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OBSERVATIONS  
ON  
LORD CASTLEREAGH'S  
SPEECH  
OF  
THE 19TH OF JULY 1804,  
AND ON THE  
STATE  
OF THE  
EAST INDIA COMPANY'S  
Affairs.

*By Sir P. Francis*

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## PREFACE.

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THE difficulty of drawing the attention of Parliament, or even of obtaining an audience to any thing that concerns the affairs of India, has made the present publication necessary. Both Lord Melville and Lord Castlereagh have appealed to the public in the same form. At the two last India budgets, in 1803 and 1804, the Committees of the whole House seldom exceeded twenty persons, and, in the latter part of those debates, were gradually reduced to a much smaller number. The object overlooked is a dominion, with all its dependencies, more considerable than the whole Mogul empire, as it was held by Aurengzebe.

## OBSERVATIONS,

&amp;c.

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“National prosperity is not proved by figures. You must see it in its operation; you must feel it in its effects.”

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**L**ORD Castlereagh's Speech of the 19th of July 1804, being printed and published by his authority, with great appearance of preparation, and accompanied with many official documents, may fairly be considered not only as his act, but as his most deliberate act, by which he is voluntarily bound, and from which he cannot recede. This proceeding is candid and honourable. In the first place, it implies a perfect conviction in his mind, that his arguments cannot fail to produce conviction as soon as they are understood, and that he risks no-

thing, by committing them, on paper, to a quiet and sober examination. Secondly, it is an act of generosity, if not of prudence, in him, who has a considerable advantage of position, such as Ministers sometimes hold in the House of Commons, to march out of his intrenchments and meet his opponents on equal terms. From a tribunal, whose decision is more at their command than their attention, he appeals to a public, who may possibly be made to understand the question when it is legibly brought before them in a short compass, in a plain way, and without any figures of speech, or many of arithmetic.

Lord Castlereagh begins with saying, "that he is the more desirous of putting Parliament in possession of the information *now produced*, from the perseverance with which Gentlemen on the other side the House have asserted, year after year, that *all* the estimates from time to time laid before Parliament, and *all* the predictions of Lord Melville and himself, have been completely falsified by the event, &c. : that Lord Melville and he have taken all due

pains to supply the means of detecting their own errors; and that his opponents, instead of bringing the question to a distinct test, have confined their attack *merely to general imputations.*"

If we have committed that injustice, or fallen into that error, it is time we should correct it, and the rather, *as certainly we have been supplied with the means of doing so.*

We deny that we ever asserted, that *all* the estimates in question, considered as a calculation of mere receipt and expenditure, *have been completely falsified.* In any character of hostility or opposition to the Noble Lord or his predecessor, which we utterly disclaim, it would be much more to our purpose to admit that none of their receipts had failed; and this for reasons which shall be stated hereafter, and out of which a much more material question would and will arise.

Our first fundamental proposition is general, and comprehensive of the whole sub-

ject; viz. That, on the renewal of the Company's charter in 1793, and during several succeeding years, positive expectation of great *profits*, to be applied to great services, was perpetually held out to the nation, not merely by hope or prediction, but by promise and engagement, for which the faith of Parliament was pledged and committed; that such promise and engagement was supported by estimates of receipt and expense, in which it is said that the failure has not been material, and may be fairly accounted for; and that, with the single exception of the dividend to the Proprietors, no one of these engagements has been, *bonâ fide*, realized. In other words, or, to use those of the Noble Lord, *the positive assurances of results, from the estimates, have never taken place*. This, if he pleases, may be called a *general imputation*, and, as such, it would undoubtedly have no weight, if it were not established by *precise and specific* evidence. The Noble Lord *conceives that the substance of every thing that has been alleged on this subject, is comprehended in two charges*: 1st, That whereas the estimates promised a surplus, *an accumu-*

*lation of debt, to a large amount, has taken place*. 2dly, *That a positive assurance was given by Lord Melville to the public in the year 1793, of the participation of 500,000*l.* being regularly paid*. Lord Melville's repeated declarations in Parliament, and afterwards delivered to the public in print, relative to the aid, which the finances of this country would derive from the revenues of India, and his predictions, *that they would afford an efficient resource to the finances of the empire*, have been often quoted, and shall be considered again in their proper place. But there are many articles among the engagements held out by Lord Melville, at the renewal of the charter, which Lord Castlereagh has passed over in silence. The fairest and safest way is to follow them in the order in which they stand in the Act of 1793, drawn up by Lord Melville. With the law before us, we have nothing to do with any man's meaning or intention, farther than we find it expressed in the Act itself. Were it otherwise, the framer of a law, adopted on his personal credit, would in the first place deceive Parliament, and then make the Legislature

an instrument to deceive the public. We are therefore bound to presume, that whatever this law says, is what Lord Melville meant; and of course that he is answerable for the performance of the provisions and engagements recommended by himself, and on *his* recommendation adopted by Parliament, or to give a sufficient and an intelligible reason for their not having been performed. To that proposition does Lord Melville, or any body for him, say *No*? He has not yet disputed the truth of it, nor do we believe he ever will.

