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A  
LETTER  
TO THE  
PROPRIETORS  
OF  
EAST INDIA STOCK, &c. &c.

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A  
**LETTER**  
 TO THE  
**PROPRIETORS**  
 OF  
**EAST INDIA STOCK,**  
 RESPECTING  
 THE PRESENT SITUATION  
 OF  
 THE COMPANY'S AFFAIRS BOTH ABROAD AND AT HOME;  
 IN  
*ANSWER*  
 TO  
 THE STATEMENTS  
 GIVEN IN THE LATTER PART OF THE THIRD REPORT  
 OF THE  
*SPECIAL COMMITTEE,*  
 OF THE  
**Court of Directors**  
 RESPECTING PRIVATE TRADE,  
 DATED THE 25TH OF MARCH, 1802.

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 Brettell and Bastie, Printers,  
 No. 54, Great Windmill Street. Hay-market.

London:  
 PRINTED FOR J. HATCHARD,  
 BOOKSELLER TO HER MAJESTY, NO. 190, PICCADILLY.  
 —  
 1802.

## PREFACE.

THE Person who has the honor to address the Proprietors in the following Letter, has not the advantage of being one himself. The course of his observations, however, have led him occasionally to look into most of the official publications, and controversial writings, relative to the administration and concerns of India. In this way the third Report of the Special Committee respecting private trade, came under his notice. When first it was published, other avocations pressed upon his time, and conceiving it to relate exclusively to the private trade, a question, however important in itself, in his view of Indian affairs, of comparatively trifling interest, he neglected giving it a perusal, until

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until it had been full two months before the Public. Notwithstanding this delay, he felt, that for many reasons, the latter part of this Report ought not to remain unanswered. This feeling, for the justification of which he must refer to the following Letter, impels him, for the first time, to offer his sentiments to the Public. In a work of this nature, the more hastily put together, from its being full late before it was begun, critical elegance of style, or even nice precision of language, it is hoped, will not be too severely required. With respect to the facts he has adduced, and the figures he has employed, the truth of the former, and the accuracy of the latter, he believes cannot be controverted. They are derived from the public records, either of Parliament or of the Company, which of course cannot be called in question. Had they rested on the writer's own judgment, or been taken from sources not open to every one, it might perhaps  
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have been expected of him, in publishing his sentiments, not to withhold his name. As the case now is, he feels no such obligation. He is aware, indeed, how presumptuous it must appear in an obscure individual, to expect, by an anonymous and hasty answer, to overturn or counteract the impression a Report, maturely digested by a Special Committee of East India Directors, and deliberately sanctioned by the whole Court, is calculated to make upon the public mind. If he has not yielded to this consideration, and suppressed his opinions, it is not from any conceit in his own abilities, but from the confidence he has long reposed in the quarters from which his information comes, and first and foremost, in the COURT OF DIRECTORS OF THE EAST INDIA COMPANY. This will be found no contradiction by those who may take the trouble to peruse the Letter; and he trusts it will appear, upon re-consideration, to the *Directors*

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tors themselves, no small mark of his respect, that the conviction all their former statements had uniformly impressed upon his mind, during a period of eighteen years, is not at once to be done away by their present Report.

*London, 15th of June, 1802.*

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# LETTER, &c.



*London, June 8, 1802.*

GENTLEMEN,

IF the third report of the Special Committee of the Court of Directors respecting private trade, dated the 25th of March last, and approved of on the following day by the whole Court, had been confined to a fair investigation of that important question;—if a dispassionate attempt to establish by facts and arguments the opinions entertained by the Committee on the one hand, and to refute and expose the doctrines of their adversaries on the other, had been their sole object; the proprietors and the public would not be troubled with any observations from me upon their publication. In that case, the merits of the question at issue, considered abstractedly, might have been properly left, without further discussion, to be decided upon by those to whose judgement the parties themselves had respectively appealed; and with respect to its practical application, had any difference arisen, so serious as not to yield to conciliatory

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ciliatory measures, that difference could only have been settled, either by the Court recurring to such legal proceedings as it is competent, under the existing laws, to institute in this respect, or by the paramount authority of Parliament. In either case, it certainly would not have afforded me any ground on which I could presume to trespass upon your attention. But when the authors of this report, instead of keeping within the limits of the question, are so hurried away by the impetuosity of their zeal against the private traders, as, in the warmth of their attack, not only to forget the services, but to trample upon the character of the most steady and faithful friend of the Company, of the man under whose direction and guidance, during eighteen years, the Indian empire has been raised, from a state of weakness and confusion, embarrassment and distress, to a situation of power, order, stability, and efficient resource, greater, perhaps, by a comparison with its situation in 1783, than any country ever attained within so short a period;—when, not satisfied with this unexpected charge, which, as we may have occasion to shew hereafter, is at once an impeachment of their own conduct, judgement, and consistency, and a severe reflection upon the sincerity of that gratitude, which they so lately unanimously professed to feel for the services of that distinguished statesman; the authors

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thors of this report further represent the situation of the Company's affairs to be so desperate, as to render idle and futile the consideration of a plan he had suggested for their relief: so desperate, indeed, in their view, as to exhibit, even in the distresses of 1783, when Mr. Dundas began his administration, a contrast of prosperity and ease, when compared to the state in which he left the Company's affairs, on retiring from office. When such statements as these are officially published, as the deliberate sentiments of the trustees to the public for the executive management of our Indian Empire (for in this light I must consider the Court of Directors) and prefaced too with a solemn engagement, that not only the "truth, but *the whole truth*, should be submitted to the consideration of His Majesty's Ministers, the proprietors "and the public;" surely it is high time, not only for those who have a direct and immediate interest in the concerns and welfare of the Company, but for every man who knows how to appreciate the value and importance of India to this country, to examine into the grounds of these statements; to satisfy himself how far the comparisons between the present and former periods have been fairly and impartially made; and whether the present crisis be really of such a nature, as either to preclude relief altogether, or to render that species of relief, suggested by Mr. Dundas,

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Dundas, in his Letter of the 30th of June last, so incommensurate to the extent of the difficulty, as to be at first sight obviously nugatory, and inapplicable to the occasion.

Whatever industry I might have exerted in order to ascertain the truth upon these most essential points, it would certainly have been impossible for an individual like myself, unconnected either with the Court of Directors, or the Board of Controul, to have procured sufficient information for these purposes; if the publicity which has been given to the concerns of India since the year 1783, had not enabled me, in every instance, to refer to documents of unquestionable authority. For these documents the public is much indebted to the labours of the late Minister for India, under whose directions, the voluminous and intricate accounts of the Company have been arranged and methodized; and by whose diligence they were annually submitted and explained to Parliament. These accounts, and the estimates which regularly accompanied them, forming what has been not improperly called the *Indian Budget*, were, I conceive, annually prepared by the Court of Directors, or by their immediate servants, under their approbation; and when so settled and adjusted, presented by one of their own officers to Parliament.

Mr. Dundas, therefore, I apprehend, as far  
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as related to the figures in the *account* of the preceding year, or to the calculations in the *estimate* for the year ensuing, trusted to the accuracy of those by whom they had been prepared. This conjecture appears to me the more probable, as I observe, by a reference to the budget speeches, as printed by Mr. Dundas, that, not unfrequently, in the course of his explanations, he stated his own opinions as differing from those of the Court of Directors upon certain particular points of the very estimates, which he was then, in his official capacity, submitting and expounding to Parliament. I confess I am the more anxious about the forms and mode of proceeding in this respect, because it is of no small moment to have it understood that the documents to which I shall refer, having been furnished by the Court of Directors themselves, are such as they not only cannot call in question, but for the truth and accuracy of which, they alone in the first instance are responsible. In establishing this point, my first object is certainly to render unquestionable the evidence I shall have to bring forward in this discussion; but before we come to the conclusion of it, an opportunity will probably be thereby afforded to every reader, to ask himself in what manner, if this be the fact, the Court of Directors can reconcile their former

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mer accounts with their present statements; and if they cannot, how they can justify themselves in the one case, for sanctioning the errors, and spreading the delusion of the former; in the other, for yielding to the impulse of alarm and misrepresentation, to which I am compelled to ascribe the latter.

In pursuance of the plan, I have now opened, of the short view it is my intention to take of the Company's affairs, I think it necessary to premise, before I proceed more immediately to the subject, that any observations, I may have occasion to make, which may appear to bear upon the question of the private trade, will be merely such as will necessarily arise out of the consideration, or as may, in my judgment, be requisite for the illustration of the more general question, I am about to discuss.

So much has already been published on both sides respecting the private trade, that I feel it would be more than presumption in me to endeavour to request the attention of the public; or to hope to throw any new light upon the subject. From the same feeling, I shall take care not to obtrude any opinion I may have formed upon the question itself, though it will not be in my power, consistently with the task I have undertaken, to abstain altogether from adverting to some of the particular topics, to which

which the Committee have had recourse in support of their arguments. I shall not however draw any inference myself, or wish others to draw any, with a reference to this point, from any observations I may have occasion to make in the course of this Letter. This preliminary explanation I conceive to be the more necessary, because the report of the Committee, by the perusal of which I have been induced to engage in the following investigation, professes to be upon the subject of the private trade. Had it been confined to that particular question only, notwithstanding some flippant and unjust animadversions upon the late Minister for India, blended even with that part of the report in which it is principally discussed, I should have considered them, as they have in all probability been considered by that Gentleman himself; unworthy of any serious notice or reply; but the latter part of this extraordinary report is of a very different nature.— There the question of the private trade, important as it is, is discussed, or rather evaded, in a reference to other interests of a far greater magnitude.— There, I conceive, and shall endeavour to shew, that your feelings and the feelings of the country, are trifled with and disregarded; your separate interests, as proprietors of India Stock, wantonly injured; the situation of the general concerns of India, both at



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at home and abroad, so grossly and alarmingly mis-stated, as artfully (for no stretch of candor can ascribe such a statement to ignorance alone) to exhibit what, I admit, may fairly be reckoned a situation of temporary embarrassment in one quarter, but what I contend, is, with that single exception, a state of solid prosperity, increased resource, and satisfactory prospect upon the whole, as amounting at the present moment, to general distress almost irretrievable; and as foreboding, for the future, nothing less than probable and not distant ruin.—And by whom is this alarming picture drawn;—not by any obscure libeller of the public prosperity of his country;—not by the hand of an enemy jealous of our Indian greatness—not by some unlucky candidate for the directorship of your affairs, become desperate by frequent disappointment;—no, but by eight of those very Directors, who derive from your confidence their power and their present situations; who are especially bound by the honorable and important trust reposed in them, to maintain and uphold your credit; who are peculiarly called upon, if any urgent sense of duty compel them to publish to the world at large the difficulties of your affairs, to describe them at least not worse than they really are; and even then, in fulfilling a duty that ought to be so painful to their feelings, it would be especially incumbent upon

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upon them at the same time, by a diligent examination, and a careful but accurate exposition, to shew the existing resources by which those difficulties might be met, and the exertions by which, according to every reasonable expectation, they might be overcome. You certainly could not expect that the very same Directors, who, during the greatest part, or even the whole of the period to which their observations extend, have been themselves actively engaged in the management of your affairs, would have been the first to proclaim to the world, that, under that very management, upon a fair retrospect and review of the whole, at the end of eighteen years, in which the world had generally supposed that your advances were rapid both in commerce and dominion, the general result was infinitely more unprosperous for the present, and unpromising for the future, than it was at the commencement of that period; when your distress had become so notorious, your credit was so nearly annihilated, and your power so shaken, both at home and in India, as to oblige the Directors, in their commercial capacity, to apply to Parliament, as they properly express it, *in forma pauperis*, for pecuniary relief; and to make it a matter, as they may well remember, of serious doubt in that Parliament, not only whether your dividends should be suspended, but also whether any

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any relief that could possibly be afforded, would not prove so obviously inadequate, as to render an entire new system of government, even at the expence of violating and setting aside your charter, indispensable for the preservation of India. When therefore the Court of Directors, the sworn guardians of your interests and credit, upon whose authority you had hitherto been taught to believe, (whether erroneously or not, we shall presently enquire,) that whatever pressure the war might have created in certain quarters, the general state of your affairs was highly prosperous; when that Court, which has not, merely in a passive or reluctant manner, concurred with the minister for India in all the great measures of the last eighteen years, but in which some of those measures have actually originated, many have been digested, altered, and improved, and through which all have been carried into effect, without interruption which to the harmony and good understanding, uniformly prevailed between them and the late Indian Administration;— when they, I say, whose paramount duty to you called upon them for more than ordinary circumspection in making a disclosure so alarming, even if it were true;—whose characters with the public, as charged with the executive management of India, appeared so closely implicated with that of the Indian administration, have

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have not been deterred by the many weighty considerations; these circumstances must have suggested to their minds, from making a declaration of your affairs, alarming in the utmost degree to you and the public, it must appear, *prima facie*, to a common understanding, impossible that it should be otherwise than correct, and not only correct, but so pressing and desperate, as to render all attempt at concealment, and all hopes of relief, equally nugatory and impracticable. What other motive, it might naturally be asked, could induce men, whose reputations, as connected with the concerns of India, are embarked in the same bottom with that of the Minister, with whom they acted, to publish statements, which, if they cannot be refuted, will, precisely to the same degree as they would justify them in condemning him, prove their own condemnation to their constituents and to the public at large? But it may, perhaps, be said, in palliation of their share of the censure, that this discovery was totally unsuspected by them a few months ago, when they unanimously proposed to you to thank and reward that Minister, whose retirement they had then the decency to regret; and when you, to your credit, almost as unanimously adopted their proposal. In common candour it must be supposed, that at that time they were free from all suspicion; that this fatal secret has since burst upon them, when

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when it was least expected; but, even then, would the Minister be more blameable than the Directors, who are placed between him and the execution; for not having foreseen sooner than they did, that such was the tendency of their joint projects and measures. Would he be more open to censure than themselves? he, for having misled Parliament and the public, year after year, by delusive statements; than they for furnishing him with the materials of those statements, as well the accounts of the past, as the estimates of the future revenue and expenditure? On the other hand; if it should turn out upon examination, that the statement contained in this report, instead of being correct, is garbled, in the manner most likely to spread an unreasonable alarm, to create an unfounded impression of exaggerated distress, to misrepresent the conduct, and to detract from the eminent merits and services of the late Minister for India; you will then consider how far it was justifiable, and consistent with a proper sense of duty in the authors of this report, for any purpose whatever, to aim a blow at his well-earned character and fame; which, they must have known, could not reach him, without, at the same time, striking at the dearest interests of the company; traducing their past exertions; injuring their credit; distracting their counsels, both abroad and at home; and tending finally to

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to discourage, by representing as visionary and impracticable, those exertions, by which alone, present embarrassments can be removed, and future ease restored. Those who venture unprovoked, unless a disinterested and unassuming proof of anxiety for the prosperity of your concerns, (I mean Mr. Dundas's Letter of the 30th of June last) can be construed into a provocation, to deal out such blows, will have no right to complain, if ultimately they should recoil with violence upon themselves. To say that they ought not, would be inconsistent with my feelings. Whatever may be the result in this respect, I can solemnly assure you, however, that it is not in aid of any such desire I have taken up my pen; but solely, in the honest expectation, and endeavour to satisfy you by a short retrospect of the past, and an equally short review of the present state of your affairs, that they are in fact such as I have already described them, affording no real ground for despondency or alarm; but, on the contrary, exhibiting, on the whole, such proofs of solid prosperity, increased resource, and confirmed stability and power, as cannot fail, by a steady application of principles, the soundness of which it is impossible to deny, ultimately to relieve any temporary and partial embarrassments which may now exist; and aided by the additional means and facilities the return of  
Peace

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Peace will afford; first to restore ease and credit where they are most impaired, and gradually to improve your affluence and security in every quarter of the Indian Empire, and in every branch of your extensive concerns. Should I have the good fortune to establish my positions in this respect, so immediately interesting to those whom I am addressing, and greatly so to the whole Empire, I trust they will feel an additional satisfaction (as I confess I shall) if the arguments and facts, to which I shall claim their attention, at the same time that they remove the gloom cast upon our Indian concerns, by the authors of the third report, should also, as a necessary consequence, refute the aspersions they have invidiously thrown out upon the late Indian administration, from whose public acts and proceedings, I shall derive nearly the whole of those very facts and arguments, on which I rest with confidence the view I shall now take of this interesting subject.

