

The East India Company,
1600-1774, and its Relation
to the American Revolution

by I. Victor Iles

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THE FOUNDATION AND THE GROWTH OF THE COMPANY.

1600-1766.

On Sunday, November 28, 1773, a ship having on board 114 chests of tea consigned to prominent merchants of Boston cast anchor below Castle William. Great excitement prevailed in the city. The selectmen met at once. By order of a committee of the town the vessel was anchored at the wharf, thus bringing it within the jurisdiction of the custom officers. The committee of correspondence, a body not recognized by law, also met and authorized Samuel Adams to call a mass meeting for Monday.

On that day inflammatory handbills were scattered, the bells were rung, and 5,000 persons assembled. It was voted that the tea should not be landed and that it should be sent back in the vessel in which it came. A guard was placed over the tea-ship, and the committee of correspondence dispatched letters to other colonies. The consignees withdrew to the castle and reported to a meeting of November 30 that they could not resign but would store the tea. This offer was rejected.

1. Drake, XXXVIII - XLI. The consignees on being threatened by the populace had appealed to Governor Hutchinson. He advised them to have the tea-ships anchor below the castle so that they might put out to sea again in case the landing of the tea was opposed. The consignees followed his advice. Porter in Mem. Hist. of Boston, III, 46-7.
2. ~~Drake~~ XLII - XLII.
3. ~~Drake~~ XLII - LI. In the evening on Monday Dr. Young proposed throwing the tea overboard.

Drake's account follows that of Hutchinson in his History of Massachusetts Bay. On page XLII. 2d par. he quotes from Hutchinson's Diary and gives no credit.

Two more tea ships soon arrived and by order of the selectmen anchored by the first¹. Boston received encouragement from other towns, even as far away as Philadelphia². The ferment continued³. Attempts to secure clearance papers for the ships failed for technical reasons. It became apparent that if radical measures were not adopted the tea would be landed and sold by the custom officers to pay the duty. This could be legally done after December 16. On that day there was a great meeting⁴. It was impossible to get clearance papers, or a pass from the ~~Government~~. Shortly after the meeting adjourned, a small body of disguised men went quietly on board the ships and threw all the tea into the harbor.⁵

Lord Dartmouth and the London agents of the consignees had already received ominous reports from America, but the particulars of the destruction of the tea were not laid before Parliament until March 7, 1774⁶. Severe retaliatory measures aroused united opposition in America, and the Revolution was begun.

At first glance this episode seems wholly foreign to any account of the East India Company. That this is not the case and that there is really a close connection between the two will appear from an examination of the affairs of the Company and its relations with the English government from 1767 to 1773. To understand this period, a sketch of the early history of the Company is necessary.

1. Drake, LIV. Porter in Mem. Hist. Boston. III 47 says by order of the committee.
 2. Drake LIV. - LVI.
 3. Dine LV - LVIII. The papers were full of discussions, and several meetings were held, notably on Dec. 13 and 14. On Dec. 11 the committee of correspondance had summoned the owner of the first vessel and inquired why he did not return the tea. They ordered him to apply for a clearance and a pass.
 4. Mass. Hist. Boston, III 48. The committee of correspondance had been holding consultations for two days. Drake, LVIII - LXIII.
 5. Drake, LXIV. - XCIV. Mem. Hist. Boston. III 49-51.
 6. Drake 258 prints a letter from Lord Dartmouth to Mr. Wheeler of E. I. Co. It was dated Dec. 17, 1773 and requested Wheeler's presence to in order to consult regarding some letters Dartmouth had received from America, about the tea shipment, Dec 20 and Dec. 21 the Company asked thro various London agents of the American consignees to report any news received about the shipment to Boston. Some had received no reports, but others enclosed letters from A. in which opposition was predicted. One letter said that the resignation of the Boston consignees had been called for. 258-277 and for later reports. 278-366.
- Winsor VI. 92 note. says the negos of Boston Tea Party first reached England Jan. 18, 1774.

