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THE EAST INDIA COMPANY'S MONOPOLY.

[FROM THE ORIENTAL HERALD.]

"EAST INDIA TRADE.—We would respectfully ask the merchants of *Liverpool*, and of the other outports, whether it is too soon to commence operations for the prevention of a renewal of *one* of the odious Monopolies in this country, the Charter of the East India Company? Will not the approaching expiration of the present Charter, and the previous notice to which the Company is entitled, necessarily bring on the great struggle in a short time? If so, the friends of Free Trade should "up and be stirring;" Merchants and Manufacturers should meet and submit practical information to the Government and the public; and the Press should promote the discussion of the question so industriously, that every independent mind in the kingdom may be enlightened, and therefore decided, on the subject. When this shall be the case, the Monopolists, notwithstanding all their present influence, will become powerless; and as far as we can aid in the good work, our pens & our columns shall not be wanting.'—*Liverpool Mercury, August* 3, 1827.

We have prefixed this paragraph to the observations we mean to offer in this article, principally to show, that in those quarters from which we have a right to look for the greatest exertions in obtaining the emancipation of India from her present state of subjection to a Company of Monopolists, we are not likely to be disappointed. We might have added others of a similar tendency from Manchester, Birmingham, Leeds, Glasgow, and other large trading towns, but it is unnecessary. The note of preparation has only to be sounded by the House of Commons, and the whole country will be in arms against a system by which no one, not even the monopolists themselves, can be said to *profit*, unless the mere patronage of the East India Directors, and the jobs of their dependent constituents, as contractors and suppliers of stores, be so considered; for, as to the great body of the Proprietors of India Stock, who, in truth, constitute the East India Company, they derive not a fraction more of benefit from the existence of their monopoly than the public at large, as they receive only the ordinary interest of from 3 to 5 per cent. on the capital embarked by them in this concern, according to the current rate of interest yielded by the public funds of the day; and if this stock were transferred to the hands of the King's Government to-morrow, they would be exactly in the same position as at present with respect to their actual income or gains.

This being the case, it will be naturally asked, for what reason, then, do they cling with so much fondness to a system from which they derive no benefit? and what ground is there for believing that the nation generally might derive advantage from the throwing open a trade which, in the hands of those who at present carry it on, is altogether unproductive? To answer these questions satisfactorily, it will be necessary to explain, in a familiar manner, what is the nature and constitution of the East India Company, how its trade is conducted, and what are the causes of perseverance in a system so inimical to the manufacturing and mercantile interests of the country: in doing which we shall be as brief as the nature of the subject will admit.

The origin and progressive history of the East India Company has been detailed with great fidelity in a series of papers first published in this Journal, under the title of the "Rise and Progress of the British Power in the East;" and is, therefore, now sufficiently well known to render it unnecessary to revert to its early annals. Its present position is of more importance to be considered, and this we proceed to state.

The capital stock of the East India Company, vested in the several establishments possessed by them in India and in England, including, therefore, all their public buildings in both countries, with their fortresses, magazines, warlike stores, ships, merchandize, &c., is an *open* stock; that is, any individual desiring to be a member of the East India Company, may, by purchasing ever so small a quantity of this stock, become a shareholder, as in any other Joint Stock Company, and consequently have an interest in the property, as well as a share in the management of the concern. To entitle him to be present at any of the debates in the Court of Proprietors at the India House, he must possess 500*l*. stock, and having this, he may *speak* as frequently and as much at length as he pleases on the Company's affairs. Before he can be allowed to *vote*, however, on any question discussed, he must possess 1,000*l*. stock, and have been in possession of this for a full year! As proprietor of 500*l*. stock, he may, therefore, on the very day after completing his purchase, possess the power of addressing and persuading the whole body to any particular measure, carrying, perhaps, the votes of a thousand by his influence over their minds or interests; but before he can give his own single and solitary vote upon the very question to which he may be able to bring the votes of hundreds, he must have double the quantity of stock, and possess it for three hundred times as long a period!! In other words, a man having the smallest amount of property in the concern, and being entirely ignorant of its nature and interests, may asume the functions of a proposer of new laws, or an abrogater of old ones, and take a lead in measures of the most important kind; while the same man must possess double the amount of property, and pass an entire year in acquiring experience, before he can be supposed qualified to form any opinion on the Company's affairs with sufficient judgment to express that opinion by a vote!

It might thus happen that the East India Company of to-morrow, by the present Proprietors selling out their stock, on any occasion of alarm, might be formed of an entirely different set of individuals from the East India Company of to-day; and, in point of fact, continual fluctuations are thus occurring to such an extent, that on no two succeeding days is the East India Company the same, either in the number or identity of the individuals composing it.