As the Special Committee appear to have found a pretence, at least, for their attack on the credit and prosperity of the Company, and upon the general result of Mr. Dundas's administration, in his Letter to the Court of Directors of the 30th of June last, already referred to, it becomes necessary shortly to retrace the circumstances which appear to have given rise to

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to that Letter, and to have induced the publication of it by the author.

When the usual annual accounts of the affairs of India were laid before Parliament in the last Session, it must be recollected that Mr. Dundas was no longer in office. It was not, therefore, necessarily incumbent upon him to bring them particularly under the view and cognizance of Parliament. Many considerations, however, suggested to him by his zeal for the future interests of the Company, induced him to undertake the laborious task, not only of stating those accounts according to the established form of preceding Sessions, but, at the same time, to wind up his Indian administration; first, by a general but comprehensive retrospect of the principal measures and occurrences which had influenced the situation of the Company's affairs during the last seventeen years. And secondly, by pointing out the principles and outlines of a plan, which appeared to him well adapted, and adequate to meet and overcome a difficulty, which, amidst so many flattering proofs of commercial and political prosperity, he fairly admitted was of a magnitude to require the utmost attention and exertions of his successor in office, and of the Company to check and subdue; namely, the amount and accumulation of the Indian Debt.

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“pany at home, or to the relief and prosperity  
 “of the Empire in India, *depend wholly and*  
 “*solely upon the Company's commerce*; but  
 “whilst the means of applying every commer-  
 “cial aid with speed and effect, are far beyond  
 “what he could have expected on the 30th of  
 “June last, in consequence of the peace; yet  
 “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 com-*  
 “*pletely destroyed* in consequence of the ad-  
 “vices since received from thence.”

The first fallacy we are compelled to take notice of in this quotation from the Report is,  
 “*That every part of Mr. Dundas's Plan de-*  
 “*pends wholly and solely upon the Company's*  
 “*Commerce.*” This is a mis-statement so gross and so palpable, that it is impossible to conceive how it can have found its way into the Report. The very first sentence of Mr. Dundas's Letter, from which the Committee draw this conclusion, expressly states, that his Plan “depends  
 “upon a due combination of the *revenues* and  
 “commerce of the East India Company;” and in the subsequent development of it, the first requisite he states as the foundation and *sine qua non* of the whole is, “An arrangement  
 “abroad, so that a full million from the sur-  
 “plus

“plus of the revenues,” (i. e. the revenues belonging to the Company in their *political* character, as Sovereigns of the soil in India)  
 “shall, at the commencement be applicable to  
 “the purpose of investment.”

With respect to Mr. Dundas's representation, that India and the affairs of the Company are generally considered in a prosperous situation, as the Committee have not condescended to argue upon the assertion, or ventured openly to deny it, except in so far as relates to their finances; though by implication they might, indeed, be understood to regret the overthrow of Tippoo, and our new Alliances in India, it is unnecessary to dwell upon that part of the subject; particularly as the general exposition, by which, as we have already observed, Mr. Dundas concluded his last budget, is so decisive upon every topic connected with the improvement of our political power and commercial connections in India, as to appear equally satisfactory and unanswerable. Such indeed is the importance and value we attach to that summary review upon each of these points, that we thought it would be highly acceptable to our readers and illustrative of the general subject, to subjoin it as an Appendix to this Letter.

Let us pass then to the great object of inquiry—the Finances of India. “The whole of  
 “Mr. Dundas's estimates,” we are told, “are  
 “completely destroyed, in consequence of the  
 “advices

“advices since received from India.” These, indeed, are sweeping words, and a short way of getting rid of the whole Plan. We cannot, however, so easily consent to consign that Plan to oblivion, or concur in the wisdom of that childish policy, which the Directors seem to have pursued on this occasion, in exaggerating distress, and dealing out alarm with one hand, whilst with the other they peevishly reject the assistance offered them, as if they were more anxious to excite compassion for, I know not what, imaginary evils of their own invention, than to find a remedy for those which really exist.

But what is this advice from India which has come so seasonably to spare the Directors the trouble of considering Mr. Dundas's Plan, and to render it completely nugatory and almost ridiculous in their opinion? Why, that the Indian Debt *bearing interest*, which in his Letter he estimated at fourteen millions, is, by this time, there is reason to believe, increased to about sixteen\*. What effect this addition of two millions has on the calculations on which his estimate is formed, will be shewn presently.

\* The Debt at interest, by the accounts laid before Parliament by the Court of Directors, dated the 5th of May, 1801, was only 12,301,570*l.* sterling. Mr. Dundas, therefore, in taking it at fourteen millions on the 30th of June following, made an allowance for an addition of nearly 1,700,000*l.* The floating Debt in 1800 was taken at two millions, and is now, and will probably remain, at about that amount.

—But,

—But, in the first place, it is obvious that any augmentation of Debt, only renders some Plan calculated to produce the same effect, if not by the same means as his, still more pressing than before this advice was received. In the next, it will not be contended that, supposing Mr. Dundas's Plan to have been practicable and expedient when the Debt stood at fourteen millions, it necessarily ceases to be so by the mere addition of two millions to the amount. On the contrary, it must be obvious to every one, who has looked at that Plan at all, that the very same requisites on which it is founded, and by the existence of which it can alone be attempted, would, if they are forth-coming, be equally applicable to the reduction of the Debt, whether it be fourteen, sixteen, or even twenty millions. The only *necessary* difference in the final result would be, that in whatever sum the Debt, so to be paid off, may exceed fourteen millions, that sum must be deducted from the balance which, according to Mr. Dundas's estimate, would otherwise be forth-coming at the end of the Charter; so that taking the Debt at sixteen millions, the balances which in the three different cases, upon which estimates are given, in the Appendix to Mr. Dundas's Letter, numbers I. VI. and VII. being in the

First	- - - - -	£20,672,028
The second	- - - - -	15,122,028
The third	- - - - -	18,022,028

would,

would, in each, be two millions less at the expiration of the Charter. The only other alteration this augmentation of two millions to the Indian Debt, might occasion in the above estimates, would be to protract, for two years, the period at which that Debt would be reduced within the intended limit of four millions and a half; but this is by no means a *necessary* consequence; as the liquidation of the Indian Debt might, if it should be found more expedient, be accelerated, so as to discharge the two additional millions before the period at which the *Decennial Loan* will become payable. This might be done by adding to the remittances in bullion from this country, or by drawing additional bills from India; and consequently in either case, by diminishing the cash balance at home, between the present period and the year 1807-8, in such proportion as it might, under all circumstances, be thought proper, in order thereby to add insomuch to the amount (one million) of debt proposed to be discharged in India, in each year, preceding this last mentioned period, until the whole of the two additional millions should be reduced. It will appear, by an inspection of the estimate, that the only effect of this would be to diminish in whatever proportion the payments were so increased, the current balance remaining at the end of each year, until the diminution reached two millions, which, as we have already stated, would be the final result upon

upon the whole of the concern. These are points depending upon figures alone, and which consequently, unless their accuracy can be disputed, admit of no difference of opinion. The remaining question then to be disposed of is,—whether the requisites or data, upon which Mr. Dundas's plan was formed, with a view to the reduction of a debt of fourteen millions, can be expected to be forth-coming, now that the debt is swelled to sixteen.

The two points which, when his plan was formed, it became most material carefully to ascertain, and which may still be considered as the most important are: First, The possibility of an arrangement in India, so that a million, from the surplus of the revenues, shall, at the commencement of the operation, be applicable to the purpose of investment. Secondly, The practicability of procuring such a supply of bullion as may be necessary in aid of the other resources of exports, bills from India, &c. to complete, in the most advantageous manner, the sum required in Mr. Dundas's plan for the prime cost of the investment from India and China, to four millions sterling.

It may be objected, that the foreign commerce with India will be so much increased, in consequence of the restoration of Peace, that it will be impossible for the Company to carry the prime cost of their annual investment from India and China to four millions. This objection



tion has been anticipated, and, we think, fully answered in Mr. Dundas's Letter of the 30th of June; to which we beg leave to refer on this subject; only remarking, that even admitting a reduction to be made in the annual investment to the amount of one fourth, or one million, the only effect of it would be, not to invalidate the principle of Mr. Dundas's plan, but only to retard, in some degree, the rapidity of its success, as is arithmetically proved by the estimate No. VI. in the appendix to that Letter, formed upon the supposition of this reduced investment. To return, therefore, to the two difficulties we have adverted to; I can scarcely think, with respect to the first, that any real doubt can exist, Peace being now generally restored, that such proper retrenchments and reductions in the military establishments, in the extraordinaries of the army, in the Company's marine, and in various other heavy expences, incident to war, may be effected without risk, as will with economy, and the other resources pointed out in Mr. Dundas's Letter; produce, at least, the necessary surplus of one million sterling.

Supposing the permanent additional charge for interest upon the two millions added to the debt, to be 175,000*l.* making the annual interest of the whole, about 1,400,000*l.*\* and even al-

\* In estimating the debt at interest to be fourteen millions, Mr. Dundas reckoned the annual charge on that account to be 1,225,000*l.*

lowing

lowing that no reduction can be effected in the rate of interest in any part of it; shall I be seriously told, that under the present circumstances of Europe and of India, a diminution of annual charge to the extent of 175,000*l.* cannot, for so great an object, possibly be effected, over and above those reductions of expence, for which credit is taken in the estimate, No. IV. of the appendix to Mr. Dundas's Letter, and exclusive also of the other resources suggested in the Letter itself; by the aid of which the net surplus, stated in that estimate at 800,000*l.* may be carried to one million sterling? Let it be recollected, that in that estimate, the annual expenditure of India, exclusive of interest upon any part of the debt, then taken at fourteen millions, is reckoned at no less a sum than 8,851,260*l.* and consequently that the only question is, whether a sum not amounting nearly to 1-50th part of the annual receipt or expenditure of India, may not, either by an augmentation in the one, or a diminution in the other, or by the joint effect of both, reasonably be relied upon, in addition to the surplus stated in that estimate, as soon as the Peace arrangements can be completed. Let it also be recollected, that the date of that estimate "prepared" as Mr. Dundas says, "by the joint labours of Mr. Wright, the Company's auditor, and of the accountant to the Board of Controul, with  
" such

“ such abundant caution, as not to admit of any surplus, that does not appear to be clearly warranted,” is antecedent to several orders, which, it is understood, were sent out last season for material reductions in some of the establishments: and that it is expressly stated in a note to that very estimate, “ that in the calculations, upon which it is formed, the military establishments are supposed not to be reduced more than by the orders actually sent out, previous to the 30th of June, 1801.”

What farther reduction\* may be in contemplation since the Peace, or to what extent it may ultimately be carried, consistently with the internal security and general defence of our Indian Empire, are considerations upon which it is quite unnecessary to enter with a view to the present question; as I am perfectly certain it will not be contended by any one, either in, or out of the direction of your affairs, supposing a surplus of one million could be relied upon when the

\* By the estimates of the army, presented within these few days to the House of Commons, it appears that all the King's Regiments of Infantry in India, amounting to fifteen, are forthwith to be reduced from 1375 men each, (their present establishment) to 753, officers included. Without presuming to give an opinion on the expediency of so great a reduction, as is here proposed, we may derive, at least, this inference from the fact, that it would produce a saving, far exceeding 175,000*l.* per annum.

debt

debt was at fourteen millions, that the Interest of two millions, since added to that debt, cannot possibly be provided for, either by this or some other mode of retrenchment, without breaking in upon that surplus, which forms the first and most essential requisite of the whole plan. Under all these favourable circumstances, it would be a waste of time to attempt, by further explanation, to shew, that a surplus of one million sterling may from this moment be reserved in India, and rendered applicable to the purchase of investments; provided positive and explicit orders shall be sent out for that purpose.

The other difficulty, that of procuring bullion, might have been great, though not, it is conceived, unsurmountable had the war continued; but now that peace is restored, I believe, it will not be urged as being of a very serious nature. The whole quantity requisite for the first year, may, I make no doubt, be easily procured between this period and the dispatch of the ships of the ensuing season.

The next point to which the Committee proceed, is the comparison which they say “ they will venture to make between the period of distress in the Company's affairs, in the year 1783, when Mr. Dundas began his administration, and the state in which he has left the Company's affairs on retiring from office.”

Their

Their statements are as follows:

“The report of the Court of Directors, dated the 23d of January, 1784, and laid before the House Commons (which was approved and defended by Mr. Dundas) states distinctly the revenues and debts of India, according to the last accounts which could be obtained at that period.

“The net revenue of India, exclusive of the profit on salt and opium was - - - - - £1,091,546  
“The salt and opium, though they have produced much more, was at that time estimated at only - 400,000

“Net surplus at that time - - 1,491,546

“This surplus was subject to charges, and particularly to the interest of the debts in India. The salt and opium are estimated at no more than 400,000l. but produced, for an average of above twenty years, 800,000l. per annum.

“By the accounts laid before the House of Commons, the 5th of May, 1801, the surplus net Revenue was - - - - - 664,397

“It appeared at the same time that the interest upon debts bearing interest was - - - - - 1,082,204

“Leaving a deficiency of - - 417,807  
“Your

“Your Committee are aware that the deficiency is much larger not only from additional interest on debts, but for expences which are not included; but the difference against the annual political income of the Company between the periods of 1783-4, and of 1801-2 is very considerable.”

