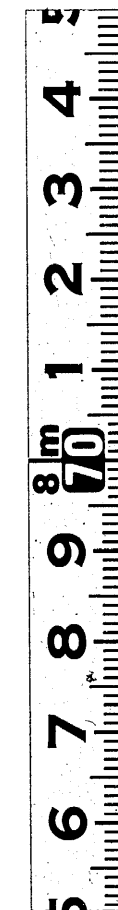


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OBSERVATIONS

ON THE IMPORTANCE OF THE

EAST-INDIA FLEET,

TO THE

COMPANY AND THE NATION,

IN A

LETTER

ADDRESSED TO THE

RIGHT HON. HENRY DUNDAS,

ONE OF HIS MAJESTY'S PRINCIPAL

SECRETARIES OF STATE,

AND PRESIDENT OF THE

BOARD OF CONTROUL,

FOR THE MANAGEMENT OF THE

AFFAIRS OF INDIA.

By THOMAS NEWTE, Esq.

LONDON, PRINTED

For J. Debrett, Piccadilly; R. Faulder, Bond-street; F. and G.
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Royal Exchange.

(PRICE ONE SHILLING)

1795.

OBSERVATIONS, &c.
IN A LETTER
 ADDRESSED TO THE
RIGHT HON. HENRY DUNDAS.

LONDON, *January 19, 1795.*
 UPPER GOWER-STREET.

SIR,

WHEN I had the honour to wait on you, with the rest of the Gentlemen deputed by the Owners of the East India Fleet, I avoided troubling you with many opinions of my own, upon the subject of the Freight for this season, as I was not present at the negotiation with the Court of Directors; I therefore left the explanation to the other Gentlemen, who were more particularly acquainted with the circumstances, and who, I trust, have convinced you that the Protests of Mr. Grant and Mr. Scott, were unnecessary.

After the Observations which I had the honour to submit to your consideration, pending

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ing the discussion relative to the renewal of the Charter, and the opinion which you thought proper to give in your letter to the Chairman of the East India Company, concerning the Fleet, I must confess I did not think the Owners would have been under the disagreeable necessity of troubling you again upon the subject; but as that letter has been made an improper use of, and perverted to purposes which I am convinced were the farthest from your thoughts, by grafting a proposition upon it to supply the East India Fleet by Public Competition; which will place the Company in the hands of every speculative and needy adventurer. I cannot exhibit the fallacy of such a plan in a stronger point of view, than by bringing your recollection back, to the observations I have alluded to. In that Paper, I stated some strong facts, taken from the Records of the Company. But as such a variety of affairs call upon your attention, it is possible they may have escaped your memory, I shall therefore re-capitulate them.

“ I stated, that the security of the Com-
“ merce

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“ merce of the East-India Company, de-
“ pended on the superior quality of the Ships,
“ the ample manner in which they were fur-
“ nished with stores and provisions, the abi-
“ lity of the men who navigate them, their
“ power to repel the attack of an enemy, and
“ to afford essential support to the Settlements
“ in India. From these circumstances, it is
“ well known to all the world, that the Com-
“ merce of the English East India Company,
“ has been conducted in a manner unparalell-
“ ed in the history of any maritime country.

“ To prove the assertion, I shall have re-
“ course to a few general observations only,
“ which are supported by facts taken from
“ the Records of the Company.*

“ That as no insurance has ever been paid
“ on the Commerce, the Company has saved
“ in the course of sixteen years, from the
“ commencement of the late war to the pre-
“ sent period, 1793, from eight to ten mil-
“ lion sterling.

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“ That

* Vide papers published on Shipping Affairs for the use of the Proprietors.

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“ That on an average, calculated on the
 “ whole Fleet for twelve years, the damage
 “ on goods, charged to the Owners on 237
 “ Ships, whose cargoes, on a moderate cal-
 “ culation, must have been worth at least
 “ twenty millions sterling, amounted to
 “ £31,591, or the astonishing small sum of
 “ £133: 5: 11 each Ship.

“ That no Ship has ever been captured,
 “ but by a very superior force, and that
 “ there are few instances of Ships having
 “ been lost by ignorance, or inattention.

“ That the Ships have contributed in no
 “ small degree to defend the Settlements in
 “ India; they have frequently been taken
 “ into the line of battle, when the Comman-
 “ ders and Officers, have not been found
 “ wanting in valour or skill, and during the
 “ present war, they have in a great measure
 “ defended the Settlements, and the whole
 “ trade of India.

“ For a series of years, the greatest atten-
 “ tion has been paid to the building, fitting,
 “ and victualling this Fleet; and no expence
 “ has

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“ has been spared to make it complete; the
 “ Ships are all coppered, and perform their
 “ voyages with a facility and punctuality un-
 “ equalled in former times, by which means
 “ the people are kept in good health, the
 “ troops landed in good order, and fit for
 “ immediate service, and the return of Com-
 “ merce greatly accelerated.

“ The class of ships which have been built
 “ since the year 1786, are capable of mount-
 “ ing from fifty to sixty guns, eighteen and
 “ twelve pounders, and of course can oppose
 “ a great force to an enemy, and by sailing
 “ in Fleets, will not require the protection of
 “ King's Ships, an immense expence there-
 “ fore, which has always hitherto attended
 “ the delay for convoy, may be saved. The
 “ expence of Ships of such a description,
 “ must naturally be great; and the Freight,
 “ when compared with a common Merchant
 “ Ship, will appear to be extravagant; but
 “ when the price of insurance is added, it
 “ will be found that the East India Com-
 “ pany carry on their Commerce at a less
 “ expence than any private Merchant.

“ For

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“ For instance, suppose a Ship of 1000
 “ tons burthen, contains property to the
 “ amount of £100,000. The freight, at
 “ £20 per ton, will amount to £20,000.

“ If Ships are tendered to the Company of
 “ an inferior quality, not subject to the rules
 “ and regulations, which have always been
 “ found necessary for security, insurance, of
 “ course, must be allowed.

