madras.

¹ Vide Act 10th, Geo. 3rd, Ch.47,s.4.
Archival Compilations – Vol 6

24 . MINISTER JENKINSON'S REASONS FOR CHOOSING THE EAST INDIA COMPANY AS THE NOMINAL INSTRUMENT FOR GOVERNING INDIA: c. 1780

British Museum : Liverpool Papers : Add Ms 38404: ff 64r-72v: Note, seemingly, by the Earl of Liverpool, then Hon'ble Mr Jenkinson and a member of the North Government. A rough draft is on ff 57-63.

The territorial acquisitions and revenues in the possession of the East India Company are the most fertile source of wealth which at present belong to Great Britain. The commercial advantage derived from these possessions are prodigious. The sailors and shipping employed by means of this trade are great foundation of our naval power. The revenue arising from the duties imposed on the various articles imported from the East Indies makes a considerable part of the present income of Government; add to all this that Government did for some time enjoy, and is now entitled again to enjoy, a considerable annual revenue arising from the profits derived from the trade and revenues of the Company considered jointly; for these two objects in the present state of things can hardly be separated. Without the territorial revenues the Company could hardly trade to any profit. These revenues enable the Company to purchase their investments. On the other hand without the trade no part of the territorial revenues could be remitted to this country. For it is idle to suppose that any considerable sum in cash could be sent from thence, as there are no mines of gold and silver in the country, and as it has but little commerce at present except with us. The cash of it would soon be exhausted, and the country thereby impoverished if we were to attempt to remit the revenues of it in specie. The extent of all those advantages is very particularly set forth in the third report of the Secret Committee on the affairs of the East India Company which sat about seven years ago. Some have carried these speculations very far on the revenue which this country may draw from these territorial acquisitions and revenues and raised the expectations of the Publick much higher on this subject than I can venture to do. I have little doubt however that if the affairs of the Company were under tolerable management, the Publick and Company might at an average divide a sum to the amount of pound sterling 800,000 annually being the profits which it is possible in my opinion to derive from the joint concern of revenue and commerce and to realise every year in England.

About eight years ago the Company thro their own ill management were in the most extreme distress, almost in a state of bankruptcy. It was at that time that the Secret Committee before mentioned was constituted, who examined very minutely into the affairs of the Company and by their advice and in consequence of reports made by them, his majesty and the Parliament took such effectual measures as have not only relieved the Company from their distress, but have established their affairs on a more prosperous and permanent footing than they ever stood on before. The Publick then lent the Company 1,400,000 pound sterling to pay off such debts as required immediate payment; they consented to forego their share of the profits till such time as the pounds sterling 1,400,000 then lent was discharged, and that the Company had paid off so much of their annual bond debt as would reduce it to 1,500,000 pounds sterling. Parliament made also at the same time many excellent regulations for the future government of the Company; All these measures had so beneficial an effect that in less than five years a period much shorter than many thought would be necessary, the Company paid off the 1,400,000 pound sterling before mentioned and reduced their bond debt to 1,500,000 pounds sterling enjoying during this interval a dividend first of 6% afterwards of 7%, and they are now in the enjoyment of a dividend of 8%

tho the Publick do not at present receive their share of the profits to which of right they ought to have returned as soon as the Company had reduced their bond debt in manner before mentioned and began to receive again a dividend of 8%.

Lord North has tried in vain, during the last two years, to bring the Company to some reasonable agreement; the court of directors or the court of proprietors have in their turn rejected some part or other of the propositions which his lordship thinks necessary and by keeping the business in suspence they derive this advantage that they continue in possession of every thing, and it is evident from what has passed they will never come to any reasonable agreement with Government but will keep things in the present situation, unless they are by some means or other compelled to it.

It is proper further to observe that the right of the East India Company to their exclusive trade, was determinable on the 25th of March 1780 on three years notice, which has not yet been received. The Company have a perpetual right, not only to continue as a company but also to trade to the East Indies.

The only measures which Government can pursue in order to bring this business to a settlement are either to take the territorial acquisitions and revenues into their own hands and manage them themselves, or, to establish a new company giving to them the management of these territorial acquisitions and revenues.

If neither of these measures are advisable, no other remains to be taken but that Parliament proceeding legislatively should oblige the present Company to continue in the management of the territorial acquisitions and revenues upon such conditions and under such regulations as appear to them to be reasonable and proper.

As far as I am hitherto informed, my opinion is, that the Government should not take the management of these acquisitions into their own hands, but should leave them in the hands of the Company, reforming and altering the Government of the Company so as to make it more fit than it is at present for the management of such a concern.

My reasons against taking the management into the hands of Government are as follows:

First I have never seen any plan to my satisfaction, by which these acquisitions can be properly transferred from the Company to the Government or by which they are likely to be managed in a better manner than they may be by the Company, provided the government of it be amended and made subject to the superintendance and frequent controul of the legislature.

Secondly The change itself would by very difficult and even dangerous in the present moment, when we have a rebellion in our colonies, a foreign war, and many other difficulties to contend with.

Thirdly The Government of these acquisitions and the commerce carried on in them are from the nature of the people greatly connected, and the manner of remitting any part of the revenue of these acquisitions to which the Publick may be entitled, is still more nearly

connected with the general trade of the Company: so that tho I do not absolutely say, that these objects can not be separated, I think it more wise and more politic to keep them in some degree united.

Fourthly, I am violently against pledging the revenues and substance of this country for the security of these acquisitions, in return for any advantage by way of revenue that may be derived from them; and yet this must be the case, if the Government take the management of them into their own hands. *

Fifthly I think that the errors which must be committed in the management of such acquisition at so great a distance from the seat of Government, had better fall upon the directors of the Company, than fall directly upon the minister of the king, who in the midst of the difficulties, that at present surround them, and of the calumnies, to which they are necessarily subject, can hardly now retain a sufficient degree of authority and respect for the Government of this country.

For these reasons I am of opinion that Government ought not to take the management of these acquisitions into its own hands. I think it also very dangerous to attempt to establish a new company and to put the management of these acquisitions and revenues into their hands.

First There will be at least as great difficulty in shifting the possession of this property from the hands of one Company into those of another, as there would be into the hands of Government. To settle the respective rights and pretensions of the two companys would be a business of extreme difficulty and endless litigation;

It might produce a war between the servants of the two Companys in the heart of these very possessions, and might end in the loss of them both.

Secondly It is impossible to grant to any new Company an exclusive right of trade into these countries consistently with the rights which the present Company enjoys by act of parliament, and I doubt whether an exclusive right to trade in these countries or to speake more properly a right to exclude from thence all other subjects of Great Britain except their own servants and such as are there by their permission is not necessary for the proper government of them.

Thirdly I see no reason to suppose that the present Company may not be made by proper regulations as fit to govern these possessions as a new company, I doubt whether it would not be more easy properly to regulate the one than to establish the other. It is at all event necessary to come to some settlement with the present Company for the ensuring three years unless the Publick will give up all its rights for that period. And the same means which it will be necessary to use in order to effect this and the same regulations which it will be proper to make will serve as well for a longer term as for three years.

Whoever recollects the transactions in King William's reign upon the forming of a new East India Company, the difficulties that occurred at that time in forming it, the great dissensions that instantly arose between that and the old Company, and the final settlement of this business in the beginning of the regin of Queen Ann, which could not be effected but by a

union of the old and new company under the award of Lord Godolphin, will be fully sensible of the force of the objections I have stated to the forming of a new company at present, when the power of the Company now subsisting afford them many more opportunities of throwing difficulties in the way of any measure of this nature.

If it would be imprudent therefore to take these territorial acquisitions and revenues into the management of Government, or to form a new company for that purpose, and if the present East India Company will not comply with any reasonable propositions made by Government, so that this business may be settled by mutual consent, nothing remains to be done but that parliament should proceed legislatively to arrange the whole business in such manner as justice and true policy require by allotting to the Publick and Company in due proportion their share of the profits, by establishing such regulations as are necessary for the proper management of this common concern, and by obliging the Company to conform to them.