The title of the Act declares, among other things, that it is an Act *for appropriating to certain uses, the revenues and profits of the India Company*. The very plan and principle of this part of the law supposes, that (unless in cases beyond the reach of calculation, and for which no human wisdom could provide) those revenues and profits would at least be found equal to the uses to which they were appropriated, if they did not leave, as they ought to do, an unappropriated surplus or reserve against accidents. A prudent statesman will not

carry his services or expences to the utmost possible extent of his estimated means; because the first are certain, the second may possibly fall short. An Act of Parliament is, or ought to be, a very different thing from a loose vapouring speech in the House of Commons, no sooner spoken than forgotten. It is always presumed that such Acts proceed on sure and solid grounds, and that the Legislature promises nothing without a rational certainty of being able to perform it. When the Act of 1793 passed, no man, even among those who placed no personal confidence in Mr. Dundas, had a doubt that the provisions of the law were serious, and would be carried into effect; or at least that he intended it. The renewal of the charter was not forced on Mr. Dundas, by motives of necessity, or even of extreme convenience. In his letter to the Chairman, dated the 24th of March 1793, he says, "I am not anxious what the opinion of the Court of Proprietors may be; being of opinion that the grant of an exclusive commerce to India is not very material to the interests either of the East India Company, or of the public." It was a voluntary contract between the

Company and the nation, by which *the whole, sole, and exclusive trade and traffic to the East Indies* was granted to the Company, for a renewed period of twenty years\*, on certain conditions, from which the public were to derive a very moderate compensation. From that hour the law has lain dormant, and never been thought of, nor has any one of its professed financial objects been accomplished, except the payment of the dividend.

*the law*  
*and*  
*the law*  
*the law*  
We affirm then in the words of the law †, that (after defraying all expences of collection, and providing for the interest of debts, and for all civil and military establishments) the clear profits arising from the territorial acquisitions and revenues in India, should be applied to the following uses :

I. A sum not less than one million sterling in every year, to the provision of the Company's investment; after which, the law ‡ supposed that a surplus would still remain, which should be applied to the liqui-

\* Vide clause 71, 72. † Cap. 107, p. 996.  
‡ Cap. 108.

dation of the debts in India. A greater sum than this annual million would have amounted to, in the ten years in question, may have been allotted to the investment; but it could not have arisen, out of surplus of territorial revenue; because the Treasuries abroad have been supplied from sources, external to the revenues, to an amount equal to the prime cost of the investment, viz. from loans, from the produce of bills drawn on the Directors, and of bullion and other articles sent from Europe.

II. At the renewal of the charter in 1793, the debts, bearing interest, amounted by computation to seven millions sterling, and the law provided the means of reducing them to two millions. The Governments in India were empowered to draw bills on the Directors annually, to the amount of 500,000*l.* the produce of which bills was to be applied to the reduction of debt. Now this fund, increasing annually by the interest of capital paid off, would alone have been sufficient to reduce the debt in ten years to the sum limited by Parliament; even if the creditors had refused to transfer any part of

their debt to England. The fact is, that of the debt of April 1793, there has been transferred by bills drawn on, and paid by the Directors, to the amount of 6,048,331*l.*; and the question is, in what way has the produce of those bills been disposed of, considering that the debt had swelled to twenty millions on the 30th of April 1803?

III. The law then proceeds to dispose of the profits of the Company in Great Britain:

1. In payment of a dividend, which, having been paid, is not in question.

2. In payment of 500,000*l.* a year, to be applied to the discharge of bills drawn in India, for the transfer or remittance of the debts from thence to Britain. From that source alone, the Indian debt, as it stood in 1793, ought to have been reduced to the amount limited by Parliament, or might have been annihilated. If it was so applied, the present debt is a new one.

3. In payment of 500,000*l.* in every year into the receipt of his Majesty's Exchequer. This was the only compensation receivable by the public, in return for the surrender of the general rights of the nation to participate in the revenues and commerce of the British empire in India; and certainly it appears, on the face of the Act, that considerable pains were professedly taken to secure it. If the funds, from which this payment was to be made, proved insufficient in any year, the deficiency became a debt to be made good out of any surplus, which might remain in any subsequent year. If the Company failed to make such payment into the Exchequer, the amount thereof, so unpaid, "should and might be recovered by action of debt, &c. with damages after the rate of 15 per cent. per annum\*:" "and the said united Company and their successors, and all their stock and funds, and all their real and personal property and estate, lands and tenements, whatever and wherever, shall be and are hereby made subject and liable to the payment of the said monies and damages,

\* Cap. 119.



with the full costs of suit." It is then provided (in clause 121), in favour and indulgence to the Company, that, if the making such half-yearly payments *shall be attended with material inconvenience or embarrassment to the Company's affairs*, the Directors are *required* to represent the same to the Commissioners of the Treasury, who, by their order, may thereupon *postpone or suspend the payment, &c.* " provided always that there be laid before both Houses of Parliament, within fourteen days after the making such order, if Parliament shall be then sitting, or otherwise within the first fourteen sitting days of the next session of Parliament, a copy of the order and of the representation of the Court of Directors, whereon the same shall have been granted." And finally, it is provided \*, that if, by any extraordinary expences of war, &c. the nett proceeds shall fall short of making payment of 500,000*l.* a year, for the use of the public, the deficiency " shall be *deemed* as a debt to be made good to the public upon the determination of the Company's exclusive trade, if

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\* Cap. 122.

they have assets sufficient after payment of their just debts, and after making good to the Company the value of their capital stock. With all these precautions, and with funds, which are assumed by the Legislature as equal not only to this but to other appropriations, which have not yet been mentioned, the burden of the proof of inability lies on the Directors, who after the first year have made no payment on this account, who have made no representation to the Lords of the Treasury, or, if they have, neither their representation nor the order of the Treasury thereupon has been laid before both Houses of Parliament.