“ Under this idea, suppose a Ship of 1000
 “ tons burthen, can be tendered at £16 per
 “ ton, and the value of her cargo, as in the
 “ former case, to be £100,000. The ac-
 “ count will then stand thus :

“ Insurance on £100,000, at 8 per	
“ cent. - - - - -	£.8000
“ Freight on 1000 tons, at £16.	16,000
	<hr/>
	24,000
“ The Ship at £20, costs the Com-	
“ pany - - - - -	20,000
	<hr/>
	£.4,000

“ in favour of the Ship at £20 per ton,
 “ without insurance.

“ But

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“ But I understand the Company calcu-
 “ late their risk at £2 per cent. which will
 “ still leave a ballance in favour of the ship
 “ upon the present establishment, which
 “ fails at £20 per ton, of £2000.

“ But I shall possibly be told, that ships
 “ equally well built, as amply furnished
 “ with stores, provisions, ammunition, &c.
 “ and navigated by as able men as the pre-
 “ sent ships are, may be found at a lower
 “ rate of Freight, let the Court of Direc-
 “ tors reply; they have tried the experi-
 “ ment for ten years past, and it has failed
 “ in every instance.

“ The insurance, which hitherto has been
 “ unnecessary, owing to the security of the
 “ ships, allowing only £6 per cent. on
 “ £4,000,000, the supposed amount of the
 “ exports and imports, would cost the
 “ Company £240,000 per ann.

“ It appears, therefore, that the system
 “ confirmed by long experience, and late-
 “ ly much improved, cannot be departed
 “ from,

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“ from, without great danger, and a cer-
 “ tainty of incurring eventually, a much
 “ larger expence.

“ That this system, which is so essential-
 “ ly necessary to the safety and welfare of
 “ the Company, may not be improperly
 “ disturbed by collusive tenders, subject-
 “ ing the property of the Company to great
 “ hazard, and with a total indifference to
 “ the health, the comfort, or even the lives
 “ of the people, who navigate the ships,
 “ as has been done in some instances, under
 “ the pretext of lowering the Freight, the
 “ following observations and propositions,
 “ are submitted.

“ The capital advanced for building,
 “ and fitting out the East India Fleet, a-
 “ mounting to more than two millions ster-
 “ ling, is deposited in the hands, and en-
 “ trusted to the honour of the East India
 “ Company, for fourteen years at least, a
 “ great part of this sum was advanced un-
 “ der the most difficult circumstances,
 “ when the 3 per cents. were at £60 and
 “ when

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“ when no man would build a ship for the
 “ Company, without demanding a much
 “ higher Freight than the present Owners.

“ The Company required some trans-
 “ ports during the late war, a Dutch, and
 “ a French prize were offered to them, and
 “ taken on the most extravagant terms,
 “ these two ships having cost the Company
 “ (to land troops in India only), almost
 “ as much as would have been paid
 “ for two regular and established ships, to
 “ perform the same service, and to bring
 “ home a cargo to England, and one of
 “ those transports was lost in her way to
 “ India. A stronger proof cannot well be
 “ given, of the situation in which the Com-
 “ pany would be placed, if they were to
 “ depend on adventitious tenders, or the *vir-*
 “ tue of Public Contract.

“ The Owners of the present Fleet, have
 “ always been ready to share the fate of the
 “ Company, they have built ships in the
 “ most difficult times, and have waited
 “ patiently for the payment of Freight;
 “ they

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" they are still ready to support the same
 " connexion, and to run all hazards in
 " time of war, but they expect to have a
 " fair preference, in time of peace, and to
 " be protected against the unjust competi-
 " tion which has been opposed to them for
 " some years past.

" That the ships may fail at the lowest
 " rate of Freight, it is absolutely necessary
 " for the Court of Directors to keep them
 " constantly employed; perhaps six or
 " eight ships may be necessary in addition
 " to the establishment, to remain at home
 " a season, to answer contingencies; but
 " two or three years since, there were no
 " less than forty ships unemployed; this
 " was so extravagant and unnecessary that
 " no economy could take place, while it
 " was suffered to exist; for the Owners na-
 " turally required an interest for so large a
 " capital unemployed.

" There is an obscurity in the mode of
 " calculating the Freight, which long habit
 " has established; it has deceived the
 " public,

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" public, and the Owners bear all the oblo-
 " quy.

" A ship of 1200 tons burthen, is char-
 " tered to the East India Company at 1200
 " tons; but she can possibly bring home
 " 300 tons more, the public is told that
 " the Company pay £20 per ton for her
 " cargo, whereas the additional 300 tons
 " is brought home for £10 per ton, called
 " surplus Freight, which reduces the whole
 " cargo to £18 per ton. Though long us-
 " age may have made this deceit familiar,
 " it becomes the Owners, in justification
 " of their conduct, to shew that the deceit
 " belongs not to them. They are charged
 " with receiving £20 per ton, and actually
 " receive but £18. And in some instances
 " where ships have brought home a larger
 " quantity of surplus tonnage, only £17
 " per ton.*"

This is nearly the substance of the obser-
 vations I offered to your consideration, be-

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* Vide Mr. Ewer's Letter to the Court.

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fore the Bill was passed for the renewal of the Company's Charter, and they contain, in my opinion, such strong proofs of the security with which this commerce has been conducted, that sound policy forbids any material alteration, without the most serious deliberation.

The revenue of India can be of no use to Great Britain, if not realized through the medium of commerce; and of course that commerce ought to be conducted in such a manner, as to be least likely to be affected by our enemies, or the elements, by ignorance or inattention.

I shall now beg leave to make a few observations on the Protests delivered to the Court of Directors, by Mr. Grant, and Mr. Scott.

They think that a reduction of Freight ought to be admitted upon the ships of 800 tons burthen.

This

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This is a class of ships, adopted by the Court of Directors many years ago, and the Owners were obliged to build them under such positive and particular orders, that they could not alter them in any respect, as will appear by the records of the Company, where they are told, "that if
" any of the ships are increased *one inch*
" in breadth, such ship shall not be taken
" into the service."

This has been the *error*, which has occasioned so much discussion between the Court of Directors and the Owners, for many years past.