The first part of this comparison therefore rests entirely upon the Report of the Court of Directors, dated the 23d of January 1784, in which, according to the Committee, “the revenues and debts of India are distinctly stated, according to the last accounts, which could be obtained at that period.” How far that statement was at the time it was drawn up really distinct, satisfactory, or correct, and how far it is in this case fairly applicable, as a point of comparison, is therefore a question we have now to examine; and first as to its being distinct. Since this assertion, so contradictory to every recollection I had upon the subject, first came under my notice, I have used my best endeavours, by referring to the public proceedings of the Court of Directors, and of the House of Commons in 1783 and 1784, to ascertain whether any thing, bearing the smallest resemblance to a distinct statement of the Company’s affairs, in any one respect whatever, could be said to exist at that period. The result of all my researches, and of much enquiry in other  
other

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other quarters, is (and I boldly defy any one to disprove the fact) that such was the confusion at the precise moment mentioned in the Report, that, notwithstanding the most anxious and unremitting investigation, whole years elapsed, after the commencement of Mr. Dundas's administration, before the real situation of the finances of India could be positively ascertained. Instead of *distinct* statements, I find in those very documents not only that jarring and opposite opinions prevailed at home, even among the Directors themselves, respecting the state of their affairs, but that abundant and undeniable proofs exist, in almost every page, of the extreme confusion and distress which pervaded every department in India at the conclusion of the war in 1783. Were not the payments of all the civil branches of the service greatly in arrear? Were even the pay and allowances of the troops in a better situation? Have the authors of the report entirely forgotten the calamities which threatened the very existence of our power in India, in consequence of the arrears then due to the army? When no sufficient provision could be made for this service, the last that in any country can with impunity be postponed—When at the same time the credit of the several Presidencies was exhausted, and their outstanding securities depressed in a most alarming degree, will any man affirm

[ 31 ]

affirm that the finances of India were not in the last stage of distress, and that the power of Government itself was not tottering upon the brink of dissolution? Such indeed was the extent of arrears, which had accumulated in every department, and of the disorder that prevailed in every branch of the service, that no *distinct* account could be procured till the year 1786, and that the only account which could be made up at home in January 1784, of the debts owing by the Company in India, was to the following periods; viz.

For Bengal - - - February 1783,

Madras - - - March 1782,

Bombay - - August 1782.

The actual accounts, as to the receipts and disbursements, were in arrear to a greater degree;—for Bengal particularly, the last account received of this description was to April 1781. The Madras accounts do not appear to have been received to a later date. Those of Bombay were received to 1780 only.

I think I have already stated more than enough to shew that the only *distinct* conclusion which could be formed at that period (the date of the Director's Report in January 1784) was that the revenues of India had long ago been completely absorbed by the war; and that the debts had increased, and were increasing,

in

in an amount, of which it was impracticable to discover, or estimate the extent.

Was the prospect of the Company's affairs at home at the same period much more promising? Under this head the authors of the report admit that the duties payable to Government had fallen in arrear to the amount of near one million sterling, and that they were obliged to solicit Parliament in *forma pauperis* to suspend for a further time the payment of this sum, and of bills to a very considerable amount, drawn upon them from India, and which when due they had no funds in their treasury to discharge. "Trifling as that relief may appear when compared with the wants of the present day," says the Report, "it was sufficient to extricate the Company from every difficulty abroad and at home." To this flippant remark we shall at present only give this short answer:—That we defy the authors of this Report, with all their sophistry, to make out of *the wants of the present day*, such a case as would induce any one man in Parliament, to countenance a proposal, either for suspending one farthing of any duties owing to Government, or for granting them one hour for the discharge of any bills drawn upon them, beyond the period of their respectively becoming due.

After this general description of the state of the Company's affairs, abroad and at home, (as far

far as any thing could be known of the former,) in the year 1783, I might be satisfied perhaps to put the question to the common sense of any man, whether he can believe that there existed in India, at the very moment when public credit was annihilated, and *the army in the field left unpaid*, a net surplus of revenue to the amount of 1,491,546*l.* sterling! Certainly such an assertion is too absurd to be credited; and here perhaps I might leave this part of the subject, if I did not feel it equally a duty to expose the effrontery of the authors of this report, in offering such a statement to you and to the public.

In the first place it may be necessary to state the full extent (as far as figures are concerned) of the imposition attempted by this comparison of their affairs in 1783 and 1801. It will appear thus, by adding the net surplus of the revenue, said to exist at the first period, amounting to - - - - - £.1,491,546  
To the deficiency in the last - - - - - 417,807

That the difference against the year 1801, or the defalcation of net revenue, at the conclusion of Mr. Dundas's administration, would be no less a sum than - - - - - 1,909,353

"Subject," as the report further observes, "to considerable increase by still further demands  
" for

“ for additional interest on debts and expences  
“ not included.”

This is the only inference that can be drawn from the mere inspection of the figures ; we shall therefore now proceed to detect the gross artifice on which the principle of this comparison is founded ;—so gross, indeed, that we are equally at a loss to state it, in its full extent, or to keep within the bounds of propriety in pointing it out to the reprobation of the reader. Let him possess but a knowledge, however superficial, of public affairs, as liable to be affected by the difference of peace and war.—If to this he add right feelings and an unprejudiced mind, we have no doubt that he will share our indignation, when he is informed, on the one hand, that the statement of the pretended surplus of 1783, is taken not from any ascertained account of the receipts and expenditure of India as they then existed ; but from an estimate of what *possible* surplus might thereafter be created, supposing, 1st. the debt to be at that moment four millions and a half, and without any allowance for interest, instead of more than *ten*, as it afterwards proved to have been ; and, secondly, every reduction of expence to have been made that profound peace would admit of, and the most rigid economy would require ; including, under this head, many retrenchments to a very large amount, that were found, in fact, to be utterly impracticable. On the other, that  
the

the Estimate of 1801-2 is taken from an account of the actual expenditure of one of the years of a most extensive, complicated, and burdensome war, and includes the interest of the whole debt of India, to the full extent, at which it then really existed ;—and these are the widely different circumstances, which the Court of Directors offer to their constituents and the public, as grounds of a fair comparison !—A comparison, as just in point of principle, and as conclusive in point of fact, with respect to the affairs of India, as would be, with respect to the financial prosperity of Great Britain, a statement of the balance between our ordinary revenue upon a reduced scale of expenditure, in a year of profound peace, compared with the balance between the same ordinary peace revenue, and our total expenditure, both ordinary and extraordinary, in a year of most expensive and general war.

If any one entertains a doubt whether *this pretended net surplus* stated to be really existing in 1783, was, in fact, a mere visionary estimate, of what it was conjectured, might, at some future period, possibly be realized, let him turn to the Report of the Committee of the House of Commons, of the 22nd of June 1784 ; not made during the period of the attack on the Company's charter, but formed under the superintendance of those who had supported it  
in

in the struggle, and were most friendly to its interests.—It is there stated, “That the immense revenues from Bengal had been unable, during three years, to furnish any investment; that considerable assistance must be given by Bengal to Madras and Bombay, both to supply the deficiencies of revenue, and to discharge the interest, at least, of their bond debts; that in examining the Director’s estimate of one year’s net produce of the territorial possessions in India, in *time of peace*, they thought it a just attention towards the Directors to observe, that the subject is involved in a degree of *darkness and uncertainty*, (mark this apology and description of what is now offered as a *distinct* and correct statement,) “by the delay of the Company’s servants abroad in transmitting actual accounts of their annual receipts and expences.” After an examination of the detail of the Bengal revenues, the Committee proceed to the estimated expences, and remark “That they do not mean to express a doubt, that it may be both proper and practicable to reduce the several charges within the limits prescribed, but *such reduction is certainly not to be effected by merely presenting a speculative system of reforms to the House*: under these circumstances.” They add, “*the actual accounts afford perhaps the best criterion*, and  
“ though

“ though they will forbear to frame an estimate founded on those accounts, *it ought to be remarked, that the several reductions of expence assumed by the Directors, are stated and credited, as if actually in force, from the moment when their report was dated.*”

This was the judgment of the Committee of the House of Commons, on what the Directors of the present day bring forward as stating *DISTINCTLY the revenues of India, according to the last accounts which could be obtained at that period.* In point of fact such was the confusion then existing, that *three* years elapsed, from the commencement of Mr. Dundas’s administration, before any correct account could be procured from India; and when at last it was obtained, the debt at the close of the war in 1783, instead of being four millions and a half at that period, as stated by the Directors, was, as we have already observed, upwards of *ten*, and their report in many other respects was proved to be equally fallacious and unfounded.

It may not be irrelevant to the subject here to observe, that this debt so enormous, when compared with the resources of that period, was immediately subsequent to the year 1786, put in a train of being liquidated, and was in fact considerably reduced before the renewal of war, by the application of nearly the same principle  
that

that is now proposed by Mr. Dundas, in his letter of the 30th of June, though under regulations less perfect, and by a mode less efficacious, than are there suggested for the reduction of the present debt; to the liquidation of which it is in the power of the Directors to proceed, with means certainly available from this moment, and much more applicable to the purpose than any which existed, not immediately, but *three* years after the conclusion of the former war.

Having now shewn the real nature and value of this pretended *net surplus* of revenue, amounting to 1,491,546*l.* in 1783, it remains to be ascertained what *per contra*, was in fact the *real deficiency* at that period. If instead of presenting an over sanguine estimate, formed at the time upon false data, of what, in profound peace, the revenue of India might eventually become, as what it "*then actually was, according to the last accounts that could be obtained at that period,*" the authors of the Third Report had really made those last accounts (such as they were) the basis of their comparison, with the last accounts received in 1801, their proceeding would have been less unfair; though for two reasons, it would still have been open to objection; 1st. that owing to the accounts for the former period being so much in arrear, they had not then reached to  
that

that ultimate stage of distress, at which, by the joint effect of accumulated expence, and diminished revenue, they arrived in 1783, whilst the accounts of 1801, were brought up to the latest possible period of the present war.—Secondly; because several considerable charges of a permanent nature, which did not exist at all in 1783, have since been thrown upon the revenues of India, partly by necessity, and partly by some necessary expences attending great and laudable improvements introduced into the system of our Indian government; improvements which reflect no less honour upon the liberality and justice of the Company, than upon the wisdom and humanity of the illustrious characters who had the merit of bringing them under consideration. Under the one or the other of these heads, must be included the new arrangements in favor of the Company's servants, military and civil; the increased pay of the troops, both native and European; the new system of jurisprudence, and other substantial benefits conferred upon the Company's subjects in India; the effects of which, upon the happiness and prosperity of those distant possessions are, I believe, universally acknowledged by every man, who has attended to the rise and progress of the British Empire in India.

Allow-



Allowing, however, both these advantages in favour of 1783, to be sunk in the comparison, let us see how it would then stand.—If the following statement be not perfectly accurate, it is certainly not deficient from being under the mark; (far otherwise), but from the want of precision we have already noticed in the accounts of this last-mentioned period.

It must be obvious, that by taking the difference between the calculations of supposed future expenditure, which gave as a result a net surplus of 1,491,546*l.* and the real expenditure as it actually stood, according to the last accounts that could be obtained at that period, and then deducting from this difference the above-pretended surplus, the remainder will shew the real deficiency. The Reports we have already referred to from the Court of Directors and the House of Commons in 1783 and 1784, furnish the following materials for this purpose:

*Bengal.*—The military charges in the first case are taken at £1,500,000 According to the estimate of the Bengal Government for the year 1783, given in the Appendix to the Report of the House of Commons, they cannot be computed at less than 3,000,000

The military charges may therefore be taken at a greater amount by £1,500,000  
 The civil charges are stated at 350,000  
 By the last year of account made up to 1780-1 in the Appendix above referred to, they were 580,000

The difference in this case is 230,000

The marine charges are estimated at 60,000  
 On the average of three years to April, 1781, they were 120,000*l.* taking the last of these years as in the civil Charges, state them at 77,000

The difference is 17,000

Buildings and fortifications 100,000  
 On the average of three years to April 1781 they were 123,000*l.* in the last of these years, they were 114,000*l.* taken at that amount 114,000

The difference is 14,000

Whence it will appear that the charges of Bengal should have been taken at a larger amount by £1,761,000

The effect of which is, that instead of a surplus from the revenues of that Presidency of 1,194,689*l.* as shewn in the estimate of 1784, the deficiency would have amounted to 566,311*l.*

At *Madras*.—Corrections will be required both in the revenues and charges.—The authority of the Report of the Committee of the House of Commons will be made use of on nearly the same principles as in the Bengal accounts.

The net revenues and customs are stated at - - 600,000  
 By the accounts ending April 1781 they were - 398,000  
 The difference is - - - 202,000  
 The military charges are estimated at - - - 600,000  
 In the year 1781, they were 872,000  
 Being more by - - - 272,000

Civil

Civil charges - - - 60,000  
 If the arrears due the 30th of April 1781, appertained to that year, these charges might be taken at 100,000*l.* The estimate given by Lord Macartney, calculated on three years of peace, may perhaps be the surest guide—in that they were stated at 120,000*l.* say, however - 100,000

Exceeding the Director's estimate by - - - 40,000

Buildings and fortifications - 70,000  
 On the average of 10 years this amount was exceeded by 6,000*l.* but, as on other occasions, the last year of account in the war has been mostly taken, the same rule will be now observed. In the year 1780-1 they were - - 42,000

Being less than the estimate - - - 28,000

Instead,

Instead, therefore, of a surplus revenue at Madras, estimated by the Directors at 152,857*l.* a deficit would be exhibited amounting to 313,143*l.* making a difference from the result in the estimate of - - - - - £486,000

*Bombay.*—The accounts of this Presidency at the time the Committee made their Report were not made up to a later period than April 1780, a different mode of statement will therefore be adopted.

The revenues were estimated at - - - - - 130,000  
 As the war expence will be taken, it is fair likewise to take the war receipt. On the average of the years 1782-3 and 1783-4 the revenues amounted to - - - - - 500,000  
 Being more than estimated - - - - - 370,000  
 The charges estimated at - 356,000  
 On the same average were - 903,000  
 Exceeding the estimate - - - - - 574,000

Whence the surplus charge of Bombay, estimated by the Directors at 226,000*l.* being discovered to amount to 403,000*l.* a difference from their estimate will appear, amounting to - - - - - £177,000

The expence of Bencoolen is estimated at 50,000*l.* which may certainly be considered as too low; but does not appear to require any remark.

The

The Result of this Examination may be shewn at One View, as follows.