Not quite one hundred years after the Portuguese had discovered an ocean highway to India, the English too sailed around the Cape. The intervening century had not been an idle one for them. They had searched diligently for an overland route to the Orient, but the seven journeys of Jenkinson to Bokhara had failed to give the Muscovites an enduring trade, and of the four emissaries of the Turkey Company who left Aleppo in 1583 no tidings had been received.² By sea they had fared but little better. Their merchants traded to the Canaries, Guinea, and Brazil, but time and again through the frozen seas of two continents they had sought India in vain.³ Twice, indeed, their flag had been borne around the globe, and more than once heavily laden carracks and galleons had been carried as prizes into British ports.⁴ In this manner the wealth of the Indies was plainly revealed, yet the exploits of Drake offered no incentive to the merchants.⁵ Their risks could not be those of the buccaneer. With Cavendish, however, it was otherwise. His tales of the East where 'our countrymen may have trade as free as the Portugals, if they themselves will' were spread throughout the coast towns in two months after the defeat of the Armada.⁶

Thus it came about that in 1589 a body of traders petitioned for royal permission to make a voyage to India.⁷ With or without the approval of Elizabeth, three vessels sailed for India on April 10, 1591.⁸ "It was rather a privateering adventure against the Portuguese, than a proper mercantile voyage; for they took several ships belonging to that nation."⁹

1. Caverton ~~the same~~, 34-6. The Muscovy company was chartered in 1554 or according to Bommassieur p. 82 in April 1553. (However both are wrong on the date of founding of the E. I. Co. see former, p. 87 and latter, p. 101.) a
2. Willson, I, 7-8; Mill, I, 13-14. The emissaries were Fitch, Newberry, Suedes, and Storey. b
3. Mill, I, 3-7. Winsor, II, 85-104. (by Smith)

4 Mill, I, 6-13.

5. Willson, I 2. Mill, I, 8 considers the voyage of much more importance commercially.
Mill, I, 6-9. Voyage extended from Dec. 13, 1577 - May 26, 1580.
6. Willson, I, 1-5; Mill, I, 9-12. Cavendish was the second Englishman to circumnavigate the globe. He sailed July 21, 1586 & returned Sept. 9, 1588.

7. Mill, I, 14 & 15. ^{says} ~~with~~ this was the first application made to the government. Willson, I, 3, note mentions ~~petition~~ ^{petition} by Goulson traders to the Privy Council in 1580 which was refused.

8. Willson, I, 6.

9. Anderson, II, 180.

a. See also Dict. of Natl. Biog under Jenkinson; and Hakluyt III.

b. Dict. of Natl. Biog under Fitch; and Hakluyt V. 452-512.

But one vessel reached its destination, and it came home early in 1594 with a half-ruined cargo of pepper from the Malay Peninsula¹. Hardly had this illfated expedition set sail when Ralph Fitch, one of the emissaries of the Turkey Company, returned to London. His description of the East was corroborated by occasional letters from an English Jesuit² long resident in Goa, and the old Turkey company, some of whose members were interested in the voyage of 1591, was rechartered³ in 1593 with a monopoly of the overland trade to India for 12 years. Trade from Aleppo to Bagdad, and thence by the Tigris and the Persian Gulf to India did not prove as profitable as Fitch had hoped⁴. Then in 1596 three more ships were sent to India. Not a ship nor a man ever returned⁵.

On the other hand the Dutch who had started in 1595 enjoyed a prosperous trade, and the English privateers still made valuable captures from the Portuguese and Spaniards. The merchants decided to try once more, and early in 1599 John Mildenhall departed for the court of Akbar to forestall the Dutch on the mainland⁶. In the fall of that year a company was organized, but owing to political necessities Elizabeth did not grant a charter until the last day of the sixteenth century⁷. The original subscription of £30,133, 6s. 8d. was increased to £68,373 and on Feb. 13, 1601, a fleet of four vessels sailed down the Thames⁸. A new force had been borne into the commercial world. In a modest way the work of the East India Company had begun.