I have had thirty years experience in naval affairs, and have consulted the most scientific men upon the subject, whose opinions coincide with mine, that a more extravagant class of ships cannot well be invented, as they have the smallest capacity, and are navigated at the greatest expence, but the Owners having been ordered to build such ships, have also been under the disagreeable necessity of contending for a

rate

rate of Freight; which to men unacquainted with naval architecture, or maritime affairs, has appeared extravagant, and more especially to those who only know a ship by the name, without being able to examine its uses, or to understand the particular purposes to which it is to be applied.

The want of knowledge upon this subject, among some of the Gentlemen who took the lead in the Direction in the year 1785-6* compelled the Owners of the East-India Fleet, to appeal to a General Court, to decide the rate of Freight for the ships of 800 tons

* At this period, ships of all descriptions, of all nations, taken as prizes, were tendered to the East India Company, many of them not having cost half, and some of them not a quarter part of the sum which the East India ships cost; yet this heterogeneous mass of ships, was put in competition with the very expensive Fleet built by the orders, and for the particular service of the Company; and the Owners were told that they should reduce the Freight to the standard of ships of any description.

It is true we have ordered you to build a Fleet of Ships upon the most expensive plan, but we will not pay you for them; we find that other ships, not of half the value, may be had at a lower rate of Freight, and you shall have no more.

tons burthen, and it was then settled at £23 10s. as a peace Freight to China, but since that time, it has been reduced to £23.

In the year 1790, this subject was again investigated, by a Committee of the Court of Directors and the Owners, when every account which could tend to elucidate it was produced, and an estimate made by the officers of the Company, the result of which proved that the Owners could not afford to reduce the Freight upon the ships of 800 tons burthen; nay, it appeared that at the expiration of six voyages, they would be considerable losers at the rate of £23 per ton.

Notwithstanding this fact, Mr. Scott and Mr. Grant have, in their own idea, reduced the ships of 800 tons burthen, to £20 per ton, without assigning any substantial reasons; and one of those Gentlemen has asserted "that all which the Court gave above this, was extorted from them, by the inflexibility of the Owners."

If

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If those Gentlemen will prove that the ships of 800 tons burthen can sail at the rate of freight, which they have thought proper to draw their conclusions from, and leave a fair mercantile interest to the Owners, for property so embarked, I shall be ready to admit that the Owners have required too much. But even such proof, will not justify the expressions used by those Gentlemen, for the Owners requested that the point might be left to reference.

When this Question was agitated in the year 1785-6, the whole East-India Fleet consisted of this very extravagant class of ships, the heavy expence of Freight was severely felt and acknowledged, and most unjustly attributed to the demands of the Owners, for the *evil* existed in the unwise and expensive plan of building ships, of 800 tons burthen, adopted many years before, by the Court of Directors, notwithstanding the repeated request of the Owners to be allowed to build ships of different dimensions, better calculated to answer all the political and commercial purposes of the Company.

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At this period * I took the liberty to offer my opinion to the Court of Directors, in a memoir standing on their records, stating the advantage which would result from building ships of 1000 or 1100 tons burthen.

The Court adopted the plan which has reduced the Freight, *five* or *six* pound per ton, and furnished the Company with a fleet at once formidable and economical.

In the review which Mr. Grant and Mr. Scott have taken of the maritime affairs of the East India Company, they seem to have forgotten, or have neglected to state, the political advantages of the East India Fleet to the Company, and the nation; they have examined it upon a mercantile principle only. But the comprehensive mind of a Statesman, will naturally lead him to consider the distance of our Eastern possessions, and the probability of our being assailed in that quarter, by a foreign foe, before any aid can be afforded from Great Britain; and he will be inclined to think, that the power of protection

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* Vide Appendix to printed papers, 796. Nov. 1, 1786.

and defence, is paramount to all other considerations.

Having, I trust Sir, clearly pointed out to you the *error* which has occasioned so much discussion about the rate of Freight, and shewn that it originated with former Courts of Directors, I shall now beg leave to offer my sentiments relative to the system which ought to be adopted, and which, I think, will meet every idea of policy and economy.

All the ships which are to go to China, should be of the same size as the ships which are now built for that service, (*viz.*) 1200 tons. These ships may go to Madras, to Bombay, or to any other settlement in India (except Bengal) and may defend the settlements and the commerce of India, as they are capable of mounting sixty guns.

The ships which now go to Bengal, are of 800 tons burthen, carrying 26 guns, 20 nine-pounders, and six four pounders. I would propose to substitute in their place, as soon as they are worn out, ships of 1000 tons burthen, so constructed, that they shall draw less water than the ships of 800 tons; and if the

Court

Court of Directors will engage to fill them with goods, I have no doubt but they may sail at a much less rate of Freight, than the ships of 800 tons, and be much more capable of opposing an enemy.

These are the two classes of ships, which I would recommend to be built for the service of the Company, because I think they would be equally serviceable to the State; and because I think the power of protection supercedes all other considerations.

There is a Resolution of the Court of Directors now in force, allowing the ships of 800 tons burthen, to be repaired for six voyages; the experiment has been tried by myself, and many others, and we find that the repairs and outfit of such ships, after having performed four voyages, amounts to more than if a new ship had been built and substituted in her place; and the commerce of the Company is at this moment, in some instances, carried on in old ships, when new ones may be had at the same expence,

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An order, therefore, ought immediately to be made, that none of the ships in future of 800 tons burthen, shall be repaired after the fourth voyage; by which means this expensive class of ships will soon be done away, and they may be re-placed by either of the classes I have proposed, as the Court of Directors may find necessary; by which means the rate of Freight will shortly be reduced to the proper standard, without injury to any of the parties concerned. The public will have no reason to complain, and the commerce of the Company will be conducted upon a principle at once secure and economical.

I have nothing more to add upon this subject, but to hope that the substance of your letter to the Court of Directors, may be adopted; "that the Freight should be settled once for all, upon a fair and equitable footing." And in settling this point (the most essential) as well as others that may arise from various circumstances which may make an alteration necessary, the Owners are particularly desirous to leave it to such reference,

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ference, as may be satisfactory to the Publick, to the Government, and to the Company.

It is unnecessary to trouble you with many observations upon the idea which is now in agitation to build the East India Fleet by public competition, or in other words, to suffer the whole commerce of the Company to be entrusted to the care of any persons, who will undertake it at the cheapest rate, for the fallacy and danger of such a measure, is too apparent to require any argument.