	Court's Estimate.	Corrected Account.	Difference.
	£.	£.	£.
BENGAL—Surplus Revenue	1,194,689		
Deficient ditto	—	566,311	1,761,000
MADRAS—Surplus Revenue	172,857		
Deficient ditto	—	313,143	486,000
BOMBAY—Deficient Revenue	1,367,546	226,000	403,000
Net surplus	1,141,546		
BENCOOLEN—Charges	50,000	50,000	
Remaining Surplus Revenue	1,091,546		
Total Deficient Revenue	—	1,332,454	2,424,000
Add Revenue from Salt and Opium, as estimated by the Directors in the Third Report	400,000		
Deduct ditto, as by Report in 1784	—	450,000	50,000
Surplus Revenue, as estimated in the Third Report	1,491,546		
Deficient ditto, as by corrected account	—	882,454	2,374,000
Add Interest on the Debts, as by the Report of the Committee of the House of Commons	—	400,000	400,000
Total Deficiency	—	1,282,454	
Whence the total difference between the figures exhibited by the Court of Directors, as the Net Surplus in 1783, and the amount at which it ought to have been stated appears to be	—	—	2,774,000

It

It may be said, that the Court of Directors in this Third Report, after giving their view of the net surplus in 1783, at the sum of - - - - - £1,491,546 Stated "that it was subject to charges and particularly to interest." Could they form no estimate of the amount of these additional demands on the resources? Could such a note be sufficient to afford any idea of their amount? What part of the general class of readers, even amongst the Proprietors, could form an idea of the amount of these charges and of the interest? But even supposing the authors of the third Report had thought it worth while, for the sake of still greater distinctness, if not of more impartial justice, so far to rectify their own distinct statement of the net surplus as it stood in 1783, by deducting the specific amount of interest then known to be 400,000l. per annum, instead of stating generally that it was liable to some charge on that account,

their

their pretended net surplus  
would even then have stood at £.1,091,546

Instead of a real deficiency of - 1,282,454

Making the difference - - - 2,374,000

The following alteration then ought to be made in the comparison of the two periods by the Directors :

The deficit in 1783, on a corrected statement, has been shewn to be - - - - £ 1,282,000

That in 1800-1 is stated at - - - 417,000

The difference in favour of 1800-1 in this view, is - - - - 865,000

Instead of being against as before stated in the sum of - - 1,909,000

Making a difference in the whole result, as already shewn, amounting to - - - - \*2,774,000

The minute precision of this statement, in every particular, will not be insisted upon ; the

\* Other charges of his Majesty's ships, &c. should have been taken into the account, but the annual expence could not well be ascertained, if they had been included, the difference on the first view now given must have been greater.

principle

principle is the great point for which it is drawn, viz. a comparison with an estimate calculated under the circumstances of war.

After the full explanation we have now given upon this head, it appears almost superfluous to notice the insinuation, that the Report of the Court of Directors of the 23d of January 1784, (in which this *pretended surplus* was discovered) was approved and defended by Mr. Dundas. It is true that Mr. Dundas, at that eventful period, shewed himself a firm, zealous friend, and a powerful protector in Parliament of the rights and privileges of the Company, against the attempts then carried on for setting aside their charter, and transferring to other hands their patronage, their authority, and the immediate management of the affairs of the Indian Empire. Taking this line in Parliament, he certainly considered many of the particular objections urged against the Report, as being unfounded or exaggerated ; and he stated, (if credit may be given to the Parliamentary Register for the accuracy of the debate) that, *should peace continue*, and should the system then in contemplation be carried into effect, there was, he trusted, a *probable chance* of the Company speedily emerging from debt, and growing into wealth. This opinion it was afterwards his good fortune to see realized, and confirmed under his own administration of their affairs ; but the caution with which it was given

as to the future, sufficiently indicates what appeared to him the real state of their affairs at that moment. Besides, Mr. Dundas was a member of that very Committee of the House of Commons, whose opinion of this surplus, even as an estimate for the future; and not, as what till now it never was assumed to be, an account of revenue then existing, we have already given.

The real truth is, that in 1784, the East India Company did that, which other great commercial establishments have done, under circumstances of similar embarrassment. Their Trustees, acting in their behalf, laid open their affairs, and, as is usual on such occasions, made such a statement as appeared to them best adapted to shew, that they had resources in reserve which would ultimately *bring them round*, (to use a common but appropriate expression), provided a further time was given them by their creditors for the payment of engagements then due, and they were allowed to continue in the management of their affairs. Such is the real history of their Report of 1784.

In 1802, on the contrary, when no one doubted your resources, or questioned your solidity, these same Trustees think themselves at liberty to trifle and sport with your credit. They hoist a signal of distress which they do not feel, and which they know does not exist— for what?—Is it a snare to bring “the Ministers, the Proprietors, and the Public” down

to

to their assistance against the private trader?— If it be, such a trick is as pitiful and unfair in discussion, as it would be mean and unlawful in war.—Is it because their late leader, after receiving for eighteen years repeated proofs of their warm approbation, and sharing with them the well-earned applause of joint success, is supposed to differ from them upon this question, that they have ventured to attack his public character, to misrepresent his actions, and to deny and revile his services, in this his most distinguished career?

Did they expect by such a conduct to invalidate the just weight and authority of his opinions in the existing dispute? If they did, they probably by this time are sensible of their mistake; and if they acted from some better impulse, they owe to their own characters to state what that impulse was. Without recurring to such unlawful weapons as these in their defence, could they not be contented with proving (as they appear to think they have done to perfect demonstration),

1st. That the real object of the private trader is not the *trade* itself, but to be at liberty to carry it on in *Indian* instead of *British* built ships? and

2ndly. That the former are more expensive to build, more expensive to fit out, and more expensive to navigate than the latter? Surely they might have been satisfied to have rested their

their

their triumph over the poor private trader, and his ally the Indian agent, on arguments so consistent and so unanswerable. But then, we are told in the Report, these deluded enemies had given just and great offence by intercepting the fortunes of individuals, which would otherwise have found their way into the Company's treasury at Calcutta. If they have done this to the distress of the Company, for the chance of embarking so much additional capital in a losing trade of Indian ships, it unquestionably shews, on their part, a very rancorous, but a very foolish spirit of hostility. Supposing, however, the fact to be true, with due deference to the authors of the Report, I must still be allowed to doubt whether, with a view to bring those capitals to flow again in their accustomed channel, it was good policy in them to make such a display of the distressed situation of their affairs. This brings us again to the subject.

The authors of the Report seem to think it possible, "That objections may be made against this comparison of 1783 and 1801, but then," they add, "there can be none when a comparison is made between different parts of Mr. Dundas's own administration;" and, therefore, candidly and impartially they chuse their periods, and then proceed to make it as follows:

"In 1793, on the renewal of the Charter, the Directors estimated the final surplus in India as applicable to investment;

"To

" To be - - - - -	£1,409,127
" Deduct the proceeds of the	
" Europe exports - - - - -	350,000
" Remains a political surplus of *£1,159,127	

" It is true that Mr. Dundas objected to this estimate, which, in his opinion, was much too low; but if to that sum shall be added the present deficiency of 417,807*l.* there will appear against the Company, in their annual *political* income a difference of a million and a half, which may easily be swelled to two millions sterling annually, when the arrears of Debt are funded, and bear an interest."

This second comparison, at least, is not open to one material objection to which the former was liable. We are as ready to admit that a net surplus of 1,159,127*l.* might actually be depended upon in 1793, as we were prepared to shew, in the former instance, that, instead of any sur-

\* By a simple mistake of *subtraction*, the authors of the Third Report have here added 100,000*l.* to the surplus of 1793, as it will be obvious to every one by a mere inspection of the figures, that it ought to be only 1,059,127*l.*—Allowance, however, having been made in the estimate of 1793 for the commercial charges, amounting to about 104,000*l.* and those charges not being included in the other point of the present comparison, we shall proceed to argue upon the supposition of the political surplus in 1793 having been as great as is here stated—as, in fact, it would have been, had no deduction been made for commercial charges.

plus,

plus, an alarming deficiency really existed in 1783. A reference to the accounts of these two periods leaves as little doubt of the one as of the other. We also admit that Mr. Dundas gave his opinion that the above estimate was taken too low; and we may even add that this opinion was confirmed by the adjusted accounts of the years 1792-3, 1793-4, and 1794-5, in each of which the balance exceeded the amount stated in the estimate; although the amount of charges for each of these three years was greater than had been reckoned upon; thereby confirming, on the one hand, in the fullest manner, Mr. Dundas's conjecture, and on the other, manifesting in the most satisfactory point of view, the rapid increase of the resources and prosperity of India. In short the result of the first ten years of Mr. Dundas's administration, was that, instead of a deficit, amounting as we have proved at the commencement of that period

to - - - - -	£.1,282,000
A surplus was created of - - -	1,159,000
Making in the whole a difference	
in favour of the Company of -	<u>2,441,000</u>

As far as the character of that administration is the object of discussion, it may, I think, at least up to this period, safely rest upon this short statement; from the result of which, however, we derive another inference, more general in

in its importance, and equally conclusive and satisfactory in itself. It is this—that an empire, which in the course of ten years was capable of being raised from the state of extreme distress, in which, as we have demonstrated, it was plunged at the conclusion of the former war, to the state of ease and affluence, in which we find it in 1793, and which in that interval (be it also remembered) was involved in a severe contest with Tippoo Sultaan, cannot surely, under the comparatively trifling difficulties which have ensued from the war now happily terminated, but afford the most flattering prospects for the future; possessing, as that empire actually does, not only its former, but many new sources of wealth, as well as many new securities against the interruption of internal peace, and for the efficient collection and realization of its revenues; provided the principles which operated its relief on the former occasion continue to be observed and applied in the present case, with that discernment, wisdom, and perseverance, which marked the former period. Without denying the facts upon which this observation rests, can any man look at the calculations by which it is suggested, and the present state of the Company's credit at home, compared with their credit in 1783, and not be convinced that the plan laid down in Mr. Dundas's Letter of the 30th of June, is not



not only practicable, but easy in its execution, when compared with the measures somewhat similar in their principle, which led to the result of 1793?

The accuracy of the estimate of this last period, as given in the report being therefore admitted, we have only to state upon what principle that estimate was formed; and to remind the reader that the other point of the comparison is the same in this, as in the former instance, namely, the estimated amount of expenditure in 1801, a year of most extensive, complicated, and burthensome war;—to enable every one to decide for himself, whether this second comparison is, as the report says, *so entirely free from every objection*. The title of the paper from which this estimate of 1793 is taken, is as follows:

“An Estimate of the Company’s Affairs in India and in Europe, with a View to ascertain what will be the probable Surplus resulting from the whole, in time of PROFOUND PEACE.

After the view we have taken of the first, it cannot be necessary to add one word to stamp the character of this second comparison; we shall therefore proceed in our subject.

The

The political surplus in 1793, on the peace estimate has been admitted to - - - -	£ 1,159,000
On a war estimate for the year 1800-1, the deficit has likewise been admitted to amount to -	<u>417,000</u>
Exhibiting a difference between a calculation on peace, in 1793, and in war in 1800-1, amounting to - - - - -	<u>1,576,000</u>

It cannot be denied that if the war had continued, and no retrenchments could have been made, the encrease of debts, and the probable addition of some charges, might have operated to cause the difference soon to reach the sum of two millions, as stated by the Directors.

The Company, in preparing the estimate for 1793, assumed as we have seen, upon the continuance of *profound peace*; and certainly in 1792, when that estimate was formed, they were well warranted in that expectation. In Europe, they might rest upon the authority of the minister, Mr. Pitt, who, not only by his language, but by his proceedings in Parliament, had manifested his confident hopes, that this blessing would be continued to us. In India, the Company had lately brought to a glorious conclusion, a war by which they had deprived their inveterate, and in fact their only dangerous enemy

enemy in that quarter, of half his dominions, and had acquired to themselves a considerable addition of revenue. Under these circumstances, their prospects might be stated with great confidence; and although the war with France took place very soon after, the effects of it, owing to many circumstances, were felt in India for a considerable time, no otherwise, than by the expulsion of the French from all their settlements in that quarter. The intrigues of that power, however, throughout Hindostan, were not the less active on that account. The late Tippoo Sultaun was not only their ally, but meditating revenge for the disgraces and losses he had experienced; that implacable enemy of the Company's power, was incessantly employed in attempting to raise confederacies against them in India.

These and many other occurrences, in the number of which we must not omit to mention the French expedition to Egypt, and their intended co-operation from thence with Tippoo, excited the vigilance of the Minister of India, and called forth those exertions, both in Europe and in Asia, to which, under Providence, the Company is indebted for the speedy overthrow of that tyrant, the entire conquest of his dominions, and all the fortunate consequences, by which the future safety of India is, I trust, effectually secured, both against the hostile de- signs

signs of any European, or the attempts of any native power. Had the measures of the Governor General, at that crisis, been marked by less of foresight, decision, and energy of character, than they were; had the corresponding preparations of the Indian Minister in Europe been calculated with less wisdom, persisted in with less perseverance, or pursued with less activity and zeal than belong to Mr. Dundas's mind, the result probably might have been such, as would have left the authors of this report very little reason to animadvert upon the *extension of their military establishments, and the absorption of their revenue for political purposes.* Then indeed there would, in all probability, have been no room for discussion between them and us respecting the state of our Indian concerns. The difference between the Directors and the private traders, the object of so much controversy, and the pretence for so much misrepresentation, might have been sunk in the common ruin of both; and in this issue at least of the contest, however calamitous in other respects, the Directors would have been spared both the trouble of expressing their approbation, when the escape from danger being recent, the impression of it was still fresh upon their minds; and the disgrace of recalling that approbation, nay, of converting to censure the very grounds of their gratitude, as soon as the ship was

was well anchored, and whilst the pilot was still in sight, who had steered it through the storm.

We have now followed the authors of the Third Report through two of their comparative statements; the first between an estimate of a *very reduced peace establishment*, formed under the pressure of severe distress, at the conclusion of one war; and an *estimate of the most expensive year of a war*, then uncompleted: the second between this last estimate, and one formed in the midst of, and with a view to the continuance of *profound peace*. We have taken the liberty to correct the first, as far as our information would enable us, by comparing one war estimate to another; and with respect to the second, as the Preliminaries of the present Peace had been signed a considerable time before the date of their Report, it would have been no great stretch of candour in those same Directors, who, for their first comparison, had gone back so many years, to revive a peace establishment which never existed but in the records of their own disappointed speculations, or detected fallacies, to have looked forward for a few months to what, on sufficient grounds, may be expected to be the real peace establishment for the ensuing year. The path was open to them; it had in part been explored by their own auditor, who could have shewn them the way through the whole; but unfortunately at the

the entrance stood the War Estimate of 1801, better suited to their purpose, and here they stopped.—Aided, however, by Mr. WRIGHT'S researches, we have already given the grounds, on which we rely with perfect confidence, upon a net surplus revenue of one million sterling, within the first year of the present peace, or as soon as the retrenchments arising out of it can be effected. Satisfactory as the inference to be drawn from this winding-up of the war may appear as to the future, it cannot be deemed a fair ground of comparison with 1793; inasmuch as the one exhibits the resources of India, as they had gradually grown out of ten years of œconomy and peace;\* the other as they may fairly be assumed to stand within the first year after the conclusion of a long and expensive war. Notwithstanding this striking difference in the circumstances of the comparison, which render it inadmissible, abstractedly taken, as a criterion by which an opinion may be formed of the last eight years of Mr. Dundas's administration, it may be useful in other points of view to look at the relative situation of India at these two periods. The net surplus

\* It is true the first separate war with Tippoo Sultaun occurred in this interval; but that was an Indian war only, of short duration, and of which the expence was in some degree refunded to the Company by that tyrant himself, as the price of the restoration of peace.

in 1793 stood, as we have already stated, (fully concurring in that particular with the Report,) at - - - - - £1,159,127

We have shewn that, upon a moderate peace estimate, it may be taken for the ensuing year at least at - - - - - 1,000,000

Being a diminution of only - - 159,127 after nine years of war.