The present number of Proprietors is understood to be about 3,000; the amount of stock held by each varying from 500*l*. to 10,000*l*. To purchase this amount of stock requires between two and three times the nominal amount of the quantity of stock purchased. At the moment of our writing this, the price of India Stock is 260*l*. sterling for each 100*l*. stock or share; the reason of which difference is this: instead of dividing, as any other trading Company would do, the exact amount of profit or loss, the Directors, sanctioned of course by the Proprietors themselves, *declare*, as it is called, a dividend of 10½ per cent. per annum, and actually pay the whole body of Proprietors the interest on their amount of stock, whatever it may be, at this rate, in two half yearly payments of 5¼ per cent. each. The consequence is, that calculating money to be worth from 3 to 5 per cent. interest, according to the actual rate yielded by other public funds, the 100*l* India Stock, which yields 10½ per cent. per annum, is worth (the security being considered equally good) 260*l*., because it would take that sum in any other description of funded property to yield the same amount of interest; the value being wholly dependent on that result, and the price of India Stock, therefore, rising and falling with other public securities, from the same causes, and generally in the same ratio.

The fixed nature of this interest is occasioned, 1st, by the Legislature having limited its maximum, enacting that the Company should never divide a *greater* interest than 10½ per cent. per annum on their capital stock; and, 2ndly, by the Directors having also limited its minimum, providing that the Proprietors shall never divide *less* than the utmost amount allowed them by the statute.

The motive which induced the Legislature to fix a maximum was this:—In the early history of the East India Company, when no limits were set to their dividends, not only was their trading monopoly extremely profitable, but these gains were so augmented by the actual plunder of provinces and people in India, that after paying the most extravagant establishments in both countries, and permitting their servants abroad to partake largely in the fruit of their rapacity, the dividends among the Proprietors were enormous. The Legislature, believing that by limiting the amount of the dividend at home, they would prevent the rapacity by which these had hitherto been augmented in the spoils sent from abroad, reduced the standard to 10½ per cent.; as the highest rate that could be attained. Not the slightest alteration, however, has been occasioned by this in the rapacity of the Company, which still pursues the same undeviating policy of wringing from the country subject to their rule the uttermost farthing it can yield. The same, or even a greater, proportion of surplus revenue is still raised; and what is not divided among the Proprietors of Stock as gain, is now spent in maintaining the civil and military establishments of the country, in providing for the dependents of the Directors and Proprietors, and in upholding a system of waste and extravagance, which never could have been long countenanced were the Proprietors allowed to reap the benefit of a more wise and economical system, by sharing its profits among themselves.

The motive of the Directors for fixing the minimum of the dividends at 10½ per cent. per annum, is plain enough. They are themselves, of necessity, Proprietors of India Stock to a large amount; and it is their interest (as much as it is that of the land-owners of England, or any other class) to make their property as productive as possible. As the *declaration* of the yearly amount of dividend rests, therefore, with themselves, they fix it at the very highest standard that the law will allow, making their minimum correspond with the Legislature's maximum, and taking care never to fail below it.

On this, the question naturally arises, how do they provide for these dividends? And by what imaginable process can they be kept at the same *real* rate, whether the affairs of the Company are prosperous or otherwise? This requires explanation.

The capital stock of the East India Company consists of two descriptions of property; what is called the dead-stock, i. e. money laid out in things not easily re-convertible into money again; and the quick-stock, or money partly invested in saleable materials in India and England, and partly existing in mercantile property continually coming to market in both countries, and actual cash existing in the public treasuries of each country respectively.

As a set-off to these, there is in each country also large debts:

1. Of money owing to individuals in India, who have advanced it to the Governments of the respective Presidencies, in various loans, at from 4 to 8 per cent., for which they hold a security, something like Exchequer Bills, bearing a fixed rate of interest, and known in India by the current name of "Company's Paper."

2. Of money owing to the Government of England, partly for sums due as the condition of the Charter, which have never yet been paid, & partly for actual advances made by way of loan; and,

3. In money due to the whole body of Proprietors, to the full amount of their stock, which is of course nothing else than the contributions of each individual towards the common treasury of the concern; though this being owing from the body to the individuals composing it, differs from the debts due from the body to others not forming a part of itself.