Singular as this proceeding may be it will be justified by the necessity of the case. The object is of immense importance not only to the Publick but to the Company. The advantages which both expect from it may be lost to both if some thing is not done. There is no power upon earth to whom they can appeal for settling their differences. **The East India Company is no longer to be considered as a mere commercial company according to their first institution, but they are become by the acquisitions that have been made as well as by their own armies as by the force of the state a great engine of government, and tho they are in many respects disqualified, they are in fact a necessary instrument for the government of a part of the empire.*** The court of proprietors tho properly calculated for the management of a mere commercial concern in which however they used but seldom to interfere, leaving it in general to the court of directors, are totally unfit for the government of a large territory at so great a distance that it requires nearly six months to sail to them. They feel however their own importance, are full of faction and are less likely on that account to comply with what is reasonable. And nothing can show more clearly the temper and character of this assembly than their refusal in 1773 to accept the money which Government was then disposed to lend them, tho they were at that time in a state of bankruptcy and their preservation depended on the loan, and parliament then found themselves under the necessity of compelling them to accept it.

Upon this view of the subject it was proposed at a meeting of the servants of Government (where the business was fully discussed) that a plan should be prepared on which parliament might properly proceed to settle by their authority this great concern with the consent of the Company, if they could be induced by any honorable means to give it, but without their consent if they should still continue to be refractory. The plan was accordingly prepared and is as follows.

Note

British Museum : Add 38404

@ The plan is on ff 73-97r. A rough draft of the plan is in Add Ms 38398 (ff 70-84). ff 93 contains, in the margin, E.Burke's propositions on the matter.

These briefly are :

1. Giving a power to negative the decisions of the council to the Governor General.
 2. Crown to see the directors despatches to India.
 3. Governors to obey crown in their conduct and transactions with country powers.
- C. Jenkinsen's opinion of the proprietors, on an earlier occasion, was conveyed in the following terms in a letter to R. Chambers (Add 38306, dated 20.12.1776, ff 107-9):

"You will learn from other hands all the steps, that were taken for the dismissal of Mr Hastings. All the Indians (as they are called) were his friends and this support gave him a majority in the General Court, which was called to reverse the resolution of the directors for his dismissal".

At the time of the formation of the above mentioned plan C. Jenkinson was evidently responsible for the affairs of the E.I.Co. On 29.5.1781 (Add 38308: ff 263) he thus wrote to Mrs Johnson, his mother-in-law, at Calcutta: "... the affairs of the E.I.CO make again a part of my labours."

And a few months later on 1.10.1781 he assured Chambers that "we are sending out a very great force to your assistance". (Add Ms 38308: ff 359)

25. THE BRITISH STATE PUBLICLY TAKES OVER THE RUNNING OF ITS INDIAN CONQUEST WITH THE E.I.CO. AS ITS NOMINAL INSTRUMENT: THE EAST INDIA ACT,1784

East India Company Act, 1784: 24 Geo III S.2, c.25, Extracts

An Act for the better regulation and management of the affairs of the East India Company, and of the British possessions in India; and for establishing a Court of Judicature for the more speedy and effectual trial of persons accused of offences committed in the East Indies.

That it shall and may be lawful to and for the King's Majesty, his heirs and successors, by any commission to be issued under the great seal of Great Britain, to nominate and appoint such persons, not exceeding six in number, as His Majesty shall think fit, being of His Majesty's most honourable Privy Council, of whom one of His Majesty's Principal Secretaries of State for the time being, and the Chancellor of the Exchequer for the time being, shall be two, to be, and who shall accordingly be, Commissioners for the affairs of India.

II. And be it further enacted by the authority aforesaid, that any number, not less than three of the said Commissioners, shall form a Board for executing the several powers which, by this or any other act, shall be vested in the Commissioners aforesaid.

III. And that the said Commissioners shall have, and they are hereby invested with, the superintendence and control over all the British territorial possessions in the East Indies, and over the affairs of the United Company of Merchants trading thereto, in manner hereinafter directed.

VI. And be it further enacted, that the said Board shall be fully authorized and empowered, from time to time, to superintend, direct, and control, all acts, operations, and concerns, which in any wise relate to the civil or military government or revenues of the British territorial possessions in the East Indies, in the manner hereinafter directed.

XI. And, to the intent that the said Board may be duly informed of all transactions of the said Company, in respect to the management of their concerns in the East Indies; be it further enacted that all the members of the said Board shall, at all convenient times, have access to all papers and muniments of the said United Company, and shall be furnished with such extracts or copies thereof, as they shall from time to time require; and that the Court of Directors of the said United Company shall, and they are hereby required and directed, to deliver to the said Board, copies of all minutes, orders, resolutions, and other proceedings, of all general and special Courts of Proprietors of the said Company, and of the Court of Directors, so far as relate to the civil or military government or revenues of the British territorial possessions in the East Indies, within eight days after the holding of such respective Courts; and also copies of all dispatches which the said Directors, or any Committee of the said Directors, shall receive from any of their servants in the East Indies, immediately after the arrival thereof; and also copies of all letters, orders, and instructions whatsoever, relating to the civil or military government or revenues of the British territorial possessions in the East Indies, proposed to be sent or dispatched by the said Court of Directors, or any Committee of the said Directors, to any of the servants of the said Company in the East Indies; and that the said

Court of Directors of the said United Company shall, and they are hereby required to, pay due obedience to, and shall be governed and bound by, such orders and directions as they shall from time to time receive from the said Board, touching the civil or military government and revenues of the British territorial possessions in the East Indies.

26. PRE-1784 WIDE-SPREAD DISPOSSESSION AND OPPRESSION IN INDIA IGNORED BY BOARD OF COMMISSIONERS FOR THE AFFAIRS OF INDIA AN EARLY DECISION OF THE NEW BOARD - Representation of the E.I. Company on Revenue Despatch to Bengal and Madras; 2.11.1784

IOR: HM 342;pp. 56-93: 2 Nov 1784

To

The Right Hon'ble the Commissioners for the Affairs of India .
The Representation of the Court of Directors of the E.I. Company

My Lords and Gentlemen,

We have the honour to acknowledge the receipt of your four letters dated the 15th instant enclosing the returned drafts of the letters we submitted to your consideration addressed to the Presidencies of Bengal and Fort St George and to the Nabob of the Carnatick together with other drafts of letters on the same subjects as amended and approved by you.

It is with extreme concern that we express a difference of opinion with your Right Hon'ble Board in this early exercise of your controuling power; but in so novel an institution it can scarce be thought extraordinary if the exact boundaries of our respective functions and duties should not at once on either side be precisely and familiarly understood and therefore confiding in your justice and candour for believing that we have no wish to evade or frustrate the salutary purpose of your institution, as we on our part are thoroughly satisfied that you have no wish to encroach on the legal powers of the East India Company we shall proceed to state our objections to such of the amendments as appear to us to be either insufficient, inexpedient or unwarranted.

1st with respect to the paragraph relative to a clause in the Act which has for its objects the restoration of such Rajahs & c as may have been unjustly deprived of their respective lands.

You are pleased to observe that the paragraph we have drawn up on this subject is too vague². Permit us to remark that if the clause in the Act had pointed at particular persons who had been dispossessed of their lands, we might have been enabled perhaps, from the lights at present before us to have given specific directions for affording such redress as the nature of the case would admit. But as the clause extends to the relief of all such Rajahs, Zamindars, Polygars, Talookdars, and other native landholders within the British territories in India (including evry description of persons) as have been unjustly deprived of or compelled to abandon and relinquish their respective lands & c and as the Act declares that the principle of justice and the honour of this country require that the complaints of such Rajahs & c should be forthwith enquired into, we thought it our duty to lose no time in requiring our servants to state to us, in the clearest and fullest manner, the cases of all such as have been so dispossessed or injured in order to guide our judgements in the final decision thereon. Indeed the Act itself previous to our decision, directs us to take such methods for

² Paragraph as drafted by E.I. Company. Para is given at I below.
Archival Compilations – Vol 6

enquiring in to the causes, foundation and truth of the said complaints, and for obtaining a full and perfect knowledge of the same and of all circumstances relating thereto, as we should think best adapted for that purpose; and there upon to give orders and instructions for effectually redressing the same. (But by the paragraphs) which you have been pleased to substitute³ in the room of that which we submitted to your consideration, no information upon the subject is required, without which we apprehend it to be impossible to do complete justice to the parties who may be aggrieved and to give the necessary instructions in consequence thereof in the extensive degree pointed out by the Act.