In what manner then, it may be said, allowing so trifling a defalcation of net revenue, do you provide for the increased interest of the debt, and the increased permanent charges of Government in India during that period? My answer is equally short as to the fact, and satisfactory as to the real prosperity of India. *By the increased resources of the permanent revenue*, which was estimated for the year 1793 at 6,963,000*l.* for the year 1800-1 at 9,912,000*l.*; with every reason to confide in a further increase.

This increase of permanent revenue, amounting to near *three millions sterling*, will be found amply sufficient, not only to defray the increased interest of the debt, but, as a very short explanation will satisfy the reader, to meet such other permanent charges, as may require to be provided for in the peace establishment of 1803, over and above those of 1793.—What may be the exact amount of the whole increased expence cannot, indeed, be ascertained with precision until

until all the arrangements of the present peace shall be settled and carried into effect.

The most material, however, are the following—1st. The increased interest on the debt contracted during the whole of the war, supposing the debt bearing interest to be sixteen millions, may be estimated at - - £. 838,000

Secondly. The increased charge occasioned by the new system of jurisprudence, established in the Company's territories in India, may be estimated at - - - - - 200,000

That this system suggested by the true principles of justice, and founded in a wise and liberal policy, is well calculated to give stability to property, security and protection to industry, to improve the morals, and to increase the comforts of the Company's subjects in India, are facts so well confirmed by experience, and so generally admitted by all parties, that no justification can be necessary for an expence, by which such benefits have been conferred, upon the inhabitants of British India.

Thirdly. The increased pay and other amelioration, in the situation of the army, both of officers and privates, Europeans and natives, since 1793, form an additional charge, which upon the present scale of military establishments in India, cannot be reckoned at less than 700,000*l.* liable however to be diminished with the diminution

nution of those establishments. For this, however, or for any reduction in the rate of interest, we will take no allowance for the present.

Under these three heads, therefore, the additional permanent charge may be estimated at 1,738,000*l.* leaving the difference between this sum, and the total amount of the augmentation in the revenue, applicable to defray other additional charges to which the peace establishment of 1802-3 may be incident, over and above the peace establishment of 1793.

This difference amounts to no less	
a sum than - - - - -	£.1,211,000
To which must be added the fur-	
ther sum of - - - - -	159,127
Being the difference between the	
estimated net surplus of 1793,	
and that of 1802-3, making a	
total of - - - - -	<u>1,370,127</u>

A sum, surely, amply sufficient, independent of the provision made for the *permanent* charges above stated, to defray what may be found the necessary excess of the present, above the last peace establishment.

On the other hand, allowing the whole of this sum for the additional expence of the present peace establishment; but supposing the additional *permanent* charges, under the three first heads, had not been incurred, the net surplus of revenue, even upon this encreased peace establishment,

blishment, would, at this time, have been *£.2,738,000*

The authors of the Report, not satisfied with the two comparisons of which we have now disposed, proceed to a third, which they preface with the following remark.

“ The differences of opinion which may arise on the question of income, in consequence of the numberless details necessary for the purpose of forming an estimate, cannot exist on the subject of *debts*, which are comprised within a few lines.” To a certain extent, the first part of this observation may apply, even to estimates formed upon corresponding principles, but can be no excuse for those in the Report, formed upon principles as diametrically opposite as the extremes of peace and war; or as the present conduct of its authors to all the sentiments they have hitherto professed. However, “ *debts are comprised within a few lines,*”—“ they admit of no difference of opinion;” and, therefore, from under their shelter, the Directors think they may, without risk, except to the Company’s credit, strike their finishing blow at the reputation of the late Minister for India.

A comparison between the debt of India, as it stood at the end of the former war, and as it now stands, appears to them all that is necessary for this purpose. At the former period they

admit

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admit its amount to have been £. 10,000,000. The present debt at interest we have already observed, may be taken at not less than 16,000,000. Some of the persons who have signed this Report, are, we believe deeply engaged in trade, and at the head of great and thriving commercial or banking establishments. Will any one of these gentlemen allow us to suppose, that, of late years, he has greatly enlarged the scale of his concerns; one consequence of which would be, however prosperous the general affairs of the firm, an increase in the usual amount of its outstanding demands, or current engagements.— Now, if any partner or confidential clerk in this house so situated, should unexpectedly, and prefaced with a solemn engagement “to speak the truth, and *the whole truth*,” publish to the world, accompanied with other alarming circumstances, a serious statement of the rapid proportion, in which the debts of the House had increased within these late years, artfully insinuating, amongst many other very intelligible hints, that the aid, “*which on a former occasion of difficulty afforded effectual relief, is trifling, indeed, when compared with the wants of the present day*,” and as artfully avoiding to mention any increase of assets to meet the encrease of debts,—what would the other parties concerned think of the honor and honesty

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honesty of such a proceeding? how far might it go to affect the credit of that House, both at home and abroad, with those not intimately acquainted with its concerns, until some satisfactory explanation could be given? At the crisis when the cash payments of the Bank of England were suspended, what would have been thought by the proprietors and the public, of the guardians of its credit, if eight directors of that institution, forming a committee for the special purpose, we will suppose, of *watching and counteracting the country banks*, had forthwith published a report, in which, after some discussion upon that subject, and, of course, *recommending their suppression*, they had endeavoured to enforce their advice, by assuming a tone of despondency and alarm, and making a melancholy display of their debts, carefully suppressing, at the same time, all mention of the assets, by which the payment of such debts was secured? These are cases in point, from which, leaving to the reader to draw his own conclusion, we shall proceed to enquire, what, in fact, was the state of the Company's assets at the commencement, and at the close of Mr. Dundas's administration; upon the result of which depends the whole of this third comparison. For this purpose we propose, after having examined the state of what may properly be called *Indian or foreign debt*, at each

each of these periods, to attempt the discovery if some counterbalance cannot be found to the increase of this debt in the latter, in the decrease of that at home, and in the amelioration of the assets generally: and, as connected with the questions both of income and debt, some remarks will be offered in addition to those already made; from the whole of which it is hoped the public will be enabled to draw a more correct inference as to the situation of the Company, at the periods under discussion, than they could have done, if the statements and insinuations of the Directors had been suffered to pass without refutation.

The debt in India, in 1786, (for it was not till then that the extent of arrears occasioned by the former war was known) has been stated at £.10,000,000  
 It must be considered, that whatever is due at home for bills drawn from India and China, properly appertains to the foreign concern, inasmuch as the amount would otherwise be owing abroad; this in the next year, (1787) commonly taken in connection with the preceding year, amounted to 4,200,000

The

The debt owing in China, in 1786  
 was - - - - - £.510,000

So that the aggregate foreign debt, in 1786, might be taken at - - - - - 14,710,000

The debt in India including the floating debt has been admitted to amount at this present time to 18,000,000

The amount due on Bills of Exchange, from India and China, in March 1802, is 967,000

Total foreign debt at this time 18,967,000

Increase from 1786 to 1801-2 4,257,000

The debt at home, exclusive of what was owing on foreign bills, was on the 31st of January, 1787 4,249,000

In March 1802, on the same principles, it was 3,855,000

Being a decrease of 394,000

In 1786, the amount of the assets in India was 5,277,000

On the 30th of April 1800, it was 11,569,000

Shewing an increase of 6,292,000

In

In 1786, the assets in China  
 amounted to - - - - - £ 203,000  
 In 1800 they were - - - - - 1,226,000  
 Increase - - - - - 1,023,000

The increase of assets abroad  
 on the comparison, is - - - - - 7,315,000

In 1787, the amount of the  
 assets at home was - - - - - 8,832,000

Deduct sundry sums from  
 their having been wrote  
 from the home accounts  
 of 1794, in consequence  
 of the act of 1793, being  
 for the expence of the  
 Manilla expedition, ex-  
 pences of French prison-  
 ers, and hospital expences  
 of his Majesty's troops 422,000  
8,410,000

On the 1st of March 1802,  
 the home-assets, exclusive  
 of the claims on Go-  
 vernment, amounting to  
 3,573,000l. stated by Mr.  
 Dundas to be subject to  
 adjustment, were - - - - - 13,229,000

Shewing an increase of as-  
 sets at home of - - - - - 4,819,000

So

So that the whole increase of  
 assets generally in the pe-  
 riod of Mr. Dundas's ad-  
 ministration is found to  
 be - - - - - £12,134,000  
 Adding the decrease of Debts  
 at home - - - - - 994,000

The total will be - - - - - 12,528,000  
 From whence deduct the in-  
 crease of Debts in India 4,257,000

The amelioration of the  
 whole concern on the  
 comparison now made will  
 then be - - - - - \*8,271,000

Comparisons of this description have been  
 made by Mr. Dundas in his budget-speeches;—  
 a considerable difference, however, will appear  
 between them and that now made, from the en-  
 tire exclusion of the claims of the Company  
 upon Government, for stores, supplies, &c. for

\* Within the periods of this comparison, it is true;  
 3,700,000l. sterling has been raised by the increase of the  
 Company's capital stock; but even deducting this from the  
 general state of the concern, as it now stands, at the conclu-  
 sion of a very long and expensive war, it would still be im-  
 proved to the amount of 4,571,000l. sterling, independant of  
 the Company's claim upon Government.

which



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which credit is taken in the accounts laid before the House. They have been now excluded in consequence of the remarks in Parliament last year respecting them, and, in consequence of the explanations given by Mr. Dundas in the last and preceding speech, that they were liable to reductions, when the final adjustment should be made.

This comparison, therefore, it may be remarked, exhibits the most unfavourable view that could be given of the property of the Company in the periods now under consideration; inasmuch as part of the claims on Government may, on the ultimate balance, return to the credit of the Company. The Indian Debt is taken at its full amount, according to the late additional loans, although it may be conjectured, upon very just grounds, that a great portion, *if not the greatest*, will find its way into the Company's warehouses, and finally into their treasuries; as the demand for what is termed *political purposes*, can only have taken a proportion of the money borrowed. It can in fact be proved that the loans may, in the greatest part, be attributed to the measures adopted in India for *continuing the investments to Europe*; for the whole amount of the deficit of the revenues to answer the charges from the year 1797-8 to 1799-1800, on the adjusted accounts, and for 1800-1 on the

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the estimate, appears to have been about 2,200,000*l.*

This last observation leads us to a topic upon which great stress is laid in the Report, and upon which, indeed, the Directors appear to rest the great burthen of their complaints, namely, *that the increased Debt in India has been incurred entirely for political, and not for commercial purposes*. These two interests the authors of the Report affect to speak of, not only as perfectly distinct and separate, but almost as opposite and irreconcilable. Instead of considering them as affording mutual support and assistance to each other, they seem to behold in the one the decided enemy of the other; and then forgetting that they are sovereigns, and not well recollecting on what grounds, and by what aids they are enabled to be merchants, they hastily declare for the latter, and peevishly rail at the former. Since the nature of our empire in India, from being so much the object of general attention and public discussion, has been better understood, and particularly since the renewal of the Charter, in which the attributes of the Company's power, and the duties imposed upon them as sovereigns, are so clearly chalked out and defined; in which the appropriation of the revenues they enjoy, in this latter capacity, is expressly pointed out and prescribed, and the connection between their political power and that

that appropriation, on the one hand, and their existence, privileges and concerns as a stock Company, carrying on trade, on the other, is provided for and established, it could scarcely be expected that this exploded distinction, no less false in theory, than inapplicable in practice, would have been revived.

Can the Court of Directors seriously imagine that the Company is annually to derive, for a long tract of years, the benefit of above a million sterling, drawn from the territorial revenues of India, towards purchasing their investment, and yet that every expenditure for the defence of those very territories is unconnected with all objects of commerce? Can they point out any practical line of separation that can be drawn between the political and commercial concerns of the Company, as long as the possession, the revenues, the government, and the defence of India are vested in them? If, for that defence, or for any political object necessary to the general security of their Empire, extraordinary exertions are requisite, is it no part of their duty, is it no condition of the tenure under which they govern, that they shall provide for those exertions? Is it not, on the contrary, expressly stipulated in the Act of 1793, that the revenues should be applied, in the first place, to the purposes of *government and defence*? Does not that Act go further, and, anticipating

anticipating the case of the occasional absorption of the revenues for these purposes, mark out the mode in which any new Debt shall be liquidated? At the time that Act was passed there existed, as there will now again exist with the return of peace, a surplus revenue; but was that surplus declared to be a commercial resource for any other reason than because the Company's commerce was the most eligible channel through which it could be remitted to England; in the double view of increasing their profit by the sale of the goods in Europe; and of aiding the revenues of the state by the duties to which those goods are liable in Great Britain?

It would be superfluous to enter into a further examination either of the general spirit, or of the specific provisions of that Act, to shew that no distinction can be made as to what part of the Debt may be termed Political, and what Commercial; although, if such a distinction could be admitted at all, it would unquestionably follow, from the circumstance of its being expressly stipulated by the hundred and seventh section of the Act, that the *expences of defence and Civil Government shall, in the order of preference, thereby established, precede every other expence whatsoever*, that every rupee of the loans made in India this war, which has been employed in aid of the bullion, the proceeds of the exports from Europe, and the bills drawn upon

upon the treasury at home; but exclusive of any surplus revenue from India, to complete the annual investments, is strictly and in the letter of the Act of Parliament, a Debt for *commercial purposes only*.

Under this head, I believe, if the inquiry were gone into, would be included a very considerable portion of the augmentation made to the Indian Debt this war, instead of the whole having been absorbed, as the Directors insinuate for *political purposes only*; but the whole distinction is idle and nugatory, and cannot possibly be entertained. The true criterion of the Company's prosperity unquestionably must be their providing the greatest possible investment for Europe, without recurring to loans or extra resources in India, and with the least possible demand upon their treasury at home, and *vice versa*;—but how is this to be attained? By the state of their political affairs being such as to admit of the greatest possible increase of that surplus revenue, every farthing of which is derived to them, not in their *commercial*, but in their *political* capacity.

It, therefore, follows, on every principle of reason, justice, and common sense, as well as from the positive enactment of the statute, that however close the connection between the political and the commercial character of the Company, the advantages of the latter are a consideration

deration secondary and subordinate to the discharge of the duties imposed by the former. What then must we think of the affectation in the authors of this Report, to ascribe all the greatness, all the wealth, and all the power of the Company to their commercial pursuits, and to impute all their difficulties and embarrassments to their having been unnecessarily engaged in political concerns, as if the latter were a mere supererogation to the former?