Of this annual allotment to the public service, only one payment has been made; viz. in the *first* year after the charter was renewed. If the subject should ever be investigated as it ought to be, there is reason enough to suspect that even this single payment would not have been made, but for a particular circumstance not generally known, because there are very few, who will take the trouble of looking narrowly

into Acts of Parliament on so dull and perplexed a subject.

Before the renewal of the charter, the Company were in possession of a sum arising from former profits, and amounting in March 1793, to 467,896*l.* which they might have divided, but which they had *kept and employed in their trading capital*, suffering the interest to accumulate thereon\*, the said principal and interest forming a *distinct article* in the annual cash accounts of the said Company, under the head of the Company's *Separate Fund*. By the Act of 1793, the Company were restrained from making any dividend out of this fund, *until after they had paid into the Exchequer the two first instalments of 250,000*l.* due to the public*, which were accordingly paid. Otherwise the Company could not have increased their dividend, as they have since done, out of their separate fund. This fund at all times forms a distinct article in the annual cash accounts of the Company, and ought not to be blended with the general cash in the Trea-

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\* Clause 124.

surey. Nevertheless, in the computation account of their stock laid annually before Parliament, it is not so distinguished. The second item on the credit side of that account, made up to March last, stands thus: "Cash in balance, including cash belonging to the separate fund, 156,931*l.*" But, by a particular account of the separate fund since produced, it appears that the cash belonging to that fund amounted on the very same day to 343,520*l.* How this sum should be *included* in the former, remains to be explained; but the result of the two statements is clear enough; viz. that the Company, on the 1st of March 1804, instead of having a balance of cash in their own Treasury, as the account affirms, are really in debt to the separate fund, to the amount of 186,589*l.*

On this head another observation occurs. The separate fund belongs to the Proprietors; as such, they lend it to the trading capital, and receive interest upon it. The stock account takes credit for the amount, as if it made part of the Company's property, but does not debit it on the other

side, as it ought to do, considering that in fact it is so much money borrowed at interest. This article then should either be omitted, or inserted on both sides of the account.

When the debt in India is reduced to two millions, and the bond debt at home to 1,500,000*l.*; when all the preceding appropriations are satisfied, and all the deficiencies on the annual payments to the public made good; the law still supposes a surplus to remain, and directs to what objects it shall be applied, viz. one sixth to an increase of dividend, and the residue paid into the Bank of England, to be vested in the funds, until, with the growing interest, it shall amount to twelve millions of pounds sterling, *to be deemed and considered as a guarantee fund for the better securing to the Company their capital stock, or the value thereof\**. Near twelve years have elapsed, and not one shilling has been vested in the funds on this account. The failure in each of these parliamentary engagements constitutes a specific charge against those calculations on which Parliament relied, when the

\* Cap. 115.

charter was renewed. Either the calculations were ill founded originally, or the funds have failed to an extent that will account for the deficiency in the several appropriations.

Now Lord Castlereagh asserts, first generally, that the territories, during this period, have fully defrayed their own expence; and secondly, that, deducting the increase of receipt from the increase of expence, the error in the final result did not much exceed three millions (3,276,147*l.*) in ten years, and that too a period nearly of *uninterrupted war*. If so, his resources ought to have been answerable for all the services and appropriations provided for by Parliament, deducting only the sum of three millions.

On this plain intelligible statement the first thing to be observed, and never to be lost sight of, is the period in question, to which all the accounts refer, viz. the ten years ending the 31st of March 1803. Without this observation strictly adhered to, the failure in one period might be jus-

tified by the expence in another, that is, by an expence that does not belong to it.

II. Admitting that the territories have fully defrayed their own expence, it is, in the first place, but a melancholy account of an estate, which in ten years produces a real revenue of very near 95 millions, that its income has been exactly equal to its charges.

III. The fact, if true, would be nothing to the present purpose, because the Act of 1793 supposed and relied on a great surplus to be appropriated to other services, which have not been provided for.

To cover all failures, one general argument is resorted to, and supposed to be sufficient to silence all objections, viz. the wars in India. Lord Castlereagh affirms, "that the assurances given by Lord Melville, were not given absolutely and without qualification; that they were *no doubt* made absolutely with reference to a state of peace, and that Parliament was *distinctly apprized* by his Noble Friend *at the time*, that war, and more particularly war on the continent

of India, must *wholly* alter the calculations then made. Since that time we have had two Indian wars, one with Tippoo, the other with the Mahrattas. We have had rebellions little inferior to wars in the expenditure connected with their suppression," &c.; and, therefore, he calls the whole ten years a period of *nearly uninterrupted war*\*.