1. Paragraph earlier submitted by the E.I.Co: 15.10.1784 [paragraph 22]

That we may be enabled to comply with the clause in the act which has for its object affording redress to such rajahs, zemindars, polygars, talookdars, and native landholders within the British territories in india, as have been unjustly deprived of or compelled to abandon and relinquish their respective lands, jurisdiction, right and privileges, or whose required tribute, rents and services are become grievous and oppressive; we direct that you take the same into your immediate consideration, and that you state to us in the clearest and fullest manner the respective cases of all rajahs, zamindars & c as have been dispossessed of their lands, together with every instance where their tribute, rent & c. have been increased or are become grievous and oppressive, in order that we may be enabled to give such direction thereon as shall be consistent with the humane intention of the legislature .

2. Paragraph substituted by the Board of Commissioners for the Affairs of India: 15.10.1784 [clause B]

In the 39th section of the before mentioned Act of parliament provision is made for redressing any greivance which may exist among the rajahs, zemindars, polygars, talookdars and other native landholders within the British territories in India, and we think it proper by this earliest opportunity to inform you that those provisions will as they merit obtain our very early attention and we will then transmit to you at large our sentiments on that subject.

3. Explanation of the Board: 15.10.1784

We have substituted clause B in the place of paragraph 22, because we think it is too vague upon a subject of so much importance to content yourself with a general reference to the act of parliament; we wish you to give to the subject an early, but at the same time a mature and deliberate consideration, and it will then be proper to transmit the general outline of your principles and opinions on the subject for the guidance of your servants in India. The clause substituted by us is sufficient to shew that the direction of the statute has not escaped your attention.

³ Paragraph substituted by Board of Commissioners. Given at para 2 below.

4. Answer of the Board to Company's Representation: 3.11.1784

We did not mean to exclude any investigation in India, that could throw light upon this subject, but we do mean that the court of Directors should at the same time exercise their judgement upon the materials they are already possessed of We have not been induced to alter the opinions we had formed .

27. MEMORANDUM OF [MR HENRY DUNDAS`S] INSTRUCTIONS, REGARDING THE NEW CHARTER OF THE EAST INDIA COMPANY, FOR MR RUSSELL c. 1791

B.M.Add Ms 37277: Wellesley Papers : ff 18 r - 31 v. A later version, seems to be a year later in 1792, is on ff 81 r - 10lv, and though it is mostly a transcript of the first contains an elaboration on certain heads. Main heads are :

Mode of Civil Government :	ff18v	ff 81 v
Military Establishment:	ff20r	ff 84 r
Trade:	ff21v	ff 87 r
Territorial Revenues:	ff23v	ff 92 r
Patronage:	ff27v-31v	ff 98 r - 101 v

Under what arrangement must the Government of India is in future to be carried on, is a question which the near approach of the expiration of the East India Company Charter, renders it necessary to decide.

It is not my intention in the present memorandum to enter into a detailed explanation of the grounds of my opinions, but to state what these opinions are, in order that Mr Russell may have full time to reduce them into the form in which the question is to be brought forward. I am well aware of the difficulty of all the topics concerned with this subject, either separately or agregately considered. It is a subject on which very opposite opinions prevail, and I am free to confess, that there is not one part of the subject, on which my opinions have not been different, at different periods in the course of these seven years. What I have now to state is the result of the best consideration I have been able to give to the different questions which occur, aided by the experience I have derived from a practical share in the Government of India for several years.

Mode of Civil Government

If this subject is examined merely on principles of theory, and general reasoning it no doubt strikes [to] every one as a solecism that the executive government of a large empire should be vested in a commercial company consisting of such of his majesty's subjects as may chuse to purchase a share of the capital stock of the East India Company, and it is no doubt here that at the period of their original institution such a system of government could not be in the contemplation of any person concerned in the transactions of these times. But notwithstanding the plausibility which adheres to that species of reasoning and observation I am of opinion that the system as it now is, ought to be continued with very little variation. The subject in every part of it is anomalous, but the present system has experience in its favor, and it is at all times much wiser to found upon the basis of old established systems, than to substitute in their room the most plausible untried theories. Besides a great part of the objection, even in point of theory, has been done away, by the direct participation in the Government in India now established thro the medium of the Board of Control. The members of that Board may have often found themselves teased and fretted by the perplexity of obstructions from the court of directers; and it may be also true, that at times they may fancy that if they had not been so obstructed they might have acted more beneficially for the public. But the best answer to every suggestion of that kind, is to advert to the great quantity of beneficial arrangements, and the immense load of important business which has been in the course of a few years under the present system. It has been found adequate to its purposes, and therefore better not to unhinge it for the sake of a new

experiment. Besides it ought not to escape observation, that if the obstructions alluded to had not existed, it is not impossible that the executive Government if acting without the check and remonstrances of the court of directors, might have been led to act carelessly and of course often rashly; according to the present system, the Board of Controul, and the court of directors are mutually guards upon the conduct of each other.

I therefore conclude that the government and mode of correspondence should remain as it now is, with the few following variations.

1st The first named commissioner of the Board of Controul, ought to be the real president of the Board, and the executive instrument of Government in all matters respecting India.

2ndly The appointment of the Governors and Commanders in Chief of the different settlements to flow directly from the Crown. Lord Cornwallis is of opinion that the whole members of the councils should be appointed by the crown. I was disposed to think that the two junior members of the council might be left in the appointment of the court of directors, in order to preserve the respect of the court of directors among their own servants; and if the contrary opinion is to be attended with any serious altercation, I would still adhere to that mode, but I am decidedly of opinion Lord Cornwallis is right in the suggestion, and my reason is, that there is scarcely a possibility of inducing the court of directors to follow any other rule in such appointments but mere seniority; than which a more absurd principle applied to a supreme government can not well exist. Whether these two junior members of council are to be named in the one way or the other, their selection ought to be from servants of twelve years standing; and with that restriction it is perhaps as well as leave their appointment with the court of directors, not because it is abstractedly right, but because it will prevent any clamour that may be raised on the ground of grasping at patronage.

3rdly The Secret Committee of the court of directors to be abolished, and the correspondence at present directed to be carried on thro the committee should be carried on between the Governors of the respective settlements and the President of the Board of Controul.

4thly The constitution of the court of directors might be beneficially improved by a diminution of their members, and their business ought to be carried on more by separate committees corresponding to the departments in which foreign correspondence is carried on. The first of these alterations can only be done by act of parliament, and it ought only to be done with the approbation of the court of proprietors and therefore need not be introduced into any bill at present to be prepared by Mr Russell. The sub-division of the court of directors into committees may be done without any act of parliament by an internal regulation of the directors themselves.

Territorial Revenues

... The plan which has now been detailed naturally suggests the appropriation to be made of the territorial revenues. In the

First place the military charges;

2ndly the interest of the funded debt;

3rdly the civil charges;

4thly It must be carefully investigated what sum is requisite from the territorial revenues to be appropriated to the purposes of investment, in order to fulfill the demands at home, hereafter to be specified; and the sum so requisite must be advanced to the Board of Trade. If I recollect right when I last considered the subject in that point of view the sum which appeared to be requisite was about 60 lacks or 600,000 pound stg. That however must be minutely investigated, previous to any specific appropriation.

5thly The surplus revenue to be appropriated in the next place to the payment of the capital of the India Debt; and

lastly; to be subject to the disposition of parliament for behalf of the public, and even in the progress of this last stage of the appropriation, the public will be gainers by such parts of its naval and military establishments being defrayed from the territorial revenues as shall be considered as the proper peace establishment corresponding to the exigencies of that country. I direct this observation more immediately to such parts of the naval expence as it may be thought expedient to defray in that country.

It is impossible for me to delineate with any precision the operation of the appropriation I have mentioned, as that must depend on several circumstances as yet imposible to be ascertained.

1st The amount of our revenues on the return of peace

2ndly The amount of our debts

3rdly The amount of our establishments.

There is reason to hope that the first will receive an addition; the second certainly will; the third I see no reason to doubt may be considerably diminished. But let the amount of them stand as they may, it can not alter the principles upon which it appears expedient to make the specific appropriation by a legislative enactment.

The proceeds of the Company's trade realised by their sales will form one agregate fund to be applied

1st To the payment of their commercial charges of every description.

2ndly To the interest of their debt.

3rdly To the payment of their dividnt at 8% to be increased by the interest of each 500,000 pound sterling they pay off till their dividend amount to 10%; then to stop and the surplus to be added to the fund for extinction of the funded debt. This being extinguished, the surplus to be lent without interest to the public and to remain as a collateral security for the capital

of the Company in case from accident or calamity it should at any time be endangered or deteriorated. If this sum should accumulate in the hands of the public so as that the interest of it would, at an interest of 3% yield a dividend of 2% on the capital stock then the Company to be warranted to take a further dividend to the amount of 12%. The surplus after that to be divided between the public and the proprietors of India Stock.