The resources of the Company consist:—

1. Of the profits on the exclusive trade with China, which, notwithstanding the extravagant manner in which that trade is conducted, is, nevertheless, extremely profitable, from the circumstance that the trade is wholly in their own hands; and that tea, the chief commodity brought from that country, is an article used by nearly every individual in Great Britain, old & young, rich and poor, healthy and sick; in consequence of which, the profit realized by them is enormous, from its universal consumption at their high monopoly price, which, including the Government duty, makes it cost *four times* as much in England as it can be bought for on the Continent of Europe or in America, or as it could be purchased for here if the trade were open and free.

2. Of the revenue arising in India from two odious monopolies carried on by the Company in that country;—one of opium, by which they make a profit of 700 or 800 per cent. in spreading this intoxicating drug over China and the Malay islands, & destroying the health as well as morals of the people; the other of salt, of which they force the manufacture by the greatest cruelties exercised on the natives, and then deprive the poor wretches of the only condiment by which they can render palatable their miserable meal of boiled rice; the salt, under their monopoly, costing 300 per cent. more than it could be had for in an open market, and the severest penalties being inflicted on any one who should be found to evade the enormous tax on this indispensable necessary of life.

3. Of tribute from idolatrous worshippers, and visitors to places of superstitious pilgrimage, for the privilege of carrying on their abominable rites.

4. Of taxes on justice, in the shape of stamps on law proceedings, throughout the whole of the interior.

5. Of a revenue derived from the land—not in the proportion of *one-tenth* of its produce, which is considered to be so undue a portion for the support of the Clergy in England—but in the proportion of *nine-tenths* of its produce, leaving only the one-tenth for the miserable cultivator to subsist upon, as well as to furnish himself seed and materials to sow and reap another harvest for his rapacious masters.

These are the unholy and oppressive sources from which the East India Company derives its means of paying its dividends. By the first (the monopoly profits on tea), all England is injured in two ways: first, by being compelled to pay four times as much for a necessary of life as it could be had for under a free trade; and next, by preventing the export of British goods to a country where they might be consumed, to an almost unlimited extent, among 300 millions of active, intelligent, and even tolerably wealthy individuals. By all the rest, the people of India and the people of England are equally injured, in the oppressions practised on the one, to enforce the exactions described, and in the obstacles thrown in the way of the other, to the full developement of that free interchange of productions and manufactures, by which England and India might (were it not for the existence of the East India Company), mutually enrich and improve each other.

The most painful consideration is, however, that all this injury and misery inflicted on one portion of mankind is productive of no positive benefit to any other portion; nay more, that nothing is wanted but the removal of the exclusive privileges enjoyed by the Company to give relief to millions, and to put in the place of all this injury and suffering, benefit and happiness to all parties; and yet, that in consequence of the Legislature having leased out this power of oppressing others for a certain period, it cannot, it would seem, be taken away or resumed before that period has expired.

We have said, that notwithstanding the profits derived from the sources described, the Proprietors of East India Stock do not benefit. What, then, it will be asked, becomes of all these gains? It has been shown that the Legislature will not allow more than 10½ per cent. profit to be divided among the members of the Company. The effect of this would, at first sight, seem likely to be, that as soon as the good management of their affairs had brought them profit to that amount, the Company would remit taxes in India, and think no more of surplus revenue. This, however, they never do. Though they cannot divide it among themselves as profit on stock, they can spend it for the enrichment of their relatives or dependents. They therefore never relax in their endeavours to drain the country down to the lowest ebb of every farthing it can possibly produce; and the following are the modes in which the revenue thus raised is disposed of:—

1. There is an immense annual loss on their trade with India, (not including China), in consequence of the absurd and extravagant manner in which they carry it on: their ships sailing at an expence of 20*l*. per ton, while smaller traders perform the voyage at less than 5*l*. per ton. The loss upon this trade is supplied out of the surplus revenue arising from the land. But it might be asked, if their trade with India (not including China) be unprofitable, why do they still carry it on? why not adhere to their monopolies of opium, salt, and tea, their revenue from idols and temples, their taxes upon justice, and their nine-tenths of the produce of the land? The reason, no doubt, is, that they are chartered as the "Company of Merchants *trading* to the East Indies," & are bound in that capacity to export a certain quantity of goods, whether they profit by them or not. The Legislature would never give them a Charter as a "Company of Sovereigns to *rule* over India." They therefore *trade*, because that is the condition of their existence; while they govern, as it were indirectly, under pretence of protecting that trade; and as long as they derive, in their capacity of territorial sovereigns, enormous gains, they may well submit, as traders or merchants, to equally enormous losses, since it is only by continuing the latter capacity that they can retain the former, and thus their affairs are redeemed; added to which, all the patronage and power arising out of, and connected with, these trading and governing operations, in places, appointments, emoluments of office, &c., exists to as great an extent as if *both* were equally profitable; and since the dividends of profit are limited, this patronage and power are the only benefits to be thrown into the scale.