It would have been desirable that Lord Castlereagh had specified the time when, and the precise terms in which Lord Melville made those previous declarations, by which Parliament is supposed to have been *distinctly apprized* that the case of war must *wholly alter his calculations*. In common parlance, the words *no doubt* imply some degree of uncertainty, and are never used when specific evidence can be produced in support of a specific assertion. In the course of that very time, which is called a period of *nearly uninterrupted war*, we have his own annual declarations in print, affirming the exact contrary, repeated from year to year, and rising in vehemence of

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\* Page 13.

assertion in every successive year, until he resigned in June 1801. To clear up this question, we shall do what Lord Castlereagh has omitted; that is, we shall once more state the time, the place, and Lord Melville's own words on the subject. Many of these declarations have been already quoted in print, but possibly may not have fallen under Lord Castlereagh's inspection.

In the first place, we state and affirm, that every provision and appropriation of the annual surplus of revenue in India, made by the Act of 1793, is equivalent to a personal engagement, on the part of Lord Melville, who brought in the bill, that such surplus was to be depended on. That fundamental promise was preceded and followed by many oral and written declarations.

On the 24th of May 1791, Lord Melville declared to the House of Commons, "I am not disposed to undervalue the resources of this country; but, notwithstanding any inauspicious aspect the present affairs of India may be supposed to bear, I am still *sanguine* enough to hope that the day is much nearer, when the resources of India

*will administer aid to the revenues of this country* than that, on which we are to apprehend that India will call for aid from the finances of Great Britain."

5th June 1792.—"To save any gentleman the trouble of putting the question to me, whether I adhere to the hopes I gave last year, that the day is much nearer when the resources of India will administer aid to the revenues of this country, than that on which we are to apprehend India will call for aid from the finances of Great Britain; I anticipate the question, and answer in the affirmative; and the only difference is, that I am *more sanguine* in those hopes than I was when I first asserted them."

In 1794, he reported to the House on the pecuniary arrangements of 1793, and said, "I have the satisfaction to reflect, that every statement, which has since been brought under consideration, has justified the expectations I entertained from the measures I then recommended to the adoption of Parliament."

On the 23d of April 1793, he said, "that the India Company could no longer make war to gratify the avarice and ambition of their servants, because their servants were *now* made responsible to their superiors, and these to the decisions of a British Parliament\*."

On the 19th of July 1804, Lord Castle-reagh informed the House of Commons "that the ten years, ending in April 1803, had been a period of *nearly uninterrupted war, or of rebellions little inferior to wars.*"

On the 4th of April 1794, Lord Melville informed the House of Commons "that all the possessions (the distant islands excepted) belonging to the only European power in India, from whom we could have

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\* In this declaration two propositions are affirmed; 1st, that, before 1793, the Company made war to gratify their servants, who were not responsible to their superiors: 2dly, That strict obedience to the orders of the Court of Directors was insured for the future.

any apprehensions of danger, had been captured; that the alliance between Tippoo Sultan and the French was dissolved; and that the effectual check, which Lord Cornwallis had given to the Mysorean power, had been followed by the *total annihilation* of that of the French on the continent of India."

On the 16th of June 1795, "that, as in the revenues, so in the sales at home, his estimates had been greatly exceeded; that, if he looked to India, he saw *no circumstance* that did not lead to confidence in the increasing prosperity of the country. *In time of war*, and when the markets of a great part of Europe were shut against the Company, their sales were greater than they ever were before."

20th of June 1796: "I have it still in my power to assert, that the appearance of the affairs of the East India Company, both at home and abroad, is *most favourable*. The predictions, I then ventured to make, have been all fully justified by the events;

and the sanguine hopes, I long professed to entertain, have been *all completely realized.*"

On the 20th of December 1796, "that every hope which he had formerly suggested had now been fully confirmed, and that even his most *sanguine* representations had not exceeded the truth. That the war, which agitated Europe, did not reach the Company's possessions, nor was it likely to do so with any bad effect. That he was confident in asserting, the state of the Company's affairs in India was in an increasing progression of prosperity, and that there was every prospect of this prosperity being yet very considerably augmented; the *only* question was, how far that point of prosperity might be extended."

On the 14th of July 1797: "The prosperity of the East India Company has been *increasing* from the period when the operation of the present system was brought into full effect; and the amelioration of their affairs, notwithstanding the war with Tippoo Sultan, between that period and the present, amounts to no less than 11,000,000/.

sterling, computing merely on the increase of assets, and the decrease of debts, without taking into the account the enhanced value of the revenues of India, and the improved state of the commerce.

"Under every contingency, the affairs of the Company have been in a state of improvement. The prospects now held out are fully warranted."

He admits that an increase of capital stock had furnished the sum of 3,740,000/., but does not allow it to form a part of the above amelioration, because there had been an expenditure of almost an equal amount in consequence of the war with Tippoo in 1792, and expences incurred by the present war. N. B. *On this last declaration a question arises: If the expence of the war in 1792 was defrayed by the produce of the new capital, how was the money applied which Lord Cornwallis compelled Tippoo to pay to the Company?*

On the 12th of March 1799: "I am entitled to make that conclusion from the *int-*

*mense* improvement in the Company's affairs since it has been under its present management.