4thly The surplus after payment of the dividend of 8% subject to the contingent increase above mentioned to be applied as a sinking fund for the payment of the funded debt.⁴

Patronage:....

⁴ Russell's Drafts are on Add Ms 37277, ff 32-41, 42-52, 54-79 (Heads of Bill)

28. THE COMPLIMENTARY ROLE OF THE PRIVATEERS IN PLUNDERING OF ENEMY SHIPS: A GOVERNMENT NOTE; c. 1791

British Museum : Liverpool Papers : Add Ms 38351: Letter dated 12.10.1791 from Lord Hawkesbury (1st Earl of Liverpool) to Mr Pitt (Prime Minister) : ff 3-93: draft with many alterations.

The naval force of Great Britain in time of war is of two sorts:

First King's ships.

Secondly Private ships of war, commonly called privateers. These privateers receive their commissions from the admiralty, which the Lord High Admiral, or the Lord Commissioners of the Admiralty are obliged to give at the request of the owners, by the directions of an act of Parliament.

In a naval war it is not the Government alone that carries it on; the nation itself may be said to take a part in it, and such a spirit ought certainly not to be discouraged. The king and the two houses of parliament, are of this opinion, for the king has in every war given up his right to all the capture made by private ships of war, and parliament has enacted many excellent provisions for their encouragement.⁵

The ships belonging to the king are supported at the publick expence.

Privateers are supported, not at the publick expence, but by the profits derived from the captures made by them.

In proportion as you diminish the chance of making captures, you discourage the fitting out of private ships of war; and if you so far restrain the right of making captures, that the *Aimateurs* or those, who are disposed to fit out private ships of war, are not likely to derive advantage, sufficient to compensate the charge and risque, you in fact, annihilate this branch of the publick force. In time of war, the ships of his majesty's navy, attack and destroy the ships of war belonging to the enemy, and thereby make Great Britain mistress of the sea. It is then, that private ships of war, begin to act with success, and they have a great share in destroying the commerce of the enemy. Tho some privateers are equipped for long voyages, and are able therefore to sail into distant seas, yet much the greater number, being equipped and victualled, but for a few weeks, can only make captures near at home, that is, in the European seas.

The ships of his majesty's navy from their size, and other circumstances, may not take so many merchant vessels, as ships fitted out by private persons, expressly for this particular sort of warfare; yet it is well known, that the fortunes of all our great naval officers have been made, not so much by the emoluments of their professions, as by the capture of merchantmen, taken by ships under their command. If you deprive therefore, the officers of the British

⁵ Note in Pencil (Insert the following and any other reference that may hereafter seem to occur in the margin with red ink.)

navy of this prospect, to improve their fortunes, or even diminish it to a considerable degree, you thereby take away, one great encouragement to active service.

The right to seize in time of war, the property of an enemy on the open sea, in whatever ships it may be found, is so essential to all maritime powers, that it has never, I believe, been denied by one eminent writer on the law of nations. In the famous report of the 18th January 1753, made by Sir George Lee, Dr. Paul, Sir Dudley Ryder, and the present Lord Mansfield, it is expressly said, that "they, who maintain the freedom of the sea in its utmost extent, don't dispute, but that, when two powers are at war, they may seize the effects of each other upon the high seas, and on board the ships of friends".

In discoursing on this subject, we are too apt now to pay attention to, the principles of the late armed neutrality, and to suppose, that when we insist on seizing the goods of an enemy, on board neutral ships, we are acquiring a new right, or supporting one that is doubtful; when in fact, we are only claiming the exercise of a right, which our ancestors have always hitherto maintained thinking it essential to Great Britain as a maritime power.

Let us now see how far, the concessions proposed to be made to the Republick of Holland, as before stated, will limit and restrain the lawful exertions, either of his majesty's ships, or of private ships of war, in making capture, in any future war with France. In case of a war with Spain, or with other maritime powers, the same arguments in many respects be applicable.

The letter was written by Lord Hawkesbury on "Dutch Treaty" It began:

Dear Sir, I sit down to state upon paper, as you desired, the arguments urged the other day in conversation, and such others, as have since occurred to me, against the proposition of granting to the Dutch the privilege, which they wish to obtain, of being the carriers of the property of an enemy, whenever Great Britain shall be engaged in war; which privilege is proposed to be inserted in a treaty, called a commercial treaty, now under consideration.

When I wrote a discourse on the rights of neutral nations, in time of war, more than two and thirty years ago, I then treated this subject principally as a question of right, adverting only occasionally, to the question of Policy : I mean to treat of it at present, merely as a question of Policy.

So many alterations have already been made, and so many others are now proposed to be made in the original project, on which the present negotiation is founded, that I find some difficulty in stating correctly, what is at present intended by either party, at least by the minister of Holland. The sense however, which I give to the propositions, as they now stand, is, as follows.

That the ships belonging to the subjects of each of the contracting parties (Great Britain and Holland) shall have a right, when the other is at war, to carry to and from the ports of an enemy in Europe, all articles of merchandize, tho they are the property of an enemy; and/like manner/in to carry from one port to another, belonging to the same enemy, and from the ports of one enemy, to the ports of another enemy, all articles of merchandise, tho they are the property of an enemy.

29. THE BRITISH PRIME MINISTER TAKES A HAND IN THE PREPARATION OF THE DESPATCH OF THE PERMANENT SETTLEMENT OF BENGAL c. 1792

IOL: Bengal Draft Despatches No 6. Despatch of September 19, 1792; Letter from Mr. Dundas to the chairman of the East India Company enclosing a draft of a proposed Despatch to Bengal, relative to the perpetual settlement of the revenue: followed with Mr. Dundas and Mr. Pitt's draft : pp 164-216, paras 57

Whitehall 29th August, 1792

1.
Sir,

You will have observed in a variety of despatches from India how anxious Lord Cornwallis and the government of Bengal are on the subject of the Decennial settlement. It has occupied much of my attention in its progress for some years past, and for the last ten days Mr. Pitt and I have given our whole time to the consideration of it. The collection of papers consist of many volumes and being obliged to pursue so much writing upon it, we found the easiest way of settling our own opinion, was to reduce it in to the form of a despatch. The first two pages of it assign the reasons, why in our opinion, the decision of it did not admit of further delay. I send a copy of the whole of it to you, and shall be happy if our opinions meet with your concurrence, and that of the court of directors.

I have always entertained the highest respect for the character and talents of Mr. Shore, but I confess that till I had occasion to consider the whole of this important subject in detail I never viewed them to the extent they deserve. Mr. Pitt and I would wish when convenient to mention to you some ideas which have occurred to us relative to him, that you may mention them to the court of directors, and

I have the honour to be sir,
Your most obedient
humble servant
Henry Dundas

2. **Mr. Ramsey's note to Mr Beaufoy**, enclosing the Court's resolution to adopt the Board's proposed Despatch to Bengal relative to the perpetual settlement of the revenues:

Mr Ramsey presents his compliments to Mr Beaufoy and transmits him for the information of the right Hon'ble the Commissioners for the Affairs of India, copy of a resolution of the Court of Directors of yesterday.

Court's Resolution to adopt the Board's proposed despatch to Bengal relative to the perpetual settlement of the revenues

At a court of Directors held on Wednesday 12th Sept, 1792. Resolved: that it is the opinion of this court, to adopt the proposed Despatch of the Right Hon'ble the Commissioners for the Affairs of India, transmitted to the Chairman, by the Right Hon'ble Henry Dundas, in his letter dated 29th August 1792, with respect to the perpetuity of the landed revenues of Bengal.

3. Mr Beaufoy's note to Mr Ramsey, enclosing the post-script to the Board's proposed Despatch to Bengal relative to the perpetual settlement of the revenues.

Mr Beaufoy presents his compliments to Mr Ramsey, and sends him the enclosed paper which the Board desire may be added as a postscript to the proposed letter to Bengal relative to the Decennial settlement.

Whitehall, the 15th Sept 1792.

30. CONSIDERATIONS ON THE GOVERNMENT OF INDIA IN THE EVENT OF THE CHARTER OF THE EAST INDIA COMPANY NOT BEING RENEWED (cir 1812)

British Museum: Earl of Liverpool Papers: Addd Ms 38410. A rough draft of the above, presumably in the writing of the II Earl of Liverpool, Prime Minister 1812-27, is on ff 158-69.