Two or three effects, however, which must infallibly arise from such a measure, strike me so forcibly, that I cannot avoid stating them.

First, The Company must inevitably be placed in the hands, and at the mercy of every speculative adventurer, who, from the nature of his engagement, will be compelled to make the most he can out of a hard bargain; and having no common interest in the welfare of the Company, will be totally inattentive to the public service, and endeavour

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your, by every means in his power, to evade all the laws and regulations which have been made for the purpose of conducting this service in the most beneficial way for the Company, and the general interest of the nation.

Secondly, Every Commander and Officer now in the service, must be ruined, or obliged to labour for mere subsistence; for under the principal of public competition, he who will perform the service cheapest, must be preferred, without any consideration of honour, character, abilities, or long services. No privileges worth the attention, or equal to the abilities of the men who are now in the service, can be granted, and they can have no patron to look up to; for when the ship in which they have served is worn out, lost, or taken by the enemy, they will have to seek new friends, to whom their former services are unknown. The object of emulation and attachment being taken away, every man of talents and respectability will leave the service, and the whole property of the Company, in long and dangerous voyages, must be left to the

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the management of illiterate and mercenary men.

I must confess I am astonished that the Court of Directors should bring forward such a Question for discussion at any time; but more particularly at this period, when they have had such recent proofs of the security which they have derived from the East India Fleet, and when the situation of affairs in Europe, calls for every exertion that can be made, in all the maritime departments of the country.

I have the honour to be,

S I R,

With great respect,

Your most obedient humble Servant,

THOS. NEWTE.

Right Hon. Henry Dundas,
&c. &c. &c.

APPEN

To corroborate the Opinions maintained in the foregoing LETTER, I have subjoined the irresistible arguments of several of the most intelligent and able men in the Direction.

GENTLEMEN,

The dissent of a respectable Member (Mr. Grant) having been the occasion of a Letter from the Right Honourable the President of the Board of Control to the Chairman, stating, from striking facts in that dissent, it would appear, that the Court of Directors, from an influence that existed somewhere, have in fixing the Freight of this year, acted contrary to their own judgment; conscious of the integrity of my own intentions, and knowing I have not felt or acted under any influence whatever, I think it necessary to lay my sentiments on the table, and as the Honourable Gentleman has prefaced his charge against the majority of the Court by a declaration of being 'conscious of no partial aim,' I hope I shall be excused in declaring, that being neither directly or indirectly concerned in shipping of any kind, I cannot receive benefit by a rise on the Freights; and that being equally free from any connection in trade or agency, I am not interested in reducing them; nor will I pay so ill a compliment to my Constituents, as to suppose they wish me to be their advocate on such an occasion. On the contrary, I believe it will be more pleasing to them I should sit as an arbitrator to draw the fair line of justice, betwixt the Company and their servants of every denomination and description: thus thinking, I shall not follow the Honourable Gentleman in his speculative

lative reasoning, but state the facts as they arose, and what induced me to be one of the majority.

The business opened by a letter from the Owners, requesting to know if 23l. per ton for small ships, and 19l. 10s. for large, on which the freight of last year was made, was to be received as a permanent peace-freight; they were answered by a request to specify the freight on which they would let their ships; when they made an offer of the small ships at 36l. and the large at 32l. 10s. The Committee took this into consideration, and agreed to 31l. 4s. 10d. for the small ships, and in proportion for the large; on which the Owners begged a conference, to explain; which was granted; and on meeting, the Committee of managing Owners, stated in detail the particular war contingencies, which rendered their demand this year higher than last, viz.

Freight of last year, exclusive of bounty, crimpage, and insurance; was peace-freight	£23 0 0
Rise of stores and provisions,	4 0 0
	27 0 0
Cost of stores, &c. more this year than last, 2400l.	3 0 0
Premium of insurance 16 guineas,	2 10 0
Ditto on freight-home 10 guineas,	1 10 0
Lascars,	1 0 0
Detention by sailing with convoy two months, 1200l.	1 10 0
	£36 10 0

Besides increased value of money in war, two and a half per cent. on the capital employed, and unforeseen contingencies. Now it is to be observed, in the Court's offer of 31l. 4s. 10d. they had gone on the calculation of 1500l. only, for the rise of stores, &c. and had not included the premium of insurance on freight, which was acknowledged to the Owners by

by Mr. SCOTT, and not contradicted by Mr. GRANT, to be a fair mercantile charge; the Directors also agreed to pay for the Lascars, but computed the whole offer at 33l. which the Owners refused; and a second meeting was held with them, when the freight was agreed on as follows:

Small ships, 36l. per ton,	surplus,	15	0	0
Large ditto, 26l.	ditto,	13	0	0
The expence of Lascars, if any, to be paid by the Company.				
Bounty and crimpage,		1	5	0
Difference of insurance,		4	0	0

But these articles are only eventual, not to be paid unless the expence falls on the Owners, and the Company are to direct when the insurance shall be made; also the Owners pledge themselves in case of Peace taking place before the ships sail, they will deduct every saving that can be made in the price of stores, provisions, &c. from the freight agreed on; it must likewise be in the recollection of the Committee, (of the whole Court) that so far were the Owners from insisting on those terms, and creating that necessity which the Honourable Member (Mr. GRANT) expresses so strongly, that Mr. LUSHINGTON, on their part, declared, if the Court did not approve those terms, they would get their ships ready, and leave the freight to a reference of any two respectable merchants in the city of London. How far this plain statement of facts proves that the necessity so often mentioned never did exist, nor any improper influence sway the minds of the majority of the Court, and clears the Owners from the charge of inflexibility and extortion, the Proprietors will judge. But in addition to this offer of reference from the Owners, I had found on enquiry, that freights from the West Indies and other foreign parts, had risen to 200 and even 150 per cent. and therefore concluded a rise

rise of 50 to 70 per cent. on the East-India freight, was not so extraordinary, which determined me to vote for the agreement.