“ *Notwithstanding* the expensive wars, in which we have been engaged, &c. ; *notwithstanding* the interruption, which commerce must *always*, more or less, experience in a state of warfare ; yet have the affairs of India gone on, from year to year, in a state of progressive improvement, without their prosperity having stagnated *for a single moment*.”

On the 25th of March 1800 : “ The estimate of the year 1793 was formed on the most accurate calculations prescribed by the experience of past years. That the prospects might not be over-rated, the resources, though evidently in a state of improvement, were taken on a moderate scale. This is proved by the issue. Their produce has more than justified the expectations ; and, although fluctuations on so immense a revenue must naturally be expected, the estimate has been exceeded in no less a sum than 1,000,000/. sterling on the average.”

Having gone through the whole of the figures, he said he had no doubt on his mind, but that the Committee would be convinced, as he was, from the results of the whole, that the affairs of the Company were in a most flourishing and prosperous situation !

On the 23d of July 1800 : “ In the year 1797, I presented to the Committee a most flattering view of the surprising improvement brought about in the course of ten years. The reduction of debts, and the increase of assets, were to an amount exceeding 11,100,000/. under the pressure and various contingencies of war. But I have carried the comparison three years farther, which will take in a great part of the *immense expenditure* of the late war with Mysore ; and find that the improvement during the *thirteen* years on the same principle is 11,880,000/. If it be inquired, what is the state of the concern between 1796-7, and the date of the present accounts, in which period the extraordinary pressure has been mostly felt, it is satis-



factory to discover that, without any aid from increase of capital, the improvement has still been 747,000l."

On the 30th of June 1801: "The most sanguine hopes may be indulged from the present general aspect of the Company's affairs. It is with the most heartfelt satisfaction my mind contemplates the *amazing* change in our political relations in the East, at the present time, compared with what they were in 1784. Let it suffice to say, that, by a happy combination of efforts, both at home and abroad, effects have been produced *which could scarcely have entered the minds of the most sanguine!*"

In his last letter to the Directors, he informs them "that their debts in England are already reduced *below their level*, with a great balance of assets in their favour:" and he concludes it with the following memorable words: "If I can inspire your minds with the same *enthusiasm* on this subject (*viz. debts and prosperity*), with which my own is animated, I shall rest in

confidence, that you will not disregard my parting advice; but, by adopting the means *which are in your hands, speedily* overcome your Indian debt and thereby exalt your own characters." It rests with the Court of Directors to admit or deny, that the means of *speedily* overcoming this debt, were actually *in their hands* in June 1801. Fortunately for his Lordship's sound understanding, he withdrew soon after. Another year of such prosperity might have been too much for him. If the character of the Directors is to be weighed against the Company's debts, the weight, that sinks one scale, will undoubtedly exalt the other, and in this sense the character of the Directors has suffered no depression.

As far as our information goes, Lord Melville has at no time held any language contradictory to, or inconsistent with these and many other declarations to the same effect. We stand on the truth of his own specific assertions, and we presume he was sincere. His friends are at liberty to prove the contrary, if the present situation of the subject requires it.

In his farewell letter to the Court of Directors, it is true that he begins to talk, in a loose general way, of the enormous expences of an extensive and complicated war; but he produced no evidence of the existence of such war, nor any specific account of the enormous expence, or indeed of any extraordinary expence attending it. The burden of the proof lies on the affirmative. On the other side, we, though not strictly bound to it, shall prove that there was no actual war in India, but that against Tippoo in 1799, that it was soon over, that it was neither extensive nor complicated, and that it amply paid its own charges.

In the preceding observations, the main fact, repeatedly asserted by Lord Castlereagh, is taken for granted; viz. that the ten years in question formed a period of nearly uninterrupted war; and we have shewn that, on Lord Melville's principles, even that supposition will not support the conclusion drawn from it. The truth of the fact remains to be examined.

The ten years ending in March 1803, are described by Lord Castlereagh, as a period

not only of nearly uninterrupted war and rebellion, but as *ten years of the most expensive war*; and he says, that from "the recurrence of war in Europe, coupled with the heavy pressure of a contest with the Mahrattas, the surplus nett proceeds have been in a greater degree absorbed, than there was reason to apprehend at the time."

On these passages, and on many others to the same effect, the following observations occur:

1. That a war, in Europe only, is not to be stated as a cause of any material augmentation of expence in India. The charge of freight, if increased, falls on the produce of the sales at home, and the natural operation of such war is to increase the amount of those sales. The India Company pay no insurance; but they properly charge themselves with an annual allowance on this account; which, on ships taken by the enemy from March 1793, to March 1803, does not appear to exceed 400,000/.

2. The war in Europe did neither occur, nor recur, *after* Lord Melville's calculations were made. It was foreseen and prepared for in 1792, and it was declared by France, on the 1st of February 1793. The provisions, under which the Company's charter was renewed, were not enacted till the 11th of June 1793, and all his annual promises and predictions were made *durante bello*. But the whole of Lord Castlereagh's argument requires that the case of war did not only not exist, but could not have been foreseen when those engagements were originally declared.