2. The two Presidencies of Madras and Bombay, notwithstanding the vast accessions of territory to both, are incapable of detraying their own expenses; and these, therefore, with St. Helena, Penang, and other smaller settlements, form large drains on the territorial revenue of Bengal, from which they are paid.

3. The expenses of the general government in India, civil, judicial, military, ecclesiastical, and marine, and of the home establishment in England in all its branches.

4 The interest of all the debts in India and England, including the dividends on capital stock, which are professedly paid out of commercial profits, but which, be those profits what they may, never vary a fraction above or below 10½ per cent.

When the surplus of income over expenditure is not sufficient to pay this 10½ per cent. interest on the capital stock, the amount necessary to make up the fixed dividend is drawn from the capital itself, and the deficiency thus created is supplied by new loans raised under some other pretence, but in reality applied to this purpose; resembling exactly the transaction of an embarrassed individual, who has a large existing debt, and being unable to pay his interest on it at the end of the year, borrows more money, and creates a new debt to pay the interest on the old one already due; thus going on continually augmenting the weight of his embarrassments, and becoming more and more unable to overcome them.

When the affairs of the Company are well managed abroad, & in spite of every inherent vice of the system, a large surplus is accumulated in the treasury, then, as the Proprietors cannot divide it among themselves as profit, other means are found to dissipate it: sometimes a portion may be applied to the reduction of some particular loan raised at a high interest, in order, by paying it off, to save some portion of that; and the opening another loan at a low rate of interest, by which all the individuals (many of them their own servants) holding Government Securities are injured, by the reduction of their incomes, without a corresponding benefit to any other parties: sometimes also a portion may be applied, in conformity with the provisions of the Legislature, towards public improvements. But much more frequently the whole is expended, either in the increase of establishments, and the consequent extension of patronage, or in some impolitic and ruinous expedition, which turns a surplus again into a deficiency.

This was actually the case at the period of Lord Hastings abdicating the Government of India. By unusual good policy, and good fortune united, he had accumulated in the treasury of Bengal a surplus of more than ten millions sterling; but before the deliberations as to its disposal were ended, Lord Amherst, his successor, goes to India, and finds there a Council who had *already prepared for him "a very pretty quarrel"* with the Burmese, which soon absorbed, in its ruinous consequences, not only all the surplus left by Lord Hastings, but the produce of new loans, new taxes, and every other mode of raising money that could be devised: the end of which was, to add several millions more to the Company's irredeemable debt.

But then comes the question so repeatedly asked by the people of England: Who, in the end, is to pay for all this? Here is debt after debt, war after war, burthen after burthen, accumulated. Upon whom is the weight ultimately to fall? The Company, (that is, the Proprietors of India Stock) as we have seen, benefit not by the prosperity of India, neither do they suffer by its decline. In all and every case, whether their territories are well or ill governed—whether they are productive or unproductive—whether there be an improving peace or a destructive war—they make their dividends the same: squandering the surplus, when there is any, by new wars, and repairing the deficiency, when that happens, by new loans. The consequence of all this is, that no Proprietor of India Stock (as a mere Proprietor) cares a farthing about the prosperity or happiness of India, and never bestows a thought on its affairs. As a mere trader, why should he? His gains are the same in all cases. And if his labour and attention are unrewarded by any addition to his income, he will not long bestow it upon what is so unproductive. Philanthropists there are, no doubt (though few in number), who, without reference to pecuniary gain, would interest themselves in this matter. But speaking of the Proprietors generally, they are utterly indifferent, for the plainest of all reasons, that there is no stimulating motive to be otherwise. This will be the more easily credited when we state of whom they are generally composed:—

1. Of large money-dealers or stockholders, at the head of whom is Mr. Rothschild, the great leviathan, as he is called, of the Stock Exchange.

2. Of East India agents, including the partners of most of the houses of business in the City, who have all a strong interest in possessing a powerful friend in the Direction.

3. Of Noblemen, who have formerly either served in, or had connexions with India, either in their own persons, or through their relatives; and who can still, by the appropriation of their votes, benefit the interests of such relatives materially.

4. Widows and children, to whom jointures and legacies have been left, vested in East India Stock, and never since disturbed from its original appropriation.

5. Retired civil and military servants from India, who think it necessary to place their property in some description of public funds, and are led, by the influence of their connections, to place it in the stock of the India Company.