“ Truly sensible as I am, that settling the freights once for all, on a fair and equitable footing, is devoutly to be wished, as it would prevent those altercations that took up so much of the Directors time in discussion, and enable the Company to know for certain the expenditure on the great article of freight; still I think it requires great consideration; the object is of magnitude, the existence of the Company depending much on the stability of their shipping. To preserve, therefore, a permanent system, it is the duty of the Directors, on the one hand, to get the freights as low as they can be afforded, and on the other, it is the interest of the Company to give a proper compensation for the risk.

“ The Honourable Gentleman (Mr. GRANT) wishes to build by public competition, professing every regard for the Commanders and Officers, and says, nothing will be changed but the Owners; yet the Captain who shall be in rotation to build, he will turn over to those adventurers, who the Company have found, in the few trials they have already made, deducted from the proper emoluments of the Commanders, a sum equal to the reduction of freight. But prudent men will weigh the subject well, before they adopt speculative ideas of reform and give up a system that has stood the test of time, and assisted to bring the Company to its present flourishing state.

“ The corps of respectable men in your naval department, who have been brought up under the regulations of the Honourable Court, and dedicated their lives to your service, and in which I will say without the fear of contradiction, they are as good seamen and as good officers as in any service in the world, they

they will merit, and I am sure will meet due consideration; should public competition for building take place, their situation will be truly delicate, and require the liberal sentiments of the Court to relieve them.

“ The Officers, from the change in the commerce to and from India, reap now very little advantage from the indulgence of privilege granted to them by the Company; and I am assured, that a youth, entered in the service, must cost his friends above £.1000 before he can, with the best interest, arrive to be a second mate, which is the first station where his pay, &c. will afford him a maintenance. That it is the true interest of the Company to have well-informed and scientific Officers, educated under those regulations, that ensure a proper local as well as practical knowledge of their duties, and induce them to adhere to their service in war as well as peace, cannot be doubted; and as the only hope of reward rests in getting a command, policy as well as justice dictates the wisdom of settling such a freight as will permit, if not compel the Owners to grant such allowances as will give a reasonable expectation, that after a few voyages, a Commander may rest from his labour with a moderate competency, and not be obliged to go to sea till age renders it uncomfortable to himself, and incapable of doing his duty to you.

“ I have the honour to be,
“ With great respect,
“ Gentlemen,
“ Your most obedient,
“ Most humble servant,
“ WM. MONEY.”

London, Nov. 17, 1794.

Gentlemen,

East India House, 31 Dec. 1794.

GENTLEMEN,

I beg leave to trouble you with some remarks on two Dissents, which have been laid upon your table, by two members of the court, and some observations on the freight of India ships. To make the subject as clear as possible, I shall leave out the peace freight, and begin with the war contingencies, all of which the company are bound to pay. Mr. Grant says, in reason 1st, “ that £.8 4s. 10d. per ton, offered by the Court, “ was believed by him to be amply sufficient “ freight for small ships.” I shall not enter into all the particulars that passed at the meetings with owners; I shall only say that the calculations of the difference of expence of stores between this year and last, were acknowledged to be too low by the officer who made them out; that the charge of insurance of freight, not included in the before-mentioned sum, when claimed by the owners, was tacitly admitted by Mr. Grant, and openly allowed by Mr. Scott. The propriety then of the £.8 4s. 10d. must fall to the ground.

In another part of the Dissent, this £.8 4s. 10d. is mentioned, as “ conceded to the owners, and “ is said to be made out on a ship built now, in “ war time; and the greater part of the ships “ having been built in peace, it ought not to be “ allowed.”

Such an estimate was handed about, but it certainly had nothing to do with the present question; the allowances for extra outfit are the real difference of the price of stores, bought for the ship's use, between this year and last.

The honorable Dissenter, Mr. Grant, says “ the “ finds in the history of tenders actually made, “ &c.

“&c. &c. sufficient to make him consider £.20 per ton a proper freight.” Had the tenders been pointed out, I should have been able to have made some observations on them. Those produced by Mr. Scott prove the contrary, as I shall shew hereafter. It would also have been a satisfaction to me, had the honorable protestor informed us where we can find the estimates of our officers to which he alludes; for by the latest I can discover in the book of shipping papers, there is considerable loss at £.20 per ton, allowing only 5 per cent. for interest, and the ship to perform six voyages in twelve years; which can never be done, if any ships are to be kept at home, in case of accident, as determined on by the Court. It will probably require fourteen or sixteen years to complete the six voyages; the loss, therefore, will be more considerable. Besides, no person conversant in mercantile affairs will pretend to say that 5 per cent. interest is sufficient for a capital which must be locked up for so long a period.

The honorable Protestor, Mr. Grant, says “the court recorded £.21 10s. 13th Dec. 1793, “as a proper peace freight.”—The secretary’s letter mentions, the court were inclined to “offer £.21 10s.”—The court were making the best bargain they could; but, had they pretended to give their opinion that £.21 10s. was a proper freight, they could not have justified it by a single document.—As to the appeal to our constituents, I cannot approve of it; they have appointed us to transact their business; but if we are to trouble them on every difficulty which occurs, for their own convenience they ought to dismiss us, and put more able persons in our places.

places. I will not presume to say what ought to be the peace freight, but it might very easily be determined by a conference of the ship owners. Fix the rate of interest to be allowed for money embarked in this trade, take up the ship for a certain number of voyages, and there can be no difficulty in settling the price.

The Honorable Gentleman (Mr. Grant) charges the Court with having given away £.80,000 of the Company’s money in the present freight; if he can prove that the terms offered would have been accepted, the Court is highly criminal. I voted for making the offer as a trial, though I declared it to be an absurd one, and knew it could not be agreed to.—If upon every contract the Court is to be accused of throwing away the Company’s money, because they afterwards give more money than they at first offered, the shortest way to avoid censure, would be to settle at once with every one at the price they demand.—I confess I am unable to find in this Dissent the striking facts mentioned in the letter of the Right Honorable President of the India board.—I disclaim acting under any other influence than that of my duty.—In settling the freight, I considered myself as an arbitrator between the company and the owners, and that I was bound to do justice to both. I own myself responsible to the public, as well as to my constituents, and am not afraid to meet any inquiry that can be made.