3. In the ten years ending in March 1803, there has been only one actual war in India; viz. that against Tippoo Sultan, which began in March 1799\*, and ended in May following, by the capture of Seringapatam; and which ought to have paid much more than its own expences, first by the wealth immediately taken, and then by the

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\* General Harris entered the Mysore country on the 5th of March, and Seringapatam was taken on the 4th of May.

increase of revenue from a great acquisition of territory.

On this point we appeal to Lord Wellesley. In his letter to the Directors dated the 3d of August 1799 (Par. 59), he says, "The success of your arms in the *short period* of the late campaign, has provided an *ample indemnity* to you, and to your ally, for the charges of the war."

(Par. 60.) "By the partition treaty of Mysore you have acquired an augmentation of direct territorial revenue of about star pagodas 6,47,641. By the subsidiary treaty of Seringapatam, you have secured an annual subsidy of star pagodas 7,00,000, leaving an annual increase of your funds, in this quarter of India, equal to star pagodas 11,47,641. By the treaty of Hyderabad concluded on the first of September 1798, the annual subsidy (*from the Nizam*) was augmented to the amount of star pagodas 5,64,982.

"Thus the total augmentation of your *available* annual resources since June 1798, in this quarter of your possessions, amounts actually to star pagodas 17,12,623; and,

if the revenue of the newly acquired territory should be realized (according to just expectation), will amount to star pagodas 25,43,680, or 1,017,472*l.* sterling. (Par. 67.) The expences of moving the battering train to Seringapatam, as well as of maintaining the army in Mysore, cannot have much exceeded the charges, which must have been continued, if the whole had remained within your frontier." Now this increase of available annual resources was not in contemplation at the renewal of the charter, and comes in aid of the resources, on which Lord Melville depended to make good the appropriations of the Act of 1793. His calculations had also the benefit of another supply, which he could not have reckoned upon in April 1793, viz. the amount paid by Tippoo in 1792 and 1793, on the treaty with Lord Cornwallis.

4. *The heavy pressure of the Mabratta war*, the operations of which did not begin till August 1803, is introduced into an account, which closes with the preceding March. Now allowing five or six months for the preparations of the war, the extra

expence of those months, created by the army's barely taking the field, instead of remaining in their cantonments, could not belong to the account of the preceding year; consequently, furnishes no justification or pretence for any part, that can be called material, of the failure of resource or increase of expence antecedent to April 1803.

5. The quiet possession taken of a few open French factories, and a couple of Dutch forts, which surrendered as soon as they were summoned, is not worth notice as a military operation; and as to the expence of it (1,230,995*l.*), the whole has been charged against Government as a debt due to the Company, for which they have constantly taken credit in the account of their property laid before Parliament, without objection on the part of the Board of Controul, whose duty it is to revise these accounts before they are produced; since it is on *them* that the annual resolutions of the House of Commons are founded.

6. The island of Ceylon is a royal acquisition, with which the India Company

have no connexion. The expence of the conquest, with some other *items* amounting to 3,130,591*l.* has been defrayed by them, and charged against Government; who indirectly at least have acknowledged the debt, by paying the Company a million on account, by allowing them to take credit for the remainder in their stock account, and to charge interest thereon at four per cent. per annum.

There is another way of stating the main and essential question on this subject, which appears to us plain and intelligible in its terms, and open to a distinct answer. Lord Castlereagh says, "The House will consider it a most conclusive and satisfactory proof of the territorial resources of our Indian empire to observe, that the produce of the revenue was sufficient to cover the expenditure connected with its maintenance and defence during a period of ten years, realizing at the same time a surplus of 1,981,000*l.* &c.; and that the productive powers of the territories have supplied a surplus under all the pressure of the war." In another place he says, "The nett available resource from

the territories, *in ten years war*, after liquidating an old incumbrance on the Carnatic, *videlicet* 1,800,000*l.* paid to certain creditors of the Nabob of Arcot, not provided for by the Act of 1793, and making a payment of 500,000*l.* to the public, may be stated at 2,333,000*l.*

Now we think we have proved that, with the exception of the war against Tippoo in 1799, which lasted but two months, and which, as Lord Wellesley affirms, *provided an ample indemnity for its own charges*, this supposed war of ten years, so often resorted to, was, with respect to India, little more than nominal; and, as to the Mahratta war, there was none in the period in question. Then, what is become of that annual surplus, on which Parliament relied to make good all the appropriations prescribed by the Act? That surplus has been aided by the produce of new loans, and of draughts on the Company, and of bullion and of other supplies from Europe, as well as by a great *available* territorial revenue acquired in 1798 and 1799; yet, except the dividend, no one of the provisions of the

Act has been carried into execution. It is said, "that these funds have *realized themselves* into assets of a less convertible nature\*." This proposition supposes that the funds did exist; and then we ask, by what authority they have been so applied, and diverted from the application, prescribed by the Act of Parliament?