6. West India planters' agents, and merchants, in order to vote against any questions likely to trench upon their slave property, or sugar monopoly, or to affect in any other manner the general interests of their body.

7. Ship-builders, tradesmen of all degrees, lawyers, brokers, and a number of other classes, desirous of possessing votes that may be turned to account as a mere matter of profit in business.

8. Individuals, having children or relatives to provide for, and looking to India as a country of promise for their future employment, which the possession of votes might tend much to facilitate.

9. Persons aiming at a seat in the East India Direction, and through that to a seat in Parliament, each of which are found to be mutually a help to the other.

By none of these can any hope of benefit from the good management of the East India Company's affairs be entertained. They all know, that whether India is well or ill governed, *their dividends are the same*. Accordingly, having nothing to gain by economy in the public expenditure of that body, they look for gain in some other shape; and this is, in obtaining appointments, contracts, jobs, &c. in exchange for their votes; not always by an actual sale of such votes for a stipulated price, but most frequently by that kind of honourable understanding, and that implied interchange of good offices, which regulates the intercourse of ordinary life, and which is often as powerful as engagements given under hand and seal.

Yet, merely to secure this little extra benefit that may arise to 3,000 Proprietors of India Stock, not in their profits on trade—for of this, as we have seen, there are none—but in the shape of provision for relatives and dependants; and the still smaller benefit to be divided among twenty-four Directors, in the patronage which allows them to give away (for it is forbidden them by law to sell) a few writerships and cadetships every year;—for these paltry considerations, and for these alone (for no other benefit whatever can result from it), is a chartered monopoly continued, to the injury of every individual in Great Britain (the 3,000 Proprietors, and their immediate friends, alone excepted), and to the injury not merely of all Asia—from which the great benefits that unrestricted commerce would produce, are by its existence shut out—but to the whole civilized world; for every country upon the earth is directly or indirectly benefitted by the prosperity of every other country; and all mankind have a strong interest in the general advancement of improvement in every quarter.

Reverting, therefore, to the paragraph of *The Liverpool Mercury*, which we have prefixed to this article, we may ask, with the writer, whether it is not high time, not merely that the Merchants and Manufacturers, but that all other classes of the community of Great Britain, should "up and be stirring" to prepare the public mind for a change which can produce no evil, and which promises so much good; to impress upon the Legislature, by every legal and just means, the necessity of abolishing a system pregnant with a thousand evils, and conducive to no one good that may not be more extensively, as well as more certainly attained, by that free and unrestricted intercourse with the East, which, come when it may, must bring a thousand blessings in its train.

We have said enough, we trust, to awaken attention to this great subject: and we derive great pleasure from the prospect, that between the moment of our writing this, and the hour in which the struggle will commence, we shall be usefully and honourably occupied, as we have been for the last ten years, in storing up and recording, in a permanent shape, every fact and argument that can conduce towards a victorious result. From this storehouse will hereafter, we hope, be drawn an irresistible artillery, to batter down the outworks, and ultimately to demolish the whole fabric of monopoly, oppression, and injustice, by which more than 400 millions of human beings in Asia, and the whole population of our own country, are at present deprived of benefits, which, but for this barrier, would be within the reach of all. The iniquity of supporting such a system a moment longer than is unavoidable, must be apparent to every one who deems the happiness of so many millions of beings of more importance than the privileges of the mere handful, to whose imaginary good they are thus heedlessly sacrificed. But when it is considered that the advantages which even this handful derive from the existing system is merely from indirect patronage and power; that, as it regards fair and honourable commerce—the great object for the promotion of which this Company of Merchants was expressly incorporated, and on which alone they hold their Charter—they are precisely in the situation of the dog in the fable, neither cultivating nor enjoying for themselves the benefits which this commerce is capable of yielding to those who might engage in it, nor permitting any other persons to use profitably what they neglect—shutting out their own countrymen from the trade with China, where all the world, except Englishmen, may trade freely, and preventing their own countrymen from cultivating an acre of land in India, where all other Europeans may freely sow and reap;—when all these things are considered, it is only matter of astonishment that such a system has endured so long. We conclude, in the words of an eloquent writer, whose work cannot be too often adverted to, nor whose words too frequently repeated: "To talk of preserving such a system, is to war with the unconquerable instincts of nature, the consenting testimony of experience, the plainest dictates of justice, the irrefragable conclusions of political wisdom. But the days are numbered during which it will be permitted to cumber the ground. Already it begins to stagger, crack, and gape; and whoever shall contribute to its entire subversion will deserve well of his country, of India, and mankind."