Observations on Mr. Scott’s Dissent.

Having taken notice of the freight of this year in my observations on Mr. Grant’s protest, I shall
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forbear making any remarks on this Gentleman's calculations.

A considerable part of the Narrative, as he calls it himself, is copied from the printed papers; to which I refer those who are curious: but I cannot pass over in silence some very severe reflections on the Court of Directors,—The Honorable Dissenter accuses somebody of having taken the Court by surprize, the 7th of March, 1794, a day on which he unfortunately happened to be absent (for the first time in six months!); by which accident a grand question in favour of shipping was carried. He says, "that many of his friends, with whom he conferred the next day, acquainted him that they reprobated the Resolution as much as he did; that they happened to be out of the room at the time it passed."—I shall make no comment on this, but simply state the fact. The Court of the 7th of March was a full one. The Resolution was carried unanimously, and no complaint was made of any advantage having been taken on that day, or on any one following, either by the Honorable Protector or his friends.—I agree with him that Mr. Bensley is a very respectable member of the Court, and that every proposal which comes from him deserves attention. Why the paper mentioned in the Dissent was not made a matter of record, was perhaps owing to Mr. Bensley's diffidence; it has certainly remained unnoticed, till brought forward by the present Dissent; which proves that he was not very tenacious of his opinion on this subject: for all who have the pleasure of his acquaintance, know that no member of the Court is more ready than he is, to give his sentiments and advice on every occasion.

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With all submission to Mr. Bensley's superior judgment, I cannot agree to his proposed freight, without some estimate to support it; and, "as" (says the Honorable Protector) "this gentleman never gives his opinion without good reason," such a document might very easily have been produced.

The Honorable Protector wishes to palliate the harshness of his epithets in the Dissent, by saying, he made use of much stronger in Court. This is no great compliment either to the Court or himself. But he ought to know, that though the heat of debate may in some measure excuse improper expressions, no apology can be made for putting them deliberately on paper. I should have been much better pleased, had I found strong arguments instead of strong phrases.

This gentleman has supplied the defect in Mr. Grant's Protest, by producing his tenders: they are three in number; but Mr. Mestaer's and Mr. Bonham's are alike. A person unacquainted with this business, on looking at these tenders, would immediately conclude that they were highly advantageous to the company, and give the honorable Dissenters full credit for their opinion, that the freight of the regular ships ought to be £.20 per ton; but the contrary will appear on examination. These gentlemen, 'tis true, offer at £.18 per ton; but they require £.6 per ton to be paid down for outward freight (which is not allowed to the regular ships). Upon being told this cannot be agreed to, they alter their tenders, and ask £.22 for one voyage, and £.21 for two voyages. Besides this, they have a great advantage over the regular ships, in the appointment of the commanders and officers, and the liberty of loading

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as they think proper; by which means they will bring more surplus tonnage in proportion to their size.

Had the Honorable Proteſtor taken the trouble of looking at his third tender (Mr. Magniac's), he would have found that it is not ſo advantageous to the company as the new ſhips, now building, of the ſize of the Arnifton. Mr. Magniac offers to bring a cargo at £.18 per ton, on the meaſured tonnage; the Arnifton will bring hers at £.17 18s. This circumſtance alone, without entering into any other particulars, is enough to juſtify the rejection of ſuch a tender.

Observations on Freight.

The extravagant freight paid by the Eaſt India Company has long been a ſubject of complaint, and compariſons have been made between that and the freight of foreign nations.

The difference however will not appear ſo great upon an attentive examination.

The freight which the Company pay is ſubject to three charges; political, inſurance, and outward freight. As the ſhip is liable to be employed in war, ſhe muſt be conſtantly kept prepared for that purpoſe. The Company being their own inſurer, not only require the ſhips to be fitted in an extraordinary manner, unheard of in other countries, but alſo confine them to a certain mode of ſtowage, to preſerve the cargo, and to keep the ſhips always ready for action; beſides this, they are anſwerable for damage to the cargo, to the amount of £.3000. A ſtrange ſhip, not being confined to any rules of ſtowage, will carry much more than an Indiaman of the ſame

ſame ſize. The latter have more men than foreigners, and are ſubject to detention in India; for which, though they receive demorage, it is not always equal to their expences. In addition to this, a certain number muſt remain, in their turn, unemployed at home.

When all the charges of extraordinary outfit, arming and manning; confinement in the ſtowage; damage to the cargo; detention in India; remaining unemployed at home; and outward freight; are deducted from the homeward freight, and placed to the accounts to which they really belong; that freight will not appear ſo extravagant. It reſts with the Company to decide whether it will be wiſe or prudent to invite a competition by advertiſement to accept the loweſt offer, which moſt probably will be the worſt, and to truſt to chance for ſhipping which requires a capital of upwards of two millions.

Should the Company determine to advertiſe, they ought to take care that the perſon who makes the tender, be not only capable of furniſhing the ſhip, and at the freight agreed upon, but able to bear all delay of payment of the freight, if the neceſſities of the Company require it.

I ſhall not mention the ſituation in which the commanders will be placed by a public advertiſement; as I truſt due juſtice will be done them by the Company, ſhould ſuch a meaſure be adopted.

The reduction of India freight has long been a favourite topic of converſation; but whiſt people are exclaiming againſt the extravagance of this freight, they are either ignorant of, or overlook, the changes it has already undergone; which the following ſtatement will ſhew.

APPENDIX.

Small Ships, Peace Freight.

	China. £.28 per ton.	Bengal. £.30 per ton.
1784	26	29
1785	24	27
1786	23 10	26 10
1787	23 10	26 10
1788	23 10	26 10
1789	23 10	26 10
1790	23 10	26 10
1791	23 10	26 10
1792	23	25 10
1793	23	25 10
1794	23	25 10

The China freight on small ships has been gradually lowering, and the difference between 1784 and 1794 is £.5 per ton, that from Bengal £.4 10s. per ton.