7. Of the *rebellions little inferior to wars*, which have occurred in the same period, nothing certain can be said, nor any precise opinion formed, because no account of their causes or effects, or even of their existence, has ever been laid before Parliament. But the fact itself brought forward at last by the Minister of Indian affairs, to answer an immediate purpose, is sufficient to attract attention, if not to excite suspicion. Enough has been said of the unexampled justice and lenity of the British Government to its Indian subjects. On that subject, the parties concerned are not very spar-

\* Lord Melville also, in his letter to the Directors (p. 22), talks of an *Indian balance, which had found its way into the Company's Treasury in England*; as if funds and balances moved and acted of their own accord.

ing in their own commendation; and, to save trouble, the English public take the whole of it for granted. How does it happen that all this lenity should have produced no return of gratitude and attachment? that the parties, benefited by it, should not be contented with their happy lot, and remain quiet at least, under so mild a dominion? Why should they be perpetually in arms against their own happiness, and evidently at the risk of their destruction? Endurance and submission are the general character of the native Indian, and of the Hindoos without exception. "The resistance of these people must have been made to concession; their revolt was from protection; their blow was aimed at a hand holding out graces, favours, and immunities."

When we hear of resistance, or, as we are pleased to call it, of rebellion on the part of little tributary states, or of the owners of mud-forts, or any other petty landholders, against the British power in India; men may talk as they please in this country to a careless or a willing audience, who

never hear any thing on the other side of the question. Their own averment leads to a conclusion, which, whatever we may say, it is not easy to resist. The insurrection of such weakness against such strength can be nothing but the last resort of misery driven to despair. In a similar case in the Government of Scotland, a wise man has said truly \*, “ that it is almost impossible that men could have been carried to such a degree of madness, unless provoked by a long train of violence and oppression.”

No principle of justice occurs to us, on which the expence of expeditions fitted out from India, and *not immediately connected with the Company's service*, should be charged against the Company. Nor is it so. On the contrary, they give themselves credit for the full amount in the account of their stock, and charge interest for it from the public. The charges for the Egyptian expedition stand in the same predicament. They remain unsettled, and have never been inserted in any account laid before Parliament; but it appears by a note,

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\* Hume, anno 1681.

at the foot of one of their accounts, that the Company's claims on Government for the expences of the army sent from India to Egypt, would probably amount to upwards of two millions.

The Act of 1793 directs and provides for the reduction of the Indian debt to two millions; but now we are informed that *four millions* is the sum\*, at which it is proposed the debt should remain. The question is not worth arguing until the case happens. Otherwise, supposing the means to exist, it might be asked, where and in whose hands is an authority vested to dispense with an Act of Parliament, and not to apply those means as the law directs? Whether *the due amount, at which the debt abroad should be preserved*, is two millions or four millions, is not now a question of discretion. The law has decided that point. Lord Castlereagh seems to be fearful that the Indian debt may be reduced below four millions; insomuch that, if that misfortune should happen, he says, “ *that a cor-*

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\* Vide Lord C.'s Appendix, No. 4.

*responding sum must be raised by a loan in India.*" This danger seems to us to be remote, if not imaginary ; and we are happy enough not to participate in his Lordship's anxiety on this subject of alarm. At all events, it is always in his power to check the rapidity and to retard the progress of his own plan of reduction. It requires no extraordinary effort, or preternatural skill, to keep the India Company full as much in debt, as any body, but their creditors, may think will do them good.

The account (No. 4) is produced to prove, that in 1809-10, the Indian debt will be reduced to four millions, by the operation of a sinking fund, by annual saving of interest, and with the help of 3,287,000*l.* to be raised by loan at home. As far as this last article goes, the capital debt is not diminished. You borrow with one hand to pay with the other. But it is a question of deep and serious concern for the Court of Directors to consider, whether they will advise the Company to pledge their commercial credit, or to mortgage their property in England, for the express purpose of discharg-

ing political debts, incurred abroad by expences, over which they have no controul.

That the territorial income ought to furnish a surplus of one million a year, and much more, is not to be disputed in argument, and to which nothing can be opposed but experience. It is difficult to conceive, what new pretences can be set up for absorbing the immense revenues of India in extra military charges, such as the past, or even in such establishments as exist at present. Tippoo Sultan is destroyed, the Mahratta empire is subdued and dismembered, the French are extirpated, and the whole peninsula in effect laid under contribution to the power of Great Britain. The hacknied plea of unexpected war and unforeseen expences must fail at last in a country, in which an enemy in arms is not to be found, and where it is impossible for an European power to attack us.

The preceding remarks are meant to apply to the substance of Lord Castlereagh's speech, considered as a charge against individuals, who differ from him, and to the general tendency of his argument. In the



course of it we meet with some detached opinions, which, coming from such authority, deserve notice, and, not being delivered in plain vernacular English, seem to require explanation.