In the event of its becoming necessary to form a new system of government for the British possessions in India, it appears to be of the utmost importance that at the time when the nominal sovereignty of India is placed in other hands than those of the East India Company the subordinate changes in the administration of government in that country should in all other respects, for the present at least, be as few as possible.

In the first place the natives of India should not be led to suppose, that there was any intention of making any considerable change in the system of government which had been hitherto carried on in India. And that if, ever, some changes should become expedient, it would be advisable that they should be made gradually, and not be supposed as the consequence of the transfer of the sovereign authority from the body politic which now exercises it, to any other individual or body.

In the second place, there can be no necessity for adopting such changes at present. If the East India Company's charter is to be renewed, it may be essential to determine whether any, and what, changes in the government, should be adopted as the condition of it. Because such changes could not be afterwards adopted, without Government being subject to the imputation of being desirous of violating the charter. But if the charter is not to be renewed, it will be in the power of Parliament, from time to time, to make such alterations as they may judge expedient; and it should therefore be the main object, to have in the first instance all the subordinate arrangements for the government of the country, as nearly as possible, upon the present footing.

It is proposed therefore, that the sovereign authority and power, civil and military, which have hitherto been exercised by the East India Company, should be transferred to the crown, to be administered in future by the crown through the medium of a Board entitled the Board of Commissioners for the Affairs of India. The whole government of India would, by this arrangement, be carried on henceforward in the name of the king, and the commissioner of any description, civil and military, would be held in his name. All the existing commissions derived from the Company, should by special provision, should be considered in the same light as if they had been originally issued by the crown and the persons who hold them, should be confirmed in them, upon the understanding that they were in future to be subject to the directions and authority of the crown. All promotion should go on in the different departments according to the existing law or custom -- and in short, no other change would apparently take place, in the manner of administering the government, except that the public officers would discharge the duties of it in the name of the king, instead of that of the Company.

The great objection which has been made on former occasions to any change in the system of the government in India, independent of the considerations which were connected with a violation of the Company's charter, and which, have no application to the present

case, **have rested upon the danger which might arise to the constitution, from transferring the patronage of India to the crown.***

The difficulties on this part of the question will in a great degree vanish, when the nature and amount of the patronage of the East India Company is considered.

The situation of Governors at the different Presidencies, and of commanders in chief of the forces, have always been substantially bestowed by the Government. In two or three instances, the East India Company have refused to appoint persons whom the Government were desirous of seeing nominated to these situations. But it may be confidently stated, that since the year 1793, or even since 1784, no Governor or commander in chief has been appointed, not only without the approbation of his majesty's Government, but when the nomination did not in fact originate with them.

The members of the supreme council at the different Presidencies have been nominated by the court of directors, but with exception of the commanders in chief, they have of late years been uniformly nominated from those servants, who were in high office, in the respective Presidencies, and who appeared to have the best claims to such situation.

The same rule would of course be adopted upon the transfer of the government to the crown, and would leave very little opening either for patronage or favour.

With regard to all other civil appointments in India, the selection of the individuals to fill them has been usually left to the Governors at the different Presidencies. The East India Company rarely interfere as to their appointments, and in the few cases in which they have done it, they will be found to have done it improperly. It will hardly indeed be disputed, that with the exception of the supreme council, the selection of the proper officers for filling the respective departments in India, is more likely to be beneficially made by the Governors on the spot, than by any authority from this country.

The military promotion is in a great degree regulated by law and where this is not the case, the promotion, in the first instance, must be left to the commander in chief on the spot.

The result of this, that the patronage of India, which is not commercial or connected with the shipping interest, really consists in the nomination of writers and cadets. Every other description of patronage is so circumstanced, that the crown would actually gain little or nothing by the transfer of the Government from the East India Company.

To obviate all jealousy on the subject of the nomination of writers and cadets, I would suggest the following arrangement.

The East India Company would at all events, after the expiration of the charter, subsist as a joint stock company for the purposes of trade, and their concerns must be managed, as at present, by a court of directors. It is conceived that there would be no objection to leave the nomination of the writers to the court of directors, either in the manner in which they exercise

* Emphasis added by Editor-Compiler
Archival Compilations – Vol 6

it at present, or by rotation, or in any other way which might be thought most expedient. The nomination in each instance, to be subject to the negative of the commissioners for India, in order to check any abuse in the appointment.

The patronage of the writers, is certainly an important and valuable patronage to the individuals who have the advantage of it. But it appears to be very immaterial to the Publick (except as far as the constitutional question is concerned) in whose hands is placed the nomination of a number of young men of 17 or 18 years of age, who accept the writerships as the first step in a profession, and whose advancement afterwards must depend upon their own industry and merits.

It can be only necessary to provide that they should be the sons of gentlemen, that their characters should have been unimpeachable, and that they should have received a proper education. And the nomination by the directors of such a body as the East India Company, subject to the revision of the commissioners for India, would apparently secure the object, as well as any other mode that could be desired.

The peculiar advantage attendant upon the plan now proposed is, that it would make the least possible alteration in the system of patronage, as it is now carried on. The effects of it, as it exists at present, are known and felt, and if no public inconvenience is likely to arise in consequence, it appears to be better to continue in the established course, than to adopt any thing new which might be equally unobjectionable.

The objection that such a plan would be anomalous, is hardly worth attention. The existing system of the Government of India, is anomalous, and yet this is no reason in the contemplation of any person for altering it. The greater part of this anomaly is, by the present plan, proposed to do away. But it is judged, upon the whole, more expedient to preserve the anomaly in a particular case where no practical inconvenience can arise from it, rather than resort to expedients which might be the occasion of supposed constitutional jealousy and alarm.

If this expedient should however not be approved I would suggest the following as an alternative:

Let one individual of not less than 14 nor more than 17 years of age, be chosen annually from the foundation of each of the great public schools of the kingdom *viz*: Eton, Westminster, Winchester, the Charter Town, and Harrow, by the Governors and masters of those institutions and let him be elected for the East India College to receive there the necessary instruction for the public service in India.

Let the writers than be appointed from such of the members of the East India College as may be reported competent by seniority.

With respect to the cadets, as the army of the East India Company must in the case supposed, become the king's army, I would suggest that the cadets should in future be appointed by the commander in chief in Great Britain, but subject to the limitation, that they should be selected from the children of officers of his majesty, or of the East India Company,

who had served a certain number of years in the respective army, or had died in the service.

It would be of the utmost importance that in transferring the army of the East India Company to the crown, the changes which are to be made in the system, should be made very gradually. The army should be considered as the king's Indian army, applicable to local services and the present system, either as to promotion, or as to allowances should not be altered without any mature consideration.

Under the subject of trade the East India Company would still enjoy the privilege of carrying on their trade as a joint stock company, with all the advantages of established habits and local connexions.

The trade in other respects, would be thrown open to the merchants of the country at large, subject only, to such regulations, as the security of the revenue and political considerations might render necessary. The trade to China must be put under the control of a consul, who, being responsible to the Chinese Government for the good conduct of the subjects who resort there, must be invested with extraordinary powers to insure obedience to those rules and regulations, which, upon a communication with the Chinese Government, it might be advisable to adopt, to obviate all prejudices upon the part of the authorities in that country.

As the territorial revenues of India will be transferred to the crown, the crown must, in justice, take upon itself those debts to which the territories are now subject. The rights of the East India Company as a joint stock company, which they consider as at present inherent in them, and which it may be necessary in some cases to secure to them and in others to revoke or modify, must all be subject to a commission to be established by act of Parliament, to which must likewise be referred all pecuniary claims, which, in such a state of things, the East India Company may have upon the Government and the nation.

Upon the whole, it does not appear that there is any insuperable difficulty in the way of forming a new system of government for the British possessions in the East Indies by which the affairs of that empire might be administered as justly and effectually as they are at present, **and that there is no reason why such system should be liable to any of the objection which have, on former occasions, been made to similar attempts**, as violating the chartered rights of the Company, **or as endangering the constitution by an undue augmentation of the influence of the crown.***

31. THE ULTIMATE DECISION IS OF THE BOARD OF CONTROL IN ALL ORDERS TO INDIA: MR BEAUFOY EXPLAINS THE FUNCTIONING IN LONDON TO SIR GEORGE BARLOW IN CALCUTTA.