But since the introduction of large ships in 1786, the freight is much more reduced, as the following statement will shew:

In 1784, 800 tons, at £.28 per ton, and 80 tons of surplus, at £.14 per ton, would bring the whole cargo at - - - per ton	26 14 6
In 1794, when only large ships are employed, viz. 1200 tons, at £.19 10s. per ton; 300 surplus, at £.9 15s. per ton; the whole cargo will be brought at - - - per ton	17 11
Difference per ton	£.9 3 6

The difference will be still greater in the ships now building. The Arniston measures 1433 tons, and is chartered at 1200: she will bring 233 tons of her measurement at half freight; and, allowing only 367 tons of surplus, she will bring 600 tons at half freight: 1200 tons at £.19 10s. and 600 tons at £.9 15s. will bring the whole at - - - 16 5 -

Difference per ton £.10 9 6

APPENDIX.

The Bengal freight might also be reduced by an alteration in the construction of the ships; but the Court having determined such a measure to be improper, I shall say nothing about it, referring those who wish for information, to Mr. Elphinstone's recorded opinion, and the reports of the ship builders. I have the honour to be,

With the greatest respect,
Gentlemen,

Your most obedient servant,

WALTER EWER.

The Honourable Court of Directors.

The following Speeches are taken from Mr. WOODFALL's Report of the Debate, that took Place on the 21st of December.

Sir Francis Baring. The present question, although single in its form, is both intricate and important. It has the appearance of being purely commercial, and that every merchant can with ease form a sound judgment, by deciding upon these principles, which govern his own practice every day. An honourable Director, (Mr. Scott) says, that he has had the advantage of a commercial and marine education, in consequence of which he is decidedly of opinion, that the present system for the company's shipping ought to be abandoned, and that it ought to be established upon a principle of competition only. I will add, that that honourable Director is distinguished for ability, uncommon zeal, and unblemished integrity; and that his conduct on the present occasion is governed solely by a firm persuasion, that the measure proposed is for the real interest of the company. But, notwithstanding the weight of such superior authority, aided by a most able and eloquent speech from the learned gentleman who opened

opened the debate, and many others within these walls, I must say, Sir, that I am decidedly of a contrary opinion. It is difficult, and with many minds impossible, to believe that fair and open competition can be attended with disadvantage or detriment. It is one of the first principles of a merchant, (for I have also had the benefit of a commercial education) and which, for some time after I became a Director, I confess, governed my opinion and conduct with regard to the freight of ships; but, after a more intimate knowledge of the Company's affairs, and combining these circumstances, which are inseparable from the question, I have been induced to alter my opinion.

It is universally admitted, that political as well commercial considerations, attach to the Company's shipping, and yet it is the opinion of those who support the question, that the Company ought to proceed upon a plan purely commercial, for hiring their ships by advertising for an open competition. If a merchant troubled himself about politics in hiring of ships, he must be an idiot; and, in my humble opinion, those who do not keep that circumstance in view, as the first object for the Company in hiring of their ships, must be ignorant.

There are but three modes which the Company can adopt for hiring of their ships—The present system—to build the ships for the Company's account—or to accept of the lowest tenders.

The last, in my opinion, under the peculiar circumstances of the case, is by far the worst—the second is very exceptionable—and the first by far the best. That some error or abuse has crept into a system established for so many years is true; but

but it is small with respect to the rate of freight; whilst it is much to be feared that the building of ships will be attended with much more abuse; and to accept of the lowest tenders may be followed by dangerous consequences. It is attempted to hold forth the present practice as a monopoly, and which has been attached by arguments that are unanswerable in the abstract. The ablest writers, every man of common sense, will contend against monopoly, which in itself is indefensible; but the same arguments have and will be applied against the Company; their monopoly is nearly in the same predicament as that of the system for shipping; both are and ought to be under certain regulations and restrictions; it is to a belief that the commerce of India ought to be always secondary or subordinate to its political interests, that the company are indebted for a continuation of the Charter; it is to a belief that the ships at present employed, are equally calculated for political as well as commercial purposes, that the owners are indebted to the decided preference they enjoy. The Company's ships, although not the first nor second object in point of importance, are yet sufficiently so to guard against any loose system being introduced; those who are not conversant with the affairs of the Company, cannot comprehend the advantage which result in the general management of those affairs, in moving so material a part of the whole of the machinery on a single pivot. The combination, therefore, which exists, is desirable if not abused, and merits some compensation in the rate of freight.

The learned Gentleman, who distinguished himself ably in opening the debate, appears to me

me to contend for a single object—*competition*. Which may induce this Court to suppose that no competition exists at the present moment, but that the Company are bound and fettered. Yet in the course of his argument he refers to the protest of Mr. Ewer, to shew the advantages arising from competition, in which he is very correct; but, unfortunately for his argument, it proves a great deal more; it proves that competition actually exists for every reasonable and beneficial purpose; and I shall endeavour to shew that, under its present form, it has produced far more advantage to the Company than could have been derived from the measure proposed, if such a measure had been adopted in the course of the last war. The protest of Mr. Ewer merits great attention; it is the production of a man of sense, and a merchant; the concluding part in particular states, in a distinct and correct manner, the advantages which have resulted from the present system. The fair way to form a sound judgment, in regard to the present question, will, in my opinion, be to shew the advantages to arise from the plan which is now proposed. It must always be remembered that the plan proposed will operate very slowly; and that the Company must renounce all advantage which might result by a reduction of freight on the other ships, as one fixed, permanent price will be paid for six voyages. It is fair to compare such a plan with the consequences which would have followed, if a similar plan had been adopted during the last war. If a competition had been solicited during that war, it is reasonable to suppose, that the rate of freight for peace could not have been regulated much lower than what the Company actually paid in the year 1784.

1784, which appears by Mr. Ewer's Protest to have been £.28; for if a new owner offers at £.27, it is sufficient to establish the point. In such a case the Company would have benefited by a reduction in the rate of freight of £.1 per ton in the first instance, but they would have been deprived of all subsequent reductions; and although the old owners now accept of £.19 10s. yet the Company would have been bound to the new owner in the case described of £.27.