He laments that "the money-market at home has not been open to the Company, so as to admit of their raising, at a moderate rate of interest by an increase of their capital, the additional funds, which their *growing concerns* have, from time to time, required." If, by *growing concerns*, he means *growing distresses*, he first contradicts every thing, that has been said, by Lord Melville and himself, of the increasing prosperity of the Company's affairs; and then he must maintain that the remedy for growing distress is to borrow more money without running into debt, viz. by the obvious and easy expedient of calling it an increase of their capital, and leaving their capital out of the account of their debts. If, by *growing concerns*, he means the discovery of new markets or demands of trade, which require additional funds, and in which a new capital might be beneficially employed, he ought to have expressed that meaning

distinctly, and stated the facts, on which it was founded. It will be time enough to examine the opinion, when some evidence is produced, or some reasons are assigned in support of it. As to his Lordship's favourite expedient of raising money by increasing their capital, it ought to be observed that the India Company have not neglected it. Since the year 1784, when Lord Melville undertook the management of their affairs, they have raised five millions by that mode of borrowing; and in April 1794, within a year after the renewal of the charter, they borrowed another million upon bond. Yet the Court of Directors, in their report of the 25th of March 1802, affirm "that the original capital of 2,800,000*l.* was sufficient to enable the Company to carry on their trade, when it was truly exclusive, for near a century."

Lord Castlereagh asserts that the Company's commerce *has been* conducted, and always *ought* to be, on enlarged principles of steady encouragement of the manufacturing interests both at home and abroad, rather

than on the confined scale of mercantile profit and exclusive advantage."

The fact, if it were true, would make the opinion superfluous. The truth of the doctrine is not self-evident, and that of the assertion is left without proof. Commercial profit, and exclusive too, if the merchant can make it so, is the only object of commercial enterprise. Encouragement to manufactures is the effect not the object, and, if the trade flourishes, will follow of itself. In former times, the India Company were obliged by their charter to export a large quantity of broad cloth, whether they could find a sale for it or not; and accordingly a great part of it was left to perish in their warehouses in India. But that was by compulsion, and the compulsion has been removed. On Lord Castle-reagh's principle, it ought to have been continued. The management of the Company's commerce is intrusted to a body of gentlemen, who act as trustees, and who never did nor ever will voluntarily sacrifice the mercantile profit of their constituents to the

manufacturing interests either at home or abroad.

To shew that we are not singular in the opinion expressed in this paper on the general state of the Company's affairs, we shall conclude it with an extract from a Report made by a most respectable committee of the Court of Directors, on the 25th of March 1802, every word of which is to the same effect.

" They observe that the Right Honourable Gentleman (*Mr. Dundas*), on retiring from office, has represented India and the affairs of the Company in the most prosperous situation, &c. ; and that they have too much reason to fear, that the exclusive trade, as regulated by the Act of 1793, is not only necessary, but indispensable, as a resource *to save the Company from destruction, &c. ;* and that the few months, which have intervened, have been more than sufficient to convince the Court, that Mr. Dundas was mistaken as to the real situation of the Company's affairs in India ; *for the whole of his*

*estimates are completely destroyed*, in consequence of the advices since received, &c.

“ They trust they have *demonstrated* the opinion they entertain of the *sanguine* estimates formed by Mr. Dundas, &c. However discouraging this prospect may be, it is aggravated by circumstances, which never existed before. The establishments are increased, the political resources are absorbed, &c. We find that the Treasury (of Bengal), for want of money, has been obliged to issue notes payable nine months after date, with an interest of twelve per cent. &c. In this situation, which Mr. Dundas represents as *prosperous*, with more than double the amount of political debts to discharge, and groaning under the enormous increase of military expence and establishments, he proposes to call on the Proprietors of East India stock to raise no less a sum than four millions sterling, for what he calls commercial purposes; but which, in truth, *is to discharge political debts*, &c.

“ The original capital (2,800,000*l.*) was sufficient to enable the Company to carry

on their trade, when it was truly exclusive, for near a century. The three last sums (4,980,000*l.*) have been added during the administration of Mr. Dundas, for commercial purposes, &c.

“ It never can be denied, that the four millions are to be raised for the express purpose of discharging political debts.

(Signed) “ ABRAHAM ROBARTS.  
 “ EDWARD PARRY.  
 “ CHARLES MILLS.  
 “ JOHN ROBERTS.  
 “ FRANCIS BARING.  
 “ JACOB BOSANQUET.  
 “ HUGH INGLIS.  
 “ JOSEPH COTTON.”

## APPENDIX.

(Vide Page 13.)

ON the 19th of July 1804, the Deputy Chairman affirmed, from regular official accounts, that, in the five years preceding 1793, the Company's commerce paid to India and China, more than it received; that, in the succeeding ten years, the balance, between England on one side, and India and China on the other, was against the commerce only — — £.2,228,549  
 that in 1803 and 1804, the exports amounted to — — £.5,599,297  
 which, at the present moment, would leave a balance in favour of England of £.3,370,748

His conclusion is, "that it is plain that the capital of the commerce is not borrowed in India, therefore Indian interest cannot attach upon it."

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On the part of the Board of Controul, it is asserted that "the produce of the territorial revenue was sufficient to cover the expenditure connected with its defence, during a period of ten years war, realizing at the same time a surplus of 1,981,000/."

On the part of the Company, it is asserted "that their commerce has borrowed nothing from the territory;" yet, the fact is, that, in the same period, the Indian debt, instead of being reduced to two millions, was increased from seven millions to twenty.

THE END.

ERRATUM.

Page 13, line 6, *for arisen, but of, read, arisen out of.*

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