SRO: GD.51/3/15: ff 215-223 : H.Beaufoy to Sir George Barlow: April 4, 1795, extracts

Having mentioned that the Revenue Dispatch of 30th April 1794 was written by myself, you may perhaps be desirous of knowing in what manner the correspondence to India is conducted. In general the business of preparing all dispatches, those in the commercial department excepted, is assigned by the Directors to Mr. Johnson, a gentleman of very considerable talents and of great experience in their service. Two assistants are allowed him, whose principal duty, when a letter is to be answered, consists in examining the consultations, together with the proceedings of the subordinate boards, and in marking all such passages as furnish, in detail, the information which that letter professes to convey.

These passages are afterwards extracted by the numerous writers at the India House; and enable Mr. Johnson to form his own opinion on the facts related and the sentiments expressed, in the letter to which he replies.

The process is laborious but on the whole is easiest and the best. As soon as the Directors have read and approved the intended dispatch their Secretary sends it to the office of the Commissioners for India Affairs; and care is taken that the private copy for my own use, shall be accompanied by the volumes of extracts (often amounting to many thousand pages) on the authority of which the Dispatch was formed. If doubts arise upon any point, as to the original record: but no instance in my time of intentional omission, has ever yet occurred. The labour of reading these extracts falls, of course, upon the Secretary, but this is the lightest of his employments; for as Mr. Dundas is seldom present at the Board and afterwards requires at very uncertain times, and often at the shortest notice, complete information on such points in the Dispatch, as engage his particular attention, it becomes necessary, to form a written abridgement of these bulky materials. This the custom of writing short hand enables me to do.

Before the Act of 1793, the Board of Commissioners for India Affairs was little more than nominal except as the term applied to the principal Commissioner; for as the papers which required their signatures were usually sent in circulation, they seldom were convened; and I who had been invited to the office as to a situation in which my services were particularly wanted, was surprised to find that it not only had been a sinecure in the hands of my predecessor; but that no active duties, (the labour of writing reports on points of extensive discussion excepted) appeared to belong to the appointment.

Fortunately, however, the Act of 1793 relieved me from the embarrassment, by declaring that the sentiments of the Board of Commissioners for India Affairs upon any proposed dispatch transmitted to them by the Directors, shall be certified under the hand of their chief secretary by order of the Board. The consequences of the Regulation is ; that no public Dispatch can be transmitted to India without a previous meeting of the Commissioners; that information is expected from the Secretary on all the principal points of every such letter; and that his office is become efficient and important. Still, however, the

writing of Dispatches, (except in certain cases of disagreement between the Directors and the Board), is not within the general-line of his employment. But as the Revenue Letter of the last year was considered as the sequel of that which confirmed the Decennial Settlement, and which was written principally I believe by Mr. Pitt, particular parts of this letter are said to have been written by Mr. Dundas, and some by Mr. C. Grant on the plan of a report prepared by the Secretary from the original records, Mr. Johnson willingly left to me this small portion of the business of his Department.

32. DR MILNE ON IMPERATIVENESS OF CORRECT INFORMATION FROM INDIA THROUGH VARIED CHANNELS

Scottish Record Office: Dr.Milne to Henry Dundas GD 51/3/142, ff 533 r- 537 v, Extract

There may be said to be two channels through which our information is derived of what passes in India. The official reports of public officers, and the communications made by private individuals. Where these agree, a reasonable degree of certainty may be attained. Where they differ, our opinions will naturally be formed in proportion to the degree of credence which they separately afford. A certain degree of credence is no doubt due to the statement of every public document, but this, like every other principle of belief, is varied by circumstances. The acts of a public body regularly assembled and deliberating under all the forms and circumstances of office, have seldom been questioned; and are seldom questionable as to the accuracy of the facts which they possess to state; so far as these have fallen within their own observation.

But when the public officer is at once the agent and the historian of his own transactions, it is not impossible that he may be sometimes misguided in his view of things from an eagerness to support a particular system; and that too without any intention of fallacy. Facts may be omitted altogether as irrelevant, which to another would have appeared essential to a right understanding of the case; or they may be so slightly noticed, as to escape the attention of the superior authorities. On the other hand, circumstances may be introduced as forming part of a political transaction which are either foreign to the subject itself or of such a nature as to admit of a very different interpretation to the one which has been assigned to them.

In Europe every political transaction may be said to be transacted on a vast theatre, open to the eye, and opinion of all the surrounding states.

The publication of manifestoes and memorials, lays open the question, and fixes the state of the case in dispute, whilst the law, or expediency of the measure, undergoes the most ample discussion in every form of oral or written debate.

In India no manifestoes are published, or memorials interchanged in our negotiations with the country powers.

An agent on our part at the different *Durbars* is generally the only medium of communication.

As to the discussion of public questions through any medium of the press; men are not at liberty in India to communicate their sentiments in public prints; to compare their observations on what passes before them, and there by, to form general and settled notions of the right and wrong of a public measure. Without meaning here, to say, to what extent such a practice should be allowed, it is certain that the total want of such a medium of communication, is one great source of the prejudice and error which prevails in India on some of the fundamental principles of Government.

The above may be regarded as some of the principal difficulties which lie in the way of

our obtaining always the most correct information, through the channels of public or official communication of the affairs of India. As to the communications made by individuals to their friends in England, in private letters it is obvious that they can never form a ground of public procedure, when set off against the official reports of the Agents of Government; and that the utmost use that can be made of them, is to form a ground for further enquiry into the truth of the articles, as to which they differ according to the circumstances of the case.

A Government in India is not like one of our public Councils in Europe, consisting of a number of persons of eminent rank and learnings, who have been raised to their stations by their talents, before whom parties are heard by Councils, where matters are ripened in debate, and the very collision of opposition calls for the new lights upon the subject so that their final resolutions come at last to be taken under every possible advantage.

In India, everything is the very reverse of this. The number of Council is limited to three, they are often equally void of talent and experience; Council are never heard, they seldom debate, and the points brought before them often relate to subjects on which, they can only judge by the reports of others as to the facts; and in respect to the decision which they are to pass, they have no fixed principle to guide them; as the fundamental grounds of many parts of our policy is still unsettled. To opinions, formed under so many difficulties, too ready an approbation should not be given; where a reasonable ground of doubt is stated from any other quarter, or suggested from an examination of the subject itself.

The difficulties which occurred in respect to America, had their first rise from the Ministers at home too implicitly relying on the reports of the Governments abroad, who always represented things in a favourable point of view, and that the attachment of the people might be depended upon. It was their interest to do so; and it will be the interest of every inferior Government to magnify the success of its own administration. The same cause will operate still further, and the inferior agents, in their capacities of Collectors and Magistrates, will be afraid to report disagreeable truths. No evidence of discontents prevailing in the Carnatic, is to be found in any of the public letters from Madras. But what do the private letters say, and what do individuals report who have lately come from there. **But it does not require authorities of any kind to inform us of the discontents that must prevail against the general system of our Government, which has ruined every Rajah, Nabob and leading men in the country.***

Yet the facts upon the authority of which these changes have been introduced, are, general, as much disputed, as the policy of the measures themselves. To enter here, into a discussion of these subjects would be opening a wide, and very unnecessary field of argument, for where the facts of the case are not ascertained, not the principle which should guide the decision established, how can any satisfactory conclusion be arrived at. Whether the Nabob of Arcot was engaged in a conspiracy, is a fact still doubtful, and must continue to be so, whilst only one side of the case has been heard. Whether it is a better policy to govern India through the agency of the native Princes, or by the immediate act of our own officers, is a principle still unsettled. Both these therefore, the facts and the Law, should be clearly settled, before it can be said that it was either just, or expedient to remove the Nabob. And admitting that some danger might have occurred by the continuance of the family, might not that danger have been warded off at a less expense to the nation, than the payment of the

immense debts of the deceased Princes, which we have undertaken to discharge. **And debts too of a nature, the most suspicious and the most difficult to say where they shall stop⁶, or how their amount shall be ascertained.*** The policy therefore of the assumption of the Carnatic when considered in all its relations is exceedingly questionable. The subject does not appear as yet to have been fully examined in any of its relations.

It might be attended with some danger perhaps to restore the country. In the same manner, as it might be dangerous to restore a sword to a man whom we had affronted by taking it from him.*

But admitting that it might be dangerous to restore the country entirely, a new treaty perhaps might be formed with him, more consistent with the advantages of the Company than the present one.

But however this may be; it is sufficient reason for investigation, that the subject itself is of the first national importance, and has not as yet been sufficiently examined.