However easy it may be at this distance to see in the

1. Willson, I. 10-13.
2. Thomas Stevens.
3. Willson, I. 13-14.
4. Ibid. 14.
5. Ibid. 14-15.
6. Ibid. 18-19.
7. Ibid. 19-43.
8. Ibid. 43-44, 46. Source left Forbay
April 20.

charter a manifestation of more than human foresight, it is useless to pretend that either the Company or the Government had any premonition of the future'. The charter was not distinctively different from those usually granted to monopolistic trading companies², but it is worth while to notice its chief provisions. To George Earl of Cumberland and 215 knights, aldermen, and merchants it was granted "That, at their costs and charges,- they might set forth one or more voyages to the East Indians, in the country and parts of Asia and Africa, and to the islands thereabouts,- divers of which countries, islands, etc. have long sithence been discovered by others of our subjects:- to be one body politic and corporate, by the name of, The Governour and Company of Merchants of London trading to the East Indies; to have succession; to purchase lands (without limitation)-to have one Governour and twenty-four persons, to be elected annually, who shall be called committees, jointly to have the direction of the vdyages, the provision of the shipping and merchandize, also the sale of the merchandize, and the management of all other things belonging to the said company.- Sir Thomas Smith, Alderman of London, was to be the first Governour, and a Deputy-Governour to be elected in a General Court; both the Governours and all the Committees to take the oath of fidelity.- as also, every member shall take an oath, before being admitted to traffic as a foreman of this company.- The Company, their sons, at twenty-one years of age, their apprentices, servants, and factors, in India, or elsewhere, may, for fifteen years

1. Cawston & Keane p. 87 indulge in this bit of
imagination or rhetoric.

2. Mill, I, 17.

from Christmas last, freely and solely trade, by such ways and passages as are already found out, or which shall hereafter be discovered, into the countries and parts of Asia and Africa, and into and from all the islands, ports, towns, and places of Asia, Africa, and America, or any of them, beyond the cape of Bona Speranza to the Streights of Magellan, where any traffic of merchandize may be used to and from any of them, in such manner as shall, from time to time, be limited and agreed on at any public assembly or general court of the Company; any statute, usage, diversity of religion or faith, or any other matter, to the contrary notwithstanding; so as it be not to any country already possessed by any Christian potentate in amity with her Majesty, who shall declare the same to be against his or their good liking.- Either the Governor or Deputy Governor must always be one in general assemblies, where they may make all reasonable laws, constitutions, etc. agreeable to the laws of England, for their good government, by a plurality of voices, and may punish by fines and imprisonment, the offenders against their laws.- The Queen grants to the Company an exemption from paying any customs for the first four voyages;- and for customs which shall afterwards be payable for merchandize from India, the Company shall be allowed to give their bonds, payable one half in six months, and the other half in six months after.- For merchandize lost at sea, outward bound, the customs shall be allowed to the Company out of the next cargo shipped off.- Indian merchandize, that shall have paid the customs, may, until the end of thirteen months, be re-exported by any subject,

without paying any further customs.- The Company may export, in their first voyage, now preparing, thirty thousand pounds in foreign coin or bullion, so as at least six thousand pounds thereof be coined in the Queen's mint, and the like for the subsequent voyages, provided the Company first import at least so much foreign coin or bullion in gold or silver into this realm, of which six thousand pounds shall be coined as aforesaid.- The Company may send yearly to East India, six good ships and six pinnaces, with five hundred mariners, unless the royal navy goes forth.- None of the Queen's subjects, but the Company, their servants or assigns, shall resort to India, without being licensed by the Company, upon pain of forfeiting ships and cargoes, with imprisonment, till the offenders give one thousand pounds bond to the Company, not to trade thither again. Nevertheless for the encouragement of merchant strangers and others to bring in commodities into the realm, the Queen gives power to the Company to grant licenses to trade to the East Indies; and she promises not to grant leave to any others to trade thither during the Company's term, without their consent. The majority of any general meeting of the Company may admit apprentices, servants, factors, etc. to the fellowship or freedom of the said Company.

..... In case this charter shall hereafter appear not to be profitable to the crown and the realm, then, upon two years notice to the Company, their charter shall cease and determine.- But if otherwise then the Queen promises, at the end of the said fifteen years, upon the Company's suit, to grant them a new charter for fifteen years longer."