It is true this view of the subject enables them, with equal modesty and justice, to insinuate, that the happy results of the one are entirely due to their own superior management and skill; and the contingent inconveniences and expences of the other, to the ill-advised plans and superfluous interference of the late Indian administration. When their Empire, after defraying all the charges incident to their sovereignty, yielded them a net surplus tribute, of between one and two millions sterling, annually, in aid of their commerce, we heard nothing of these invidious distinctions; but no sooner are they called upon, by the inevitable interruption of Peace, to forego for a time, not according to the caprice of a Minister, but under the express provision of an Act of Parliament, the benefit of this tribute, as merchants, and to appropriate it, together with such other resources, as the exigencies of war might require, to the defence  
of

of their own rights, and the discharge of their most important duty, as sovereigns; than distinctions are taken, and loud complaints made "*of their revenues being absorbed, and their debts augmented for political purposes.*" The natural conclusion is, that the Court of Directors would kindly undertake for *their own profit*, to save the state the trouble of drawing, for the benefit of the public, any surplus tribute, however considerable, which the territorial revenues of India might afford in time of Peace; on condition, not only that their general funds, but that those very revenues should be exempted from contributing to its defence in time of war. The present Charter having provided otherwise, it is unnecessary, at this moment, to argue upon the fairness of such a proposal, though, should the Court persist in their present sentiments, it may become the basis upon which some years hence, they may, without inconsistency at least, rest their application for its renewal.

The authors of the report have given an historical enumeration of the different foreign Companies trading to India, all of which have either dwindled into insignificance, or have been violently swept away by absolute ruin, "whilst" they add triumphantly, "the English East India Company was able to rear its broad front with a proud and envied pre-eminence."

With

With them we sincerely rejoice in the contrast; but we might, perhaps, if this were the proper occasion, show that it is the result, much more of their territorial sovereignty, than of their commercial dealings. We might, perhaps, call in question, whether the advantages secured to them as a trading Company, by their exclusive privilege, would have been sufficient to counterbalance the disadvantages incident to so great an establishment, and to carry them safe through all the difficulties, losses, and embarrassments, to which, in their commercial capacity, they have been exposed, by the political convulsions of the last forty years. We might, perhaps, have our doubts whether, considering the extent of capital, and commercial spirit now existing in this country, it would have been thought expedient to continue the Company's exclusive privilege, could the subject have been discussed as a question of trade only, abstractedly of constitutional considerations at home, and of our territorial sovereignty in India.—As a mere trading Company, therefore, they might, not improbably, either have shared the fate of foreign companies, or dying a natural death, have been ere now forgotten; but as sovereigns, "*they are able to rear their broad front, with a proud and envied pre-eminence.*" So out of humour, nevertheless, are the authors of the Report, with their

political

*political power and dignity*, at this moment, that they can scarce keep their temper in adverting to that part of Mr. Dundas's plan, in his Letter of the 30th of June, in which he proposes, that the Company shall avail themselves of the power they already possess, under the authority of Parliament, "for augmenting their capital stock to the extent of two millions, and that the additional money so raised, shall be applied exclusively to the liquidation of the present Indian debt at Interest." In their language, this is neither more nor less, than the monstrous proposal of raising four millions sterling here\*, in order to pay *political debts* in India. In plain English, it is simply this:—that the Company, having it in their power to raise money in England, at a rate of interest, which, upon the average of the four next years, would probably not exceed 4½ per cent.; and owing debts in India, for which they pay *ten* and *twelve*, (and which, for whatever purposes contracted, they must continue to pay) they should avail themselves of that power for the general and more speedy relief of their affairs.

\* At the present prices, and notwithstanding the gloomy statements of the third Report, the sale of two millions of India stock would produce considerably more than four millions sterling; and as it is proposed to sell only one-fourth part of it annually for four years, there is every reason to think, should peace be continued, that it would produce a resource very little short of five millions in the whole.

The

The advantage of this arrangement is so obvious, and so easily capable of arithmetical demonstration, both as to its principle and its effects, that it would be a waste of time to dwell upon it here, though it may not be unnecessary to request the Directors to consider a little more coolly what may be the consequences of not adopting it in the present interval of peace. The subject is too delicate for detailed explanation; and those who know any thing of India, will understand my reasons for abstaining from examining too minutely into what might be the result of a new war, before the debt in that quarter had been considerably reduced, and when the necessities of the State might preclude the Company from raising money, by extending its capital at home. In this view of the subject, the Directors may not improperly be compared to the trustees of a private estate, which, after a long, inevitable, and expensive litigation, is secured with considerable additional advantages to the right owner. The net rent, however, is absorbed in paying the interest of several large sums they were obliged to take up, upon ruinous terms, to pay the expences of the suit. A friend ventures to suggest whether it may not be proper, with a view, as well to the immediate relief of the owner, as to the more speedy liberation of his estate, to raise the money at a cheap rate in another quarter, and to pay off these usurious debts.

G

debts. The trustees can object neither their want of legal power, or the difficulty of finding a lender, but precisely because they cannot give these or any other good reasons against the measure, to which they are somehow unaccountably adverse, they resolve to abuse their friend for his advice, and to get rid of it at once by querulously asking (as if that were the whole question) how it can be expected of them to borrow money to pay the expences of this lawsuit?—Such is the nature and value of the only objection made in the report against a proposal for the liquidation of the Indian debt, to the payment of which the good faith of the Company is pledged, and in the speedy reduction of which are involved the most important interests of our Indian empire.

Six years have elapsed since Parliament granted to the Company, the privilege of adding two millions to their present capital stock. During the continuance of the war, when every aid the floating capital of the country could afford, was called for by the necessities of the state, it was, perhaps, a laudable attention to the public interest, on the part of the Court of Directors, to look rather to the resources of their own separate credit in India, than to interfere with the public credit at home. The former enabled them, during the whole contest to provide, not only for the necessary charges of war, but also

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to make provision *for the increased demands of their investments and general trade*; and as it is for this last object, that a great part of the debt has been incurred, now that hostilities are over, and that the Company can recur to its credit at home, not only without inconvenience to the state, but with great advantage to itself, surely it appears but just and reasonable, that the Directors should avail themselves of it, in order to restore to their Indian treasury, a part of what they have drawn from it, in the shape of investment during the war, and thereby to relieve and invigorate their depressed credit in that quarter. The very favorable rate of interest at which they may borrow at home, compared with that which they must have paid during the war, would compensate to them the unfavorable terms, upon which, during that period, a part of their Indian debt has necessarily been contracted; but, instead of considering the subject in this point of view, instead of looking with satisfaction to the facilities the return of Peace affords for the relief of their affairs in India, by a judicious use of their credit at home, the authors of the third Report have acted, as if their only anxiety was, by crushing the Company's credit here, to prevent the adoption of any plan for its relief abroad. The only certain mode of frustrating the suggestions offered by Mr. Dundas for effecting this latter  
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object is to sap the foundations of the confidence the proprietors and the public have, of late years, placed in the resources and general prosperity of the Company; and unquestionably, if the authors of the third Report had succeeded in shaking that confidence, as much as it was shaken in 1783, when, as they affect to believe, *“a relief, trifling indeed, when compared with the wants of the present day, was sufficient to extricate the Company from every difficulty abroad and at home;”* they would be relieved in the most effectual manner from any immediate apprehension of recurring to their credit at home.

I have now gone through the discussion of the principal topics which, in the view to which I limited myself in this letter, appeared to me, for the sake of the public interest, as well as in justice to the proprietors, and to the character of the late minister for India, to require some explanation. The research and investigation to which I have been led for this purpose, have added (if I may be allowed the expression) to the conviction I previously felt that our Indian empire is in a situation of solid and growing prosperity; and that, by a due combination of the territorial resources of the Company in the East, and of their commercial wealth and credit in Europe, not only every existing embarrassment might speedily be relieved; but, should peace be continued, that the splendid advantages,

tages, pointed out by Mr. Dundas, in his Letter of the 30th of June, might still be realized before the expiration of their charter. I have probably been guilty of great presumption in supposing I could convey to the public mind any part of the impression which has thus been strengthened and confirmed in my own; but if by exposing the misrepresentations of the Directors, both as to men and measures, I shall have so far succeeded in counteracting any sinister apprehension, they were too well calculated to excite among the proprietors, with respect to their own immediate interests, my intentions will be fulfilled; and that character, which the Directors have not scrupled to attack, will appear deserving of the esteem and gratitude, which it has long commanded from every friend to the welfare of the Company, and the general prosperity of our Indian empire. It might indeed have been expected that in mentioning his name, the first feelings of the same Directors, who had shared his labours and witnessed his exertions during eighteen years, would have been an affectionate remembrance of the happy cordiality and mutual good-will, which, for the whole of that long and trying period, subsisted invariably between him and them.—But since they have unaccountably chosen to be the first to disfigure the fairest monuments of his services and of his fame,

fame, and the best support of the Company's prosperity; the wish, an honest one at least, to restore what they have mutilated, and in doing so, to re-establish their own credit, in spite of themselves, will, I hope, excuse the presumption of the attempt, even by hands as unskilful as mine:

I am, &c. &c.

A P P E N D I X.

*Extract from Mr. DUNDAS's Budget Speech in the House of Commons, on the 12th of June, 1801.*

WHEN I undertook the task of stating this year the situation of Indian concerns in the manner I have been accustomed to do when in office, it was my original intention to have confined this statement to a dry recital, in the shape of Resolutions, of the result of the accounts and estimates on the table. My reasons for this were, first, that with the opinions I entertain of the result of the administration of India for seventeen years past, under its present system, I could not well take a retrospective view of its past, compared with its present situation, without being liable to the imputation of an ostentatious display of occurrences, in which I may be supposed to have had a considerable share; and secondly, if I was to indulge myself in too-flattering a prospective view of future expectations, I might be accused of holding out sanguine predictions on future events, respecting which I had no responsibility, and the fulfilment of which was to depend upon others, and not upon myself.

But upon a nearer view of the subject, and considering the manner in which I concluded my statement of last year, I have persuaded myself, that it would be both unmanly and uncandid on my part, at this moment, if I was to conclude with barely recording Resolutions, stating



stating the results arising out of the accounts which have been referred to the Committee. I concluded my statement of last year in the following words:

“ The final result of the whole is, the financial departments in India have experienced material deterioration, from the united pressure of war expences, and *provision of investments*; but not in a degree to afford ground of alarm. A large proportion of the increase of the debt has been the occasion of *adding to the assets*, from whence the *home concern* has been considerably enriched. It certainly is of the first importance to devise a method by which the present burthens on India may be relieved; and I am happy in being enabled to remark, that the means for accomplishing this desirable object are to be found in various ways:—in principles of economy, as to the future expenditure; and in a proper application of the increased resources abroad. An examination must likewise be made, by what mode the home treasury can contribute to the diminution of the foreign debt.

“ From the circumstances of the war, the establishments have been considerably extended. It will be a point of my diligent and close attention, that every practicable reduction shall be carried into effect, from which, with the favourable prospect to be indulged from the stability and permanence of the resources, and the unexampled prosperity of the commerce, no apprehensions need be entertained on account of the magnitude of the present debt: I am prepared, indeed, to meet it at fourteen millions. My confidence in the means of retrieving the state of the finances abroad is further strengthened, by reference to the experience of former times. The situation of the Company, on the first establishment of the present system, is well known to have been such, that the full extent of their difficulties could not be ascertained till  
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“ the year 1786. In the year 1797, I took occasion to offer to the Committee a most flattering view of the surprising improvement brought about in the course of ten years. The reduction of the debts, and the increase of the assets, were to an amount exceeding 11,100,000*l.* sterling. It is true, that within that period, money had been raised on additional capital, to the amount of 3,740,000*l.*; but it must likewise be taken into consideration, that the remainder may be termed a net improvement, under the events of an Indian war, at one time threatening serious disasters, though finally concluded, highly to the advantage of the Company: under the events likewise of the present European war, during four years of the period, which caused enormous additions to the expence of freights, and of the provision of every article of equipment; and occasioned also great expences by several expeditions, from which our rivals were deprived of their possessions in the East. But I have carried the comparison three years further, which will take in a great part of the immense expenditure of the late war with Mysore, and find, that the improvement, during these thirteen years, on the same principle, is 11,880,000*l.* 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 satisfactory to discover, that without any aid from increase of capital, the improvement has still been 747,000*l.*

“ It is fair, then, to infer, that so far from apprehensions, the most sanguine hopes may be indulged, from the present general aspect of the Company's affairs, whether considered politically or commercially; that unless any thing unforeseen should occur, the debts may, in a few years, be reduced to the amount at which it may be prudent to limit them; and that the  
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“surplus produce of the revenues may be applied to the purposes intended, when the last arrangement took place.”

These words have been given to the public, and therefore both my successors, and the public at large, have a right to expect from me, at the close of my Indian Administration, that I should more distinctly explain the grounds of those expectations which I had thus held out.

Although, in the discharge of this task which I impose on myself, I may be obliged to refer to past transactions, I shall refrain from doing it, either ostentatiously or in great detail; but if I am to state my expectations as to the future, it is impossible for me to do so, without stating the grounds on which my confidence rests.

The change of system, in consequence of the institution of the present mode of Administration, forming an æra rather remarkable in the annals of the East India Company, from the particular situation of their affairs, as well as from the clashing of interests and opinions occasioned thereby; it may not be altogether foreign to the present purpose, and particularly from the peculiar circumstances under which I have the honour to address the Committee, if I take a view of some of the events, which have since contributed to the increase of our power and influence, and to their establishment on a basis not likely soon to be shaken.

Beginning with the state of affairs in India, both as it concerns our external relations, and the internal situation of our own extensive and valuable possessions, 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. A circumstantial detail of the many vicissitudes within the period, cannot be expected to be given, in the narrow space of time allotted to this enquiry: let it partly

partly suffice to say, that by a happy combination of efforts, both abroad and at home, effects have been produced, which could scarcely have entered the minds of the most sanguine.

In the year 1784, peace had been recently obtained from our inveterate and determined enemy, the late Tippoo Suldaun, as a boon, in fact, essential to the preservation of our possessions on the Peninsula of India, for the most part suffering from the ravages of war, to a degree which peace and time alone could recover. The period following that peace, till the unprovoked hostility on the lines of our ally, the Rajah of Travancore, was little more than an unceasing expectation of war. It then became necessary, not only upon the faith of Treaties, but upon principles of self-defence, to enter again upon a most arduous conflict with our enemy, in the plenitude of his power, the issue of which rested, at one time, upon a very precarious balance, till the rare and singular talents of him, whose name must ever be mentioned with gratitude and reverence, were called forth. (The noble and respectable character to whom I allude is the Marquis Cornwallis.) Such, however, was the nature of the contest, that two campaigns were requisite to bring it to an end; and truly glorious it was, affording at once a display of British prowess in arms, and moderation in victory. The face of affairs was then completely changed. Peace was our grant, when summary vengeance was at our command. Policy and prudence required that the enemy should be reduced in his power, and justice prescribed; that our allies and ourselves should receive some reimbursements of the expences we had respectively incurred: he was, therefore, not only amerced in a considerable sum, but stripped of the half of his dominions.