The same observations will apply in a great measure to the Rajah of Tanjore. The person at present on the *musnud* is either entitled to that situation, or he is not. If he is entitled, is it agreeable to good policy to deprive him of the exercise of his rights by the administration of his Government through the medium of his own officers.

It is certain that the country of Tanjore was in the highest state of cultivation during the time that it was in the hands of the Rajah, and it is very doubtful whether the inhabitants have, upon the whole, benefited by the change of Masters.*

⁶ The debts of the Nobob of Arcot arose out of the expenses incurred in his name to maintain the British armies, their officers, the British officers who administered the conquered or subdued areas, and the innumerable gifts which he was forced to make to men who had to make fortunes at any cost, and multiply them if they could. So in reality no actual money ever came to the Nobob, and till the end of his unhappy life, he continued as a camp follower more and more unhappy as days passed. His correspondence with the British admiral Robert Harland brings out much of the Nobob's helplessness and unhappiness. One of the gift-seekers, perhaps it may seem curious today, was the historian Robert Orme.

33. ESTABLISHING ALTERNATE AND FASTER ROUTES FOR COMMUNICATIONS FROM ENGLAND TO INDIA VIA SUEZ: ESTIMATED TIME 100 DAYS

IOR:F/2/1: Board's Letters: 7.9.1784-14.10.1795, pp. 162; pp. 74-94, dated 19.5.1786, Board of Control to Marquis of Carmarthen on instructions to Mr Baldwin, Consul-General in Egypt: instructions: pp.95-107: 28 paras,route by Suez to East Indies: 108-119

The grand end of Mr Baldwin's residence at Cairo, is the opening of a communication to India through Egypt... keeping up a constant and uniform succession of correspondence with these important, but distant parts of the British Empire. This might be accomplished alternatively by the three ways of the Cape, Bussorah, and Suez. The two former are already open to us, but being excluded from the latter, a material interval occurs from the month of April till July, when no other route can be performed so soon by nearly two thirds of the time.

Capitulations between HM and the Porte of 1675

If the English Nation had, in fact, shown any such design as the Firmaun imputes to them, of "seizing on the cities and territories, or enslaving the subjects belonging to the Porte", how is it that no ill consequences have resulted from their having factories at Constantinople, Smyrna, Aleppo, and other places, without ever having yet shown any such design.

Sir Robert (Ainslee, envoy to Porte) may have full liberty to employ (if he finds it absolutely necessary for the accomplishment of both these objects) a sum of money not exceeding 2,000 pounds sterling, and a further sum not exceeding 600 pound sterling per annum, to be employed in making suitable presents as occasion may require.

travelling time:

London to Venice (or Leghorn)	15 days
Venice to Alexandria	20 days
Alexandria to Suez (via Cairo)	6 days
Suez to Anjengo	20 days
Anjengo to Calcutta	<u>40-45 days ?</u>
Liberal estimate	100 days

34. DATA ON THE FISCAL DEALING BETWEEN THE BRITISH STATE AND THE EAST INDIA COMPANY 1708-1803; AND ON THE ANNUAL EXPORT FROM BRITAIN TO INDIA 1710-1775

David Macpherson: The History of European Commerce in India, 1812

APPENDIX No. II.

An Account of the sums of money paid to the Public [State] by the United Company of Merchants of England trading to the East Indies, for their privilege, & c.

		Pound sterling
1708	Lent without interest 1,200,000 pound sterling. The value of the interest, reckoning it at 5 percent.	1.200.000
	At this time the legal interest of money in England was six percent.	
1730	Paid into the Exchequer without interest or stipulation for repayment.	200,000
	Defalcation of 32,000 pound sterling of annual interest, value at 20 years purchase.	640,000
1744	Lent upon a renewal of the privilege, <i>of which twenty-five years were yet to run</i> , 1,000,000 pound sterling at three percent. Excess of the capital beyond the value of the interest.	400,000
	besides the value of the advance for 25 years at compound interest.	
1750	Value of a further defalcation of 32,000 pound sterling of annual interest.	640,000
1767-8	Paid for the (territorial revenue being secured) for two years.	800,000
1769-73	Paid for .. (d) for five years	1,369,399
1769-73	Paid as indemnity on tea duties	483,049
1781	Paid on renewal of the privilege	400,000
1793	Paid on (d)	500,000
	and further by cancelling a debt owing by Government for expeditions undertaken by desire of his Majesty's Ministers, for prisoners, & c.	443,632
	Difference between the value of 2,992,440 pound sterling in three-per-cent annuities, now declared by Parliament to be redeemed, and the money really paid by the Company to the Public, reckoning 60 pound sterling.	
	the real value of an annuity of 3 pound sterling	1,196,976
	This redemption consisted in making the proprietors of the annuities go to the Bank, instead of the India house, to receive their dividends.	
	To these sums may be added the following voluntary gifts made by the Company to the Public.	
1779	Expense of raising 6,000 seamen, and of building, arming, and completely equipping, three ships of 74 guns, for the Navy	109,002
1794	Paid in bounty to seamen for the Navy	57,000
1803	Expense of 10,000 tuns of shipping for six months, presented to the	

Public And also the following charges brought upon the Company by acts of Government. Extraordinary expenses of wars since the commencement of the Company, impossible now to be estimated.

Those occasioned by the American war were estimated at	3,858,666
Cost of tea destroyed and lost in America in 1774	15,819
Paid for victualing his Majesty's ships, and charges on his troops in India in 1789 and 1790	500,00
The extraordinary expenses of the present war must be much above Sums expened on Government account beyond what have been refunded to the Company	10,000,000
and also	2,092,984
The obligation to deliver saltpetre at a limited price. The difference between that and the market price has amounted to	436,689
The sum lost by importing sunn hemp at the desire of Government in 1800 and 1803.	

APPENDIX. NO VIII

An Account of the ships employed by the United Company of Merchants of England trading to the East Indies, of the Merchandize and Bullion exported by them, and of the Merchandize imported and sold by them, since the year 1710, as far as can be ascertained from Accounts already made up.

Sea- sons	SHIPS Sailed	Exports			Sea- sons	SHIPS			Exports		
		Merchan- dize	Bullion	Total		Sailed	Arrived	Merchan- dize	Bullion	Total	
1710	15	200,515	375,405	575,920	1743	18	-	228,562	552,678	781,240	
11	12	162,292	327,705	489,997	4	16	-	218,008	463,056	681,064	
12	8	109,042	223,162	332,204	5	22	-	217,511	481,097	698,608	
13	11	85,206	263,000	348,206	6	20	-	188,529	564,978	753,507	
14	9	79,364	364,871	444,235	7	24	-	128,252	786,120	914,372	
15	12	60,866	422,726	483,592	8	14	-	165,731	713,142	878,873	
16	13	68,547	489,636	558,183	9	15	-	275,890	909,136	1,185,026	
17	13	88,036	608,118	696,154	1750	16	-	305,068	816,310	1,121,378	
18	16	107,470	659,006	766,476	1	20	-	341,633	944,471	1,286,104	
19	18	134,353	522,637	656,990	2	21	-	410,968	840,417	1,251,385	
1720	20	121,958	454,546	576,504	3	21	16	418,015	51,951	1,369,966	
1	18	147,615	629,929	777,544	4	16	17	281,429	674,672	956,101	
2	17	135,104	609,768	744,872	5	15	21	245,030	625,485	870,515	
3	12	118,457	466,468	584,925	6	20	19	341,430	801,807	1,143,237	
4	13	96,992	597,652	694,644	7	21	14	310,786	459,841	770,627	
5	12	79,987	466,421	546,408	8	24	13	358,949	174,099	533,048	
6	12	76,573	488,351	564,924	9	22	16	366,974	144,160	511,134	
7	13	101,403	368,389	469,792	1760	21	18	520,719	91,924	612,643	
8	13	102,102	519,606	621,708	1	22	16	514,761	27,327	542,088	
9	17	134,583	635,771	770,354	2	21	19	473,794	47,293	521,087	

1730	13	136,573	539,755	676,328	3	28	16	495,643	39,500	535,143
1	16	149,626	619,226	768,852	4	23	17	510,025	369,831	879,856
2	12	141,232	397,342	538,574	5	23	20	538,813	317,963	856,776
3	14	116,008	406,762	522,770	6	24	26	582,420	955	583,375
4	14	125,293	495,421	620,714	7	28	25	563,472	-	563,472
5	16	185,695	487,327	673,022	8	32	19	653,000	163,568	816,568
6	17	237,537	562,881	800,418	9	30	28	614,583	244,956	859,539
7	18	147,736	497,110	644,846	1770	31	28	520,262	305,630	825,892
8	16	163,141	478,637	641,778	1	26	28	506,840	202,110	708,950
9	19	133,104	431,682	564,786	2	26	33	491,072	40,824	531,896
1740	19	257,452	489,160	746,612	3	15	27	471,499	11,867	483,366
1	19	160,250	441,360	601,610	4	15	19	474,596	10,200	484,796
2	15	281,419	585,957	867,376	5	19	14	510,958	10,080	521,038

**35. THE BOARD OF CONTROUL EXPLAINS ITS STATUTORY POWERS TO THE E.I.CO.
c. 1803**

IOL: Letter dated July 27,1803 from the Board to the E.I.Co.; vol 2, pp 150-9,169; The letter arose from the reluctance of the Court of Directors to alter a previous order closing the College at Fort William by end 1803. The Governor General, Lord Wellesley, appealed for sanction to keep the College going which the Court of Directors wished to be turned down.