1. Andersson, II. 196-7.

The concessions and restrictions in this charter are not extraordinary. They are in perfect accord with the prevailing economic and political sentiment of the time

Under this charter trade was possible on either the regulated or joint-stock principle. In a regulated Company any member (or group of members) might adventure his capital according to his own judgment, subject only to the general regulations provided by the Company. His success or failure was a matter of total indifference to other members so far as their own profits were concerned. In joint-stock operations the directors managed the investment, and every member shared the profit and loss in proportion to his shares of stock. This method which is now so generally used was in great disfavor when the East India Company was organized.

Consequently nine¹ voyages were conducted by groups of members trading on the regulated plan. This period of the separate voyages was one of considerable commercial success⁴, but the difficulties which arose were an index of the future. Strife with the Portuguese, Dutch, and interlopers, doubtful standing at home, internal dissensions, and losses by sea were all to be found during these years of experiment. Lancaster on the first voyage had not passed the Guinea coast when he captured a Portuguese vessel, and when his treaty with the King of Achin proved useless largely through Dutch interference, he found lading for a part of his fleet by seizing a Portuguese trader of 900 tons². At Amboyna in 1604 Middleton saw the Dutch storm the Portuguese fort and make themselves masters of the island³. A little later he was pre-

1. This is the number of separate voyages usually mentioned, but Willson, I. 102 gives a list of 12, four of which were made in 1612. Mill recognizes only nine distinct voyages.

2. Willson, I. 4751.

3. Ibid. 61-3

4. Mill, I. 18-20; 22-3. The total investment of the nine voyages was \$466,179. With the exception of the voyage of 1607 when both vessels representing a total of \$33,000 were lost, the clear profits were rarely below 10090, being in general 20090 on the capital of the voyage. On eight of these voyages the average profit was 17190.

Willson, I. 66 shows that this seeming profit was much reduced by the length of time the money was engaged - eight years on the first two voyages.

sent when under similar circumstances the Dutch established themselves in Ternate and bade the English traders be gone.¹ An attempt to obtain trading privileges on the mainland was forestalled by the Portuguese at Surat in 1607, but a cargo for one of the vessels was secured at Banda despite the threats of the Dutch.² Although the instructions for the fourth voyage made in 1608 ordered the founding of factories at Banda, Ternate, Tidore, Priaman and in India, the trade to China and Japan was not overlooked.³ Both vessels were lost, there was some complaint about the export of so much bullion,⁴ and the privateering of Michelbourne in Indian waters by royal permit had done the Company great damage.⁵ A single vessel was sent out in the fifth voyage. Soon after its departure, the Company strengthened by the names, if not the money, of several noblemen, obtained from King James a new charter on May 31, 1609. "The whole entire and only trade and traffic to the East Indies" was granted to the Company forever, but might be withdrawn on three years notice if it "should not prove profitable to the realm."⁶ Some ~~£~~82,000 were subscribed for the sixth voyage. Difficulties arose at Aden and at Mocha, and a landing was effected at Swally only after a battle with the Portuguese. Even then the English were driven out before receiving pay for their goods.⁷ At this time, 1611, Bantam was the only real factory of the English, although they traded to some extent in the Moluccas and in Sumatra.⁸ They now began operations on the eastern coast and founded Pettapoli and Masulipatam in August, 1611.⁹ In the following year, Best, after two brilliant naval battles with the Portuguese, obtained a foothold at Surat and received¹⁰ a firman "granting the

1. Willson, I, 64-66.
2. Ibid. 69-71.
3. Ibid. 71.
4. Ibid. 67-68.
5. Ibid. 63-4.
6. Ibid. 77-9.
7. Ibid. 80-2.
8. Danvers in introd. to Letters Rec'd by E. I. Co. I. xxxix.
9. Willson, I, 86-8. The factory at Petropoli was abandoned in 1621, re-established in 1633 and finally given up, 1687.
10. Mill, I, 21 says it was received Jan. 11, 1618 but that the agreement had been made in December.