The next interval of peace bore a near resemblance to the last; and it has been clearly ascertained, that the  
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fixt bias of the mind of our enemy, was not only the recovery of his dominions, but also the accomplishment of our utter destruction. The day at length arrived, when forbearance could no longer be exercised with common attention to the safety of our own interests. A new war became essentially necessary, which, by the most signal exertions of wisdom, energy, and courage, was soon brought to a termination, in the death of him who provoked it, and in the entire conquest of his dominions. These great events, and the arrangements in consequence, are on the Records of Parliament; but I have adverted to them, in order to display the secure and permanent foundation on which our possessions are, at this time, held in that part of India. The accounts before the House will show the pecuniary advantages derived from them: a reference to the map will discover, that we are now possessed of an extended territory, with a reduced frontier: and it further appears, that we are relieved from the dread of a power, which for a long series of years had, in connection with our common enemy, been bent, if possible, on our very expulsion from India. Such has been the extension of our power and influence in this part, since the year 1784.

If we look to the state of our alliances with the several powers in India, on the same comparison, the view is equally satisfactory.

First, the Nizam: although allied by treaty during a long series of years, the advantages to the Company were frequently problematical, from the fluctuating politics of his Court; and although His Highness furnished some assistance towards the object of the last war with Tippoo, and reaped his proportion of the advantages from the successful termination of it; very soon after an influence prevailed in his councils, threatening serious consequences. By the judicious and decisive conduct

conduct of the present Governor General, that influence has been destroyed, our common enemy deprived of any prospect of annoying us from that quarter, and this alliance rendered truly valuable. It was to this circumstance we were indebted for the useful co-operation of His Highness's forces in the late Mysorean war, and to this circumstance may likewise be attributed the happy event of our connection with Hydrabad being now more firmly cemented than ever. A new treaty has been lately entered into, stipulating for a considerable increased subsidiary force; and instead of leaving the payment of the subsidy to the uncertain receipts of his own treasury, he has assigned to the Company the whole of the territories acquired from the late Suldaun of Mysore. By this measure, the possibility of dispute between the two powers, on the score of punctuality of payment, will be effectually removed, and the Company will receive ample remuneration for the expence of the forces supplied by them.

The Treaty with the Rajah of Travencore, though not productive of advantages to so great an extent, may still be mentioned as an event, within the period alluded to, tending to strengthen our influence.

Our more particular connections on this side of India are the Nabob of Arcot, the Rajah of Tanjore, and the Nabob of Surat.

The Nabob of Arcot.—The alliance with his family is well known to have been of very ancient date. The identity of interests between him and the Company is obvious. The Treaty under which our present relation with him stands, was dated in 1792, and was entered into with his father, on terms extremely favorable to him. I have several times mentioned to the House, my wish, that treaty might undergo some modifications: the interests of the Company, and the welfare of the inhabitants of the districts under His Highness's Government,

ment, required it. That it has not yet taken place, is no proof of any thing against our general influence, as no apprehension whatever is to be entertained of his power.

With the Rajah of Tanjore we stand upon far better grounds. I have formerly intimated to the House, the change introduced in this alliance, and the act of justice by which the present Rajah was restored to his right. Districts were, in the first place, assigned to the Company, for the payment of the subsidy; but as this occasioned a species of divided government, and our system of management was far better calculated to restore this fruitful country to a state of prosperity, the young Rajah, very wisely, chose to assign the whole to our direction, reserving a respectable stipend, for the support of the splendor of his own house and that of his family. A treaty was accordingly concluded to that effect in the year 1799.

The Nabob of Surat might not, perhaps, be thought of sufficient importance to introduce upon this occasion; but having adverted to the new arrangements with him, in the examination of the Bombay Accounts, it is proper to state, that by the grants in 1759, the exclusive management of this city and its dependencies was particularly vested in the Company. From that period, however, it was thought proper to have a joint direction with the reigning Nabob, till the last year, when it was deemed prudent, that the Company's original rights should be re-established, and that the collection of the revenues, the civil government, and the military defence, should be placed with their servants. This was finally adjusted by an amicable compromise. A handsome stipend has been given to the Nabob, and allowances granted to such of his dependants as appeared to have claims.

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I have first noticed the several powers with whom we are in strict alliance on this side of India, as being nearest the more immediate and active scene of political operations and changes; but the improvement of the connection and influence with the Nabob of Oude is of no less consequence to the interests of the Company. The occurrences since the death of the late Nabob have been formerly brought to the notice of the House, and the hope that was entertained of the present Nabob being induced to discharge his own useless and ill-disciplined army, and to employ an additional number of the Company's troops. This has been completely brought to effect, and at the same time the Company derive substantial advantages, the real expence to the Nabob will be diminished.

Thus, we find, every alliance at this moment most completely strengthened, a very large annual resource obtained, and while the friendship of the parties is effectually secured, the subsidiary force employed still forms an integral part of the defence of our own dominions.

If we turn our attention to other Powers of the East, a view entirely satisfactory presents itself. From the present state of the Mahratta Empire, I see no cause for apprehending the interruption of tranquillity, independent of its being the interest of its rulers to maintain the principles of harmony and peace. But if it were even at the zenith of its power, and hostilely disposed, our own situation is, at this time, such, as not to dread the utmost consequences. The friendly disposition of the Burman Empire, is another proof of the great respect with which we are viewed by our neighbours.

I trust it will therefore be admitted, even from this abstract view, that with regard to our influence in the East, it is such as to gratify the wishes of the most sanguine. But a still further ground of satisfaction arises,  
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from the recollection that our formidable European rivals have not only been expelled from their own possessions, but are, by the events now stated, effectually deprived of the power of seriously endangering our interests.

I think it proper, however, to observe, that while I give this flattering view of our political situation in India, it is not with any intention to lull our rulers into any supine or dangerous security. It would be an warrantable indiscretion on my part, if I was, on such a subject, to enter into any detail. I say, in general, that unremitting vigilance and watchfulness are as necessary as ever. Having got the better of old combinations, and annihilated the force of ancient enemies, do not let us suppose, that circumstances may not arise to produce new confederacies, and a system of intrigue, not less dangerous though differently directed. Those who have given a comprehensive consideration to this subject will, without further explanation, understand me, when I direct their vigilant attention to the state of Persia, to the northern Frontiers of Hindostan, to the Mouths of the Indus, and to the Gulphs of Persia and Arabia.

I shall now refer to the state of our own immediate dependencies, and the government of them.

Here a most flattering picture presents itself, inasmuch as we have the satisfaction of knowing, that at the same time the Company's resources have, during the period alluded to, been carried to the highest pitch of prosperity; the situation of the inhabitants of these extensive dominions has been considerably ameliorated; and every measure is adopted, that with the security of the established demand of the state, those who pay that demand shall likewise enjoy every security in their persons and interests. The advantageous terms of the Permanent Settlement, and the beneficial tendency of the judicial

judicial regulations in Bengal, need not now be mentioned, having been often before brought to the notice of the House; but merely as a display of the superior policy of the present system, under which, at the same time that every species of force or compulsion, further than what is prescribed by known and promulgated laws, is done away, the resources are fully realized, and the land-rents carried to an almost unprecedented extent, as already observed.

From the experience of this system in Bengal, it has been thought fit to extend it, as far as practicable to every province under the Company's Government; and orders have been issued to the presidencies of Madras and Bombay for that purpose.

The internal government of these Presidencies improve every year. As to Bombay, the revenues of the Province of Malabar had, for the two last years, much increased in produce, as well as in facility of collection. One refractory tributary alone remained, who made the most ungrateful return for the clemency shewn him. Little doubt need be entertained but he will soon be effectually subdued.

A material change has lately taken place on this side of India, by the transfer of the Malabar Province to the entire superintendance of the Madras Government. The numerous tributaries under this government are now happily brought to that state of subjection, as to furnish the hope, that the frequent insurrections which I had the mortification to learn by the advices, will no more be heard of. Their expectation of support, and indeed the main spring of every revolt, being effectually removed, in the death of Tippoo, every hope may be entertained of the perfect establishment of the quiet of the country. This has, in part, been already obtained amongst some of the most refractory, the Southern Poligars, who are now reported to be changed from an armed

armed and lawless banditti to a peaceful and industrious peasantry.

The tranquillity of the Northern Circars has frequently been interrupted, by the restless and turbulent disposition of some of the Zemindars. Military aid has, on many occasions, been requisite to establish the authority of Government. A more favorable prospect presents itself with regard to these districts likewise, the vigorous exertions, very properly called forth, having convinced the rebellious of the inefficacy of their attempts. But the time is fully arrived for the complete assumption of every power of Government. The happiness of the numerous inhabitants of those parts renders it incumbent, that they should receive the full benefits of a mild administration, in common with other classes of the subjects of the British dominion; and that their quiet, and in fact their lives, should no longer be exposed to the caprice of subordinate rulers. The orders for the general assimilation of the system of Government, both revenue and judicial, are therefore very properly timed. From the various habits and prejudices of the land-holders and inferior renters, on this side of India, the full effects of this benevolent system may not so soon be proved as in Bengal. The jealousy of authority entertained by some of the Zemindars may likewise occasion interruption; but no doubt exists, that steady and unshaken perseverance will eventually secure to the inhabitants all the benefits intended, and to the Company the same advantages which they have reaped in the Provinces of Bengal.

This favorable prospect is further strengthened by the prudent plans adopted, as far as practicable, that the minds of the people should be prepared for the change, by their gradual introduction in some of the districts. In every case, however, the due consideration paid to their prejudices, cannot fail of producing the

the ready assent of all, who are not influenced by motives of private interest, in the perpetuity of the present divided mode of government.

The secure and easy collection of the rents of the country, is certainly an inducement to the introduction of this plan into the whole of the dominions; but it may likewise be safely averred, that the happiness and interest of the millions of industrious inhabitants is likewise one of the great and leading motives. The example of the Bengal Provinces is sufficient to justify the intention, where the ready means of knowing the laws by their general promulgation, with those of obtaining justice, has produced the happiest effects; and it is certainly desirable, while the attempt is laudable, to secure the demands of the state, without the recourse to military coercion, which has unhappily been so frequently requisite in the districts under the Madras Government.

If I had been the sole actor in those beneficial consequences which have resulted from the recent administration of India, I should not have felt it decorous on my part to have alluded to them, even in the general way I have done; but I owe it, in common justice, to those who have either assisted with their judgment in the formation of plans, or their active exertions in carrying them into execution: and it cannot fail of affording high satisfaction to the Committee, to be informed, that every measure, whether relating to revenue or police, has been undertaken, no less with the view to the comfort and welfare of the Indian subjects, than to the advantage of the state. Having distinctly explained, from year to year, most of these measures, a further recapitulation is not now wanting.

I shall, therefore, proceed to state, that the improvement of the commercial system, generally, has been equally an object of marked attention. The most liberal

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ral encouragement has been given that the productions of the fertile provinces under our dominion, should yield every advantage to the cultivators of the soil, to the manufacturers of goods, and to the adventure of the private merchant. Taxes discovered to be oppressive, have been uniformly abolished; and it may safely be averred, that a greater freedom of trade is enjoyed under our Government, than in any other part of India. As to Bengal, by the official accounts, the general increase of the trade has been stated with great clearness and precision. Articles of export, as formerly remarked to the Committee, not known till late years, have been cultivated to an immense extent. That of indigo, particularly, has flourished in a most flattering degree; produced both in quantity and quality, so as to offer a formidable rivalship to those, from whom it was supplied in other quarters of the world. It may be said, that disappointments have occurred in the speculations of some individuals engaged in the trade; but it frequently happens, that a lucrative branch of commerce will so much engage the public attention as to be carried beyond the current demand. The level always, however, returns. But with regard to this article, a most essential and truly valuable end would have been gained, if it had only been discovered, that the ability existed to supply our own manufactures, without having recourse, as formerly, to the assistance of foreign merchants. The probability of the demand being still further extended cannot fail of affording the highest gratification.

The increased produce of sugar and of cotton, might likewise be mentioned, as well as other articles; but it would carry me into a larger detail than might, at this time, be proper.

The trade of the districts under the presidencies of Madras and Bombay cannot be exactly ascertained, as  
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at Bengal, from the want of similar official documents. But that of the company, at the former presidency in particular, has increased in a very great degree, and would have been carried to a further amount, but for the pressing demands upon the treasuries, in consequence of the war. The way in which it has happily terminated, affords the prospect of the Company being enabled to avail themselves of the industry of the whole of the Peninsula, to their own advantage, to that of the inhabitants, both Native and European, and no less so that of this country, from the increased demand which will arise for its manufactures. It will, therefore, be admitted, that the commercial prosperity of India, strongly corroborates what I have adduced, with regard to the improvements in other respects.

Many objections have been, from time to time, raised to the policy of the restrictions imposed by the Legislature on the trade of the East, and to the exclusive privileges placed in the Company. My decided sentiments on this subject are well known; I will, therefore, only now advert to it, by observing, that at the renewal of the Charter in 1793, the Legislature shewed every disposition to adopt such arrangements, as might secure to this country as large a share of the Indian trade as possible. If any of the arrangements then made have been found by experience inadequate to the objects in view, the wisdom of the Legislature, and I trust a liberal and wise policy on the part of the East India Company, will concur in correcting former error. The manner in which this may be done, consistent with those regulations which Parliament has thought proper to impose, has long been under serious consideration. Many indulgencies have already been granted to individuals; and I have no doubt that, ultimately, such a plan will be determined upon, as may be the means of affording all the satisfaction which, in reason and justice, could be expected.

pected. In doing this, I certainly do not mean to exclude every degree of proper caution; for I have no hesitation in expressing my thorough conviction, of its being incumbent on those with whom the final arrangement of this very important branch shall rest, never to lose sight of those salutary maxims, which have been prescribed by long experience, and that they be strictly upon their guard, that substantial and permanent benefits may not be sacrificed to casual, and perhaps illusory schemes of gain.