Whitehall,
July 27, 1803

Gentlemen,

In returning the Court's Draft No. 177 relative to the College of Fort William with their directions thereupon, the Board consider it necessary to advert to some doubts expressed by the Court as to the powers of the Board in the case in question. They deem it material to state their sentiments without reserve on this part of the question from the desire they feel at all times to cultivate the best understanding with the Court, and from a persuasion that it must be equally the wish of both parties to abstain from any encroachment on the legitimate authority of the other.

Under the view however which the Board have of the provisions of the Act of 1793, it is impossible for them to acquiesce in the validity of such doubts without surrendering as they conceive their most important and indispensable function. And they persuade themselves that on a deliberate reference to the letter and the spirit of the Act the Court will coincide in the sentiments of the Board.

The provisions which relate to the mode in which orders shall be sent to India, are contained in the 12th, 13th, 15th and 19th clauses of the Bill. By the 9th clause, the Board are authorised and empowered to superintend, control and direct all matters and things relating in any respect to the civil or military government of India, including Revenue.

By the 12th, 13th, 15th and 19th clauses the mode in which the authority of the Board whether acting through the Secret Committee or the Court at large shall be exercised, is prescribed and the Court or the Secret Committee as the case may be are required to obey such directions as they may receive from the Board, and to forward the same without delay to India.

The special restrictions on the authority of the Board, as prescribed by the act will be best understood by observing that the object of the Legislature was clearly to give to the Board a full direction in all matters appertaining to the Government, as distinguished from Commerce and Patronage.

With reference to Patronage two restrictions were imposed, the first, denying to the Board any direct powers of appointment (vide 14th clause), the second, precluding them from granting any increase of salary to officers on the establishment (vide clause 17) unless the same shall originate in a Despatch from the Court; the 18th clause provides against that being done in the shape of extraordinary allowance or gratuity which the preceding clause

prohibits being done under the head of an increase of salary.

The necessity of the first provision with a view to the object was obvious. The second though involving an important question of expediency as connected with the efficiency of the Government was nevertheless withheld, as the power certainly also contained in itself the indirect means of patronage. The terms of the restriction being especially limited to making any increase to established salaries are sufficiently explanatory of its intent.

Having stated the only limitations which qualify or restrain the ultimate authority of the Board in applying them to the case in question and to the observations contained in the court's letter, the Board cannot hesitate for a moment in laying it down as within their undoubted authority, as well under the letter as the spirit of the act of Parliament to direct any new establishment to be created which in their judgement shall appear conducive to the better government of India; to prescribe the number of officers of which it shall consist, and even the quantum of salary, if they should think fit to do so, which each shall receive; but having determined on the part of the question which is strictly Political their functions cease, and it belongs in no degree to them to decide by whom those Duties shall be executed or by whom those emoluments shall be enjoyed.

To argue otherwise the principle must be assumed that the Board can give no orders which incidentally give occasion to the creation of any new office with salary. Were that admitted, unless the orders which should at any time be given, were in their nature capable of execution by the precise number of officers then actually in existence, the functions of the Board are at an end. If so, what becomes of their undisputed power of directing war to be declared, or peace to be made, or treaties to be signed, which may eventually lead to the extension of the Possessions of the Company? Was the power of the Board to approve the late Treaty of the Carnatic, and to originate Despatch on that subject, doubted by the Court, the consequence of which was to create all the civil servants with salary incidental to its administration? As little can it be questioned that it would be competent for the Board, charged as they are with the superintendence of the Revenues abroad, if they considered the number of officers employed in their collection to be inadequate to direct the extent and the manner in which they should be increased, abstaining of course from any interference in the special appointments.

If the above be a correct definition of the Powers of the Board, it will not be contended that the authority which can give the order, cannot equally evoke that order, or suspend its execution, after it has given it, upon any circumstances that may create a doubt whether it should be carried into effect or not, or which may suggest the expediency of its modification.

The view which the Court have taken of the necessity of every order connected with Establishment and any salary originating with the Court appears to the Board altogether inaccurate and to have arisen from not attending to the obvious distinction between the powers of governing and the power of appointing to office; between the power of what is necessary to be done and that of determining by whom it shall be done; the former of which the Legislature has undoubtedly meant to leave ultimately and absolutely with the Board,

subject to the control of Parliament, as it studiously provided that their authority shall not extend to the latter.

The Court cannot for a moment question this construction of the Law on the grounds of any trace of legislative jealousy appearing on the face of the Act, that the Revenues of the Company would be unsafe in the hands of the Board, without some other check than the ordinary power of representation remaining in the Court, for most assuredly the disposal of their funds abroad for the purposes of Government is in the most unqualified sense placed under the authority of the Board.

Neither can the Board admit that their discretion is in the present case limited by any construction of the 17th and 18th clauses, which can be reconciled with the obvious spirit and object of the Law, These clauses, as the Board conceive, were intended to provide against any addition being made to the emoluments of *established offices*, either directly in the shape of *increased salary* or indirectly in that of *extraordinary allowances* or gratuity, unless the same should originate in a Despatch from the Court.

The Professorships in the College at Fort William, if the question is to be tried upon this principle, are either *established offices*, or they are not....

The present can not be stated in any degree a question of Patronage. It is most obviously a consideration of general policy, certainly of the last importance as connected with the means of government namely, how the civil servants can best be prepared for their ultimate destination, and as such the Board consider it as clearly within their jurisdiction. If the Court upon reflection should be of opinion that the Commissioners for the Affairs of India have exceeded their powers, it is competent for them to apply by Petition to His Majesty in council....

The Board therefore feel themselves bound by a strong sense of Duty to disapprove of the Draft sent up by the Court and to direct that a Despatch, according to the tenor of that now transmitted from the Board be forwarded to Bengal by the first opportunity.

We have the honour to be Gentlemen & c

Signed by order of the Board of
Commissioners for the Affairs of India.

W.Brodrick.

To
The Court of Director of the East India Company.

36. EARL OF CHATHAM TO LORD SHELBURNE : 24.5.1773

Correspondence of the Earl of Chatham: vol 4: pp 264-5; extract

I always conceived that there is in substantial justice a mixed right to the territorial revenue between the state and the Company, as joint captors: the state equitably entitled to the larger share, as largest contributor in the acquisition, by fleet and men, &c. Nor can the Company's share, when ascertained, be considered as private property, but in trust for the public purposes of the defence of India and the extension of trade, never in any case to be portioned out in dividends to the extinction of the spirit of trade.

37. EARL OF CHATHAM TO LORD SHELburnE 17.7.1773

Correspondence of the Earl of Chatham: vol 4: pp 283-5; extract

Nothing can be more flattering to my mind, or make me happier, than to know that, in principle, your lordship and I entirely agree on this most important subject. The interference of parliament is unquestionably necessary; and the right of parliament to interfere is, by the whole tenor of the constitution, self evident. India must be reformed, or lost. Force and rapine will not secure and defend it; but justice and force will; equal, open, independent justice, administered by real judges, who have no masters to serve, but God and their conscience. As to territorial revenues, they should go between the Company and the public, in due proportions. If the crown is to seize them, through the medium of the House of Commons, there is an end to the shadow of liberty. English kings would become Moguls; rich, splendid, weak; gold would be fatally, substituted in the place of trade, industry, liberty and virtue. We shall have conquered ourselves, when we might, by a wise use of victory, have lastingly established true, national felicity on the ruins of the name of Bourbon. But heaven avert these forebodings!