Company a factory at Surat and at three other places about the gulf of Cambay.¹"

By this time the Company had begun to doubt the advisability of continuing the separate voyages. At best it was an awkward arrangement. It was not uncommon for the agents of several different voyages to be found bidding against each other in an attempt to secure cargoes.² Again they could not well unite against their enemies, for it was not always to the interest of adventurers in one voyage to support those of another who had fallen into trouble. Thus we find Saris of the eighth voyage deserting Middleton of the sixth at the very time when an effectual blockade of the Red Sea would have added much to English prestige.³ Neither could they control the English market. Traders in a very successful voyage could sell at prices that were impossible for those who shared in a less fortunate adventure. On account of such inconveniences,⁴ the Company in 1612 declared that future trade should be by joint-stock only, and the sum of £429,000 was subscribed and placed in the hands of the Governor and Directors.⁵ Four voyages were equipped from 1613-1616.⁶ The profits under this management were 87 1/2 %, about one half as much as by the former system.⁷ Two things probably contributed to this reduction.⁸ The Portuguese at Surat were very hostile and were driven off only after a series of naval contests.⁹ An attempt to establish trade with Japan, while to some degree successful, failed to make adequate returns.¹⁰

However in 1617 the Company's second joint-stock was

1. Ahmedabad, Cambaya, and Goya, - Mill, I. 21.
2. Willson, I. 95-100. Aldworth negotiated the firmans.
3. Doid, 67 and note.
4. Ibid. 88-9. On p. 108 Capt. Davis is mentioned as commanding a ship in the seventh voyage, but this does not agree with p. 102 which gives Anthony Hippon as commander of the only vessel in the seventh voyage.
5. Willson, I. 101-2.
Mill, I. 22 intimates that this was a selfish move on the part of the governor and directors.
6. Mill, I. 22.
7. Willson, I. 133, note gives a detailed statement of investments in these voyages.
8. Mill, I. 23.
9. Willson, I. 105-6.
10. Doid, 107-14. This trade was opened by Capt. Davis of the 8th voyage, through the influence of Adams, ~~and~~ Englishmen in Japanese service. The privileges, never valuable, were wholly withdrawn in 1623.

subscribed to the amount of £1,600,000. The former stock seems to have been continued so that now there were in all 954 proprietors¹. The trade was rather precarious and no great profits were obtained². Rivalry with the Dutch became more serious. They began to trade at Surat³, laid exclusive claim to the Spice Islands, and even appealed to King James against his subjects⁴. The agreement of 1619⁵ which was impracticable made matters no better, and the secret opposition and open hostility⁶ culminated in 1623 with the massacre of Amboyna which led to the withdrawal of the English to the mainland⁷. On the other hand the Portuguese declined before the English advance. When they were driven from Ormuz in 1622 the Company obtained valuable concessions and considerable prize-money⁸.

This brought them into trouble at home for both the King and Buckingham as lord high admiral demanded a share. It was refused on the ground that the capture was made under charter rather than under admiralty rights. Buckingham, however, detained their ships and received £10,000⁹. It does not appear that the king's demand for a like sum was ever met¹⁰. Whether or not the king received any part of this money, he in 1624 granted the Company authority to punish his servants abroad by martial as well as by civil law. Parliament seems to have passed this by unnoticed¹¹. This additional authority added nothing to the financial resources of the Company. A debt of £200,000 had accumulated and stock sold at 80%¹². It was time to collect damages from the Dutch, and Charles

1. Mill, I. 26-7.

2. Ibid. 35.

3. Willson, I. 127. In 1617, after disposing of goods from a wreck, they began regular trades later.

4. Willson, I. 138

5. Ibid. 140-46.

6. Ibid. 134-40.

7. Ibid. 153-78 ; Mill, I. 36-41.

8. Willson, I. 148-52.

9. Journals of H. of C. 102 Chas. I. Part. 2. The House of Commons resolved that this was an undue exaction from the Company. Another resolution says that the Company paid £2,000 one half of which went to a servant of Buckingham. The Journal shows no further action. With the exception of the consideration of the Company's patent for exporting coins, Feb. 16, 1620, this is the first time that the Company was ever considered in Parliament.