Let us consider for a moment what advantages the Company has reaped by the gradual reduction on the whole of their ships on the scale of prices mentioned by Mr. Ewer, the peace freight in 1784 was £.28, the peace freight for large ships at present is reduced to £.19 10s. the difference of £.8 10s. per ton on the tonnage of twelve large ships,

14,400 tons taken up this season, exclusive of surplus, is	122,400 0 0
The difference of £.3 10 per ton, on 30,000 tons of small ships this season	105,000 0 0
Annual saving on the present plan	£. 227,400 0 0

Which is above £.5 per ton in the whole of the tonnage employed; whereas there is no reason to expect a reduction of £.2 per ton from any new proposal; and as no more than six or seven ships can be built in each year, the comparative saving is too trifling to mention. At all events this statement is an undeniable proof that the Directors have done their duty; that no undue influence exists to enable the owners of shipping to establish an unreasonable rate of freight, although there can be no doubt their influence is superior to that of any other class or description of men in the Direction;

rection; and that wherever there is power, soon or late, there will be abuse.

If the plan now proposed had been adopted at the close of the last war, the Company would have benefited twenty, thirty shillings per ton, and perhaps it is possible even further reduction would have been effected on a very few ships annually, whilst the contract which must have been entered into with the new owners for a permanent freight for four or six voyages, would have entitled the old owners to a similar covenant, thereby rendering the freight paid to them at that time permanent for four or six voyages. Of course, the reduction which has been made on the whole of the tonnage in each year would have been sacrificed; and the most superficial view of the subject will ascertain that five shillings per ton, on the whole of the tonnage, is far more productive than the most sanguine expectation of the saving, which can arise from the lowest offer for the few ships, which it will be necessary to build in a single season.

I should have been ready to submit this question to an immediate decision, after the comprehensive view of the subject taken by the learned Gentleman who opened the debate, and the very able, masterly reply from the learned Serjeant; but as opinion often operates in opposition to argument, and as many Gentlemen have offered theirs, I will take liberty of submitting what occurs to me on comparing the freights paid by the Company, with those paid in other services. The advance which the old owners have demanded amounts to about 60 or 65 per cent. on the freight paid to them in time of peace, whereas the advance paid for West India voyages, and for those

those of the Baltic (in each of which services a much larger quantity of tonnage is employed than for the East Indies), amounts to 100 per cent. I am as desirous as any person can be to advert to the cheapest and best means for procuring ships for the Company; but before I can consent to destroy the present system, I must be satisfied that another can be substituted capable of performing the services required. It is evident that owners of ships in the West India or Baltic trade cannot be looked to, as the advance made by them is much more considerable than what has been demanded by the old owners; and as these services employ ships of the largest dimensions next to those of the Company, I confess that I see no other existing description of ships to which the Company can advert; and, in my humble opinion, it proves to demonstration that the old owners have not exacted an exorbitant advance on the peace freight, and, therefore, whilst their power has not been abused, or if attempted to be abused in the rate of freight, that it can be corrected, I see no reason to adopt so violent a measure, and so injurious to their interest on the present occasion. It will be highly to be desired that a permanent peace freight should be established, if that is practicable, on which I have some doubt. But I think such an arrangement impracticable in time of war; no estimate can be correct; either the owners or the Company must be injured; and therefore, in my opinion, no such arrangement can be satisfactory or permanent.

An Honourable Proprietor thinks that new owners may easily be found, and that the capital employed in the shipping of the East India Company

is very moderate in its amount. I entertain a different opinion on both points; when the ships, now under dispatch, are sailed, and which I think will be before the arrival of those expected from India, the value of the whole of the shipping afloat will be near two millions of money; and although new owners may offer to the extent of a few hundred thousand pounds, yet I cannot persuade myself that offers can be made of sufficient magnitude to embrace the whole of the service. Whilst it ought to be remembered, that if the present system is once broken through, the band which unites the present set of powerful and opulent owners will be dissolved. And as I am of opinion that these owners have not made such demands on the present occasion as ought to induce the Company to depart from a system which I consider as necessary to her existence, I must vote for the amendment.

The Honorable *Mr. Elphinstone* (a Director) said, he would not at that late hour detain the Court long. He wished merely to say a word or two to three points; in the first place he denied that if ships were taken up for six voyages, that the Court of Directors did what they professed to do, and adhered strictly to the principle of public contract so strenuously contended for by Gentleman on one side of the Court; another point he wished to speak to, was to remind the Court that if a permanent price of freight was fixed for six voyages, the Company would, in all probability, be materially injured, and pay a higher price for the latter years of the contract, than it might have been obtained for at that time; this could not be brought more immediately within their view than by their only looking to the loss they would have

have sustained had they taken up the ships in 1786, at a permanent price of freight for six voyages, at the rate stated by the learned Gentleman who opened the debate, and brought forward the original motion that day. A third point was the great reduction of the price of freight. Freight had been, since that time, considerably reduced in price by the Old Owners, not in consequence of the cause, to which it had been ascribed. The main cause was, the building of larger ships for the service; ships of 1000 tons up to 1200, which it was well known could afford to carry at much less freight than the smaller sized ships formerly built. The custom of copying ships, and enabling them to sail faster, and consequently to make the voyage in a much shorter time, and a variety of other well known circumstances, among which a material one was, the Owners being almost immediately paid for the freight, and not kept out of their money for some time as heretofore, had also co-operated to lessen the expence of the Owner; and it was, in his opinion, chiefly owing to the extended scale of the ships now built for the Company, to the savings which he had adverted to, that the Owners, both of the old bottoms and new ships had found that they could, without the least detriment to their interest, make tenders of their ships at reduced prices of freight.

Mr. Elphinstone could not admit that the reduced prices originated in the tenders of the new owners, nor did he believe that public contract, on principles of fair and open competition, would be a wise mode of proceeding for the Court to impose on their Directors. Indeed he believed that in the case of the few ships the Court of

Directors had taken up for four voyages from new owners, he meant particularly the ships of the Gentleman he saw standing near the Bar (Mr. Fiott), the Company were paying for their ships £.3 a ton more than they were now paying for their own regular ships.

Mr. Elphinstone assigned these reasons for his differing in opinion with the Court of Directors, on the resolution that had passed on the 18th of November last, and which had been that day submitted to the General Court, and recommended with so much zeal and ability by the honourable and learned Gentleman who brought forward the motion.