The trade with China is well known to be a most consequential part of our commercial interests, not only as it concerns the particular advantages of the Company, but likewise as it concerns the Empire in the demands for the manufactures, and in the material aid afforded to the revenue. It is, therefore, I have the greater satisfaction in bringing to view its prosperous state in every point. The credit of the Company has always stood high in the opinion of the Chinese merchant, for notwithstanding, at one period, the arrear to them was considerable, their confidence has not diminished, and no interruption has occurred; if that was the case under such circumstances, the situation of affairs in China, at this time, must be admitted to wear a very pleasing aspect. The balance owing at Canton, in 1798, was 1,073,607*l.*: by the accounts upon the table, there was a balance in favour of the Company, of no less than 1,226,079*l.* arising from cash in the treasury, goods in warehouse, or afloat homeward, or advances for future investments; making a difference, in that period, of no less than 2,299,686*l.* The consequence is highly propitious. The exchange upon India has materially benefited; and an opportunity has been afforded the Government of Bengal, to make the attempt to turn this favourable circumstance to the utmost advantage, in every possible respect. The effect has been already felt, in the revival of the trade in Opium, the principal demand for which is

is in these seas. It has also been experienced in other branches of Indian produce. While every facility of export is given from our own provinces, the Canton treasury is opened for bills on the several presidencies, so that the consigner is assured of the return of the proceeds of his adventure. The bullion heretofore sent from Europe to China may go to India, to the enrichment of our possessions there: it will therefore appear, that the benefits resulting from this trade will not be merely confined to this country, but will be extended, in a great degree, to every part of the dominions in the East.

The view of this trade, on a comparison with its amount in the year 1784, is particularly favourable to my present object. The sales, in the year 1784-5, of which tea formed the principal part, amounted to 2,219,000*l.* In the year 1800-1, they were 3,616,000*l.*; the progressive increase, since the passing the Commutation Act, was last year noticed to the Committee.

If the attention is directed to the state of affairs at home, on which I shall now offer a few remarks, every ground is afforded for the most satisfactory inferences. Here is found the grand criterion from which to form a judgment of the advantages which the Empire derives from this immense traffic. The discovery is of importance, that notwithstanding the convulsions by which the commercial world has been long agitated, the trade from the East to this country has flourished from year to year, and is still flourishing in an eminent degree, realizing every expectation held out on the establishment of the present system, and justifying the measures hitherto adopted for its extension. The progressive increase of the sales has been noticed at the proper times. The comparison of the sale in 1784-5, and by the last accounts, gives the most correct idea of the amazing improvement within that period. In 1784-5, the aggregate



gate of the sales was 4,605,775*l.*; in 1800-1, it was 10,323,452*l.*; which is an increase of 5,717,677*l.* Lest it be objected, that the comparison is made on a period peculiarly favourable, I will take it on the average of the last three years. In this view, the sales amount to 10,275,439*l.* exhibiting still an improvement of 5,669,664*l.* which, in both cases, would have been yet more favourable, but for the operation of the act passed in 1799, respecting the customs, as already explained.

Having given a cursory view of the very flattering situation of the affairs of the Company, both in their political and commercial relations, it yet remains to answer a question which must naturally arise;—From whence it results, that, in the midst of all this prosperity, the financial statements, for the three last years, have worn so unfavourable an aspect, with regard to India, as to disbursement and to accumulation of debt? The very precise explanation given in each year on these points, will greatly lessen the difficulty of making the reply. I have, therefore, only to quote them in abstract. I must, however, take leave to offer one previous remark; that the Company, in their political capacity, are most peculiarly circumstanced.

Possessed (as they truly are) of extensive dominions, enjoying, likewise, the advantage of beneficial alliances, yielding together immense resources, large and expensive establishments are required, not only for the administration of the Government, but likewise for the collection of the revenues, and particularly for the protection of their territories, and the fulfilment of their engagements with their allies. Under these circumstances, even in time of peace, the outgoing must be great: still a considerable surplus revenue would be left for remittance to this country, through the channel of investments,

ments, for the purposes prescribed in the agreement with the public. But in the time of war in India, particularly, where the expences attending military operations are, beyond all proportion, greater than in this country, every financial disposition for peaceable times must necessarily be completely deranged, the demands upon the treasuries must increase with the pressure of the times, while there is no possibility of procuring extraordinary aids, in any proportion to the exigencies of the Government. Thus circumstanced, no alternative remains, but having recourse to loans, either to supply the deficiency, or to prevent an interruption of the usual course of the investment. This measure, though affording relief for the moment, tends to add to the difficulties from the demand for interest. From this remark it will be inferred, that the war has been the chief cause of the present situation of the Company's finances in India.

This will be a kind of general answer to the question stated as likely to arise, but may not be quite sufficient, it is therefore necessary, to preserve an accordance with the comparative statement given of our advantages since the year 1784, to enter a little further into the particulars of the charges since that time, which will likewise give some satisfaction to another query, which will follow, of course, on the most essential parts of the financial system. If, after the general termination of hostilities, any hopes may be entertained, that substantial benefits will accrue from our increased dominions and extended trade, so that the financial embarrassments may be done away, and the advantages held out to the public may be realized?

The expences of the Indian establishments underwent a very narrow investigation immediately after the introduction of the present system, and every practicable reduction was made. Upon the breaking out of the war with

with Tippoo, in the year 1790, and till the conclusion of it, the military charges were again greatly increased; but the sum received under the Partition Treaty, and the revenues of the countries ceded to the Company, may be looked upon as affording some relief in that case. The establishments were then again reduced within such limits, as the circumstances of the time would admit.

I will, therefore, take my retrospect from the year 1793, when, preparatory to the renewal of the Charter, every source of revenue, and every item of charge, underwent, once more, a most narrow investigation, and an estimate was drawn up with every possible degree of accuracy, in order to ascertain, what might be a proper arrangement between the public and the Company in a time of peace. It would occupy too much time, to enter into the detail of that arrangement, or of the estimate, I will only make such references to the estimate, as may be required for the explanation of the general heads of charge.

On the comparison of the estimate made in 1793, with that for the year 1800-1, now upon the table, the results are found to differ in a material amount; notwithstanding the resources in the latter period, from the increase of the old revenues, the additions of those from the conquered provinces, and the new subsidies, exceeded those of the former in upwards of three millions sterling. From the explanation of the detail of the accounts, the Committee must be aware, that this apparently alarming difference arises from the enormous increase of the expenditure. This subject, in particular, has constantly occupied my most vigilant attention, and the Court of Directors have always enjoined the strictest economy; but from the very time when the estimate of 1793 was framed, such has been the state of affairs, that it cannot properly be taken as a criterion of expence.

The

The war, and the engagements with our allies, have necessarily occasioned an immense addition to the military charges, which have likewise been greatly increased, by the additional allowances to the officers, under the regulations of 1796, and by subsequent grants of increased pay to the private Europeans, and to the native officers and sepoys at Madras. In the civil branches of the administration, great changes have also taken place: liberal allowances have been granted to offices of high trust and responsibility; the revenue and judicial departments have been entirely separated: and it will appear, on a minute investigation of the increased charge, that the part of it which may be looked upon as permanent, is to be attributed either to circumstances connected with the addition to the resources, or to the absolute prescriptions of policy and justice.

A very considerable part of the charge estimated for 1800-1, may be looked upon as temporary. The additional interest on the debts will cease as they shall be discharged; and I look with earnest hope to the reduction of the great expence of field operations, which may reasonably be expected, from the general tranquillity which, before this time, has probably taken place, in every part of India. A further expectation may be entertained, that when peace shall generally take place, the necessity will no longer exist for military establishments so extensive as at present. Partial reductions have already been ordered; but when every practicable retrenchment shall be made in the expenditure abroad, and when that at home shall be relieved of the war contingencies, means will be found to recover the disorders in the financial system, and to put the Company in possession of every advantage, commensurate with all the general improvements, in other respects, which have been stated to the Committee.

My

My sentiments on the propriety of furnishing investments, by means of loans, have formerly been distinctly given: they are still the same. The measure was proper at the time, but by no means so for permanent practice; and although the same measure has been pursued in the last year, I should hope the very considerable supplies which have now for several years been furnished from the treasury in England, and which it appears the intention of the Court to continue, will prevent the further accumulation of the Indian debt.

The general state of the Company's affairs, notwithstanding the increase of the expences, and the accumulation of the debts in India, may be found, upon calculation, to have greatly amended, within the periods of comparison. I have, upon a former occasion, brought to the notice of the Committee, that the improvement under the operation of the present system, to the period of account then under consideration, was found to exceed eleven millions sterling: the alteration since, not having been to any great amount, the amelioration may, on the same principle, be now taken at about the like sum. The additional capital must, as then noticed, be taken into the account, and some further adjustments will be required. If such has been the event, under the circumstances of two wars in India, in part of the period; under the circumstance, likewise, of a general European war, from the year 1793; the inference is highly favorable to the mode of administration; and the more so, when the great additional revenue, and the complete conquest of every enemy in the East, are taken into the account.

The debts abroad are certainly much greater than at the first period of the comparison; but the assets exhibit an excess still more considerable. At home, the favorable alteration, in both respects, has been to such an amount, as to form, in some degree, the most serious

rious part of the present financial embarrassment, inasmuch as what appears to be the chief cause of the apparent deterioration abroad, has contributed to the amelioration at home, to an extent rendering it a matter of great importance and some difficulty to restore the balance. This cannot be expected fully to take place till the return of peace. It had, however, been an object of very particular attention on my part; and from the confidence I have in the ability of the Company's resources, I was led to form an extensive plan, by which, upon calculations as accurate as can be expected upon mere estimate, the Company would be enabled in a few years to restore the whole financial system to a state of the greatest prosperity; so that the debts in India would be discharged, the engagements to the public would be fulfilled, and the ultimate operation would be, the security of the full capital, at the end of the present Charter.

I am fully aware, that in the judgment of some, my expectations will be pronounced too sanguine, and perhaps to be such, that their realization exceeds every degree of probability, or indeed possibility; as the rapid increase of the debt in the few last years, must offer an insuperable bar to the accomplishment of events so desirable as those now pointed out. This consideration, however, strengthens the ground of my proposition. If the loss of the surplus revenue operated so quickly in an unfavorable degree, sure the acquisition of revenue must be allowed to have an equal effect in the recovery of the system. Difficulties of a formidable nature, it must be admitted, will be in the way of the execution of a plan on so vast a scale. But these difficulties are only at the outset: once surmounted, no other obstruction need be apprehended, than such as no providence or care on our part can possibly meet; and I have no fear of hazarding my opinion, that should peace take place,

place, and continue uninterrupted for a few years, and the trade remain in its present flourishing state, the realization of the whole of the advantages now stated may be safely reckoned upon, provided the principles upon which the calculations are made are regularly attended to.

The grand and leading features of this plan are;

First. An arrangement abroad, so that a full million from the surplus of the revenues shall, at the commencement, be applicable to the purchase of investments.

Secondly. That the investments from India and China shall amount at prime-cost to four millions annually, in equal proportions.

Thirdly. That during the first four years from this time, the Company shall avail themselves of the power they already have, under the Act, for augmenting their capital stock to the extent of two millions, at the rate of half a million annually, which, it is supposed, will realize one million sterling.

Fourthly. That the additional money, so raised, shall be applied exclusively to the liquidation of the present Indian Debt at Interest, either by increasing remittances in Bullion or Export to India to that amount, or by defraying additional Bills drawn from India for the same purpose.

Fifthly. That the extinction of this debt now calculated to amount to fourteen millions sterling shall be carried on at the rate of one million annually, till the part of it, termed the Decennial Loan, shall become payable, which is expected to take place on or about the year 1807-8; and that the sum then payable on account of Indian Debt, which is stated at £3,500,000 shall be discharged in that year: on which suppositions the Debts at Interest abroad will then be reduced to £.4,500,000, at which amount it may be thought expedient to keep them stationary.

The

The gradual reduction of the debt will add to the surplus of the revenues, by the diminution of the interest; and in the year 1808-9, the sum of two millions sterling may be applied to the investments. The application of the surplus, thus increasing from year to year, will of course lessen the demand of India upon the Home Treasury, so that the balance of cash cannot fail of increasing to an immense amount.

I have stated the great difficulty to lie in the outset; my Estimate is so calculated. In the first year, no surplus revenue is reckoned upon; the charges to be defrayed at home are all on a war establishment; the whole cost of the investment, four millions is to be paid, and another million to be applied to payment of the debts, making together five millions, in aid of India. This must be furnished in exports; by the payment of bills to be drawn from abroad; and in whatever amount these, together, shall be found deficient, bullion must be remitted. In the second year, a surplus is expected in India of one million, and the freight is taken at a peace rate, and so continued from year to year only lessening the amount to be paid at home on account of India, in proportion with the increase of the surplus from the revenues, as already mentioned. Ample allowance is made for the whole of the home charges in all the years; and if any unexpected additional charge should arise, the increasing balance of cash might be so employed, in the purchase of Government securities, or otherwise, as to establish a fund, fully sufficient to meet any peace contingency. The result of the data I have stated will appear, by a reference to the Appendix, No. 26, 27, and 28. \*

If it be objected, that the trade is taken on too great

\* These Estimates are the same as are given in Mr. Dundas's Letter of the 30th of June, No. 1, 2, and 3.

a scale,

a scale, which, according to present appearances, I cannot allow to be the fact: still, taking it at a less amount, say only three millions of investment, the operation would be highly favourable, though not to the extent at first stated: while the other effect would be, to render the plan more practicable, from the smaller demand on the Home Treasury for the prime-cost of the investments.

These propositions, it must be observed, do not arise from any new theory: they are simply upon the system I laid down in the year 1793, and are only an extension of that system. The expectations I then entertained were not wholly disappointed, and would have been most completely realized, but for the various events which have been brought to the notice of the Committee. The difference between that time and the present is highly favourable to the success of the system I wish to adopt. There then existed every appearance of war with our European enemies, who held possessions in different parts of India; our most inveterate and formidable enemy, Tippoo, was still invested with considerable power:—We now reckon upon the prospect of peace, and have no immediate fear from any Power in India.

The summary Abstract of what I have now brought to the notice of the Committee is as follows:—An examination of the Accounts upon the table, both abroad and at home;—The Influence and Power of the Company in the year 1784, and at the present time;—The acquisition of Territory and state of Alliances;—Of foreign Relations;—The improvement of the internal administration of their own Dominions;—Of the Commerce in India, at China, and at home;—An explanation of the increase of the charges, and the prospect of again obtaining a surplus revenue;—The supplying investments by means of loans;—The improvement of the Company's Affairs, under every event, during the periods of compa-

comparison;—And finally, the Plan in contemplation on the return of peace.

In retiring from my official connection with the affairs of India, the Committee will do me the justice to believe, that I can never be indifferent as to the success of the measures I have pointed out. I entertain on the subject the most sanguine expectations. Under other circumstances, I might, at the present moment, have felt deep regret, in the apprehension that new Systems might have been introduced, and new Theories applied to the administration of our Indian Empire. I make no doubt, many things will be found to require improvement and correction, and none will rejoice more sincerely than I shall in the fame and glory of those who may be the instruments of those improvements. But I am perfectly satisfied, no radical change in the System I have pursued will be made, but on the fullest conviction of its propriety; and under that impression I shall continue to contemplate, with heartfelt joy, every progressive improvement in our Indian Concerns; reposing the most entire confidence in the talents and integrity of those whom His Majesty has appointed to succeed to me in this important charge. And it only remains for me to apologize to the Committee, for engrossing so much of its time; and that the result of the examination of the statements may, as usual, be placed on the Records of Parliament, to move the following Resolutions.

FINIS.

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