10. Mill, I. 36. Willson, I. 152 says \$1,000 were paid for "the King's use".

11. Mill, I. 41.

12. Ibid. 41.

at the request of the Company detained three Dutch Indianen at Portsmouth. This elicited many promises but no settlement. In this connection the Company first petitioned the Commons which had long contained a considerable body opposed to monopoly. The petition was referred and never appeared again. A little later, discouraged by internal dissension, the Company appealed to Parliament to look into their affairs and to encourage or dissolve them as seemed best. Charles hastened to assure the merchants of his favor, but failing to obtain a loan of £ 10,000 he released the Dutch ships, for £ 30,000, it was said.² The Company probably used a similar argument for, a little later, they received a new charter, and the king issued a proclamation against private trade.³ In 1630 the reinforcement of the Portuguese at Goa and a rebellion in Persia hindered trade temporarily,⁴ but in 1631-32 a third joint-stock to the amount of 420,700 pounds was subscribed,⁵ and in the period 1629-34 the Indian trade employed 36 ships.⁶ At the 17 factories in India and three in Persia there were probably 140 factors employed.⁷

Difficulties which were to engross the attention of the Company for many years began to arise in England. In 1635 Courten's Association was chartered for the Indian trade, partly through the machinations of Weddell, a former servant of the old Company.⁸ Worse than the violation of the monopoly was the piratical course of the new organization which aroused the natives against all Englishmen.⁹ Remonstrances were useless, and in 1637 Courten's Association was privileged for five years to trade at any Indian point not settled by the

1. Willson, I. 195-6; Mill, I. 43.
2. Willson, I. 199-203.
3. Ibid. 203-05. This was the same year, 1629.
4. Ibid. 208-10
5. Mill, I. 45.
6. Willson, I. 212.
7. Ibid. 216-17. In this year, 1634, the first traders were permitted on the Ganges, - p. 219.
8. Willson, I. 219-24. Some were surprised at this grant since it was thought that the Company was aiding Charles against Parliament.
9. Ibid. 224-6. At first reprisals were made upon the Company.

Company, to export £40,000 bullion, and to be free of duty on Indian goods exported from England. Notwithstanding this ample grant, the first flush of success soon passed away², and in 1639 a committee of the Privy Council was ordered to investigate the Indian trade and the means of uniting Courten's Association and the Company³. No report was made, and Charles declared his intention of revoking Courten's license provided the Company raised a new joint-stock⁴. As a consequence of the famous "pepper loan"⁵ the proposed subscription failed⁶. To keep the trade going £105,000 were raised for the "First General Voyage" but for some years trade records are missing⁷. The Portuguese, the Dutch, and the reckless sailors of Courten probably cut profits to the minimum⁸. The founding of Fort St. George in 1639 was the most important event of the period⁹.

Civil strife in England was now culminating and royal charters were at a discount. Failure met a politic move to get members of Parliament to subscribe for stocks. The Council of State advised that the rival companies compose their quarrel, and when steps had been taken in that direction, Parliament on Jan. 31, 1650, ordered "that the trade to the East Indies be carried on by one company and with one joint-stock, and the management thereof to be under such regulations as the Parliament shall think fit and that the East India Company should proceed upon the articles of agreement made between them and the Assada merchants on the 21st of November, 1649; till further orders from Parliament"¹⁰.

This broad assertion of parliamentary control gave at least temporary stability to the Company. A united joint-

1. Willson, I. 226-7.
2. *Ibid.* 230.
3. Mill, I. 48-9.
4. *Ibid.* 49. Willson, I. 230-1 says Charles was to revoke all patents, allow Courten's Association to withdraw its settlements, and to recharter old Co. when it had raised a new subscription.
5. Mill, I. 57. Charles bought the pepper with 4 bonds, (Willson, I. 232 says 5, and probably is correct) signed by Lord Cottington and the farmers of the customs, for £ 63, 283. 11s. 1d., probably a high price, and sold it for £ 50, 626. 17s. 1d. cash. Willson in Mill says, "In all probability, nothing was ever recovered." Willson, I. 234, says that in 1663 the Co. settled at a loss of \$31, 500. Wm. Foster in *Eng. Hist. Rev.* XIX. 456-63 agrees with the statements of Willson.
6. Willson, I. 232, 235 attributes it to this cause. Mill, I. 50 attributes it to a dislike of joint-stock for which he has a peculiar animosity.
7. Mill, I. ~~51~~ 52 gives date 1641-3; Willson, I. 235, 1641.
8. Willson, I. 236; 240-48.
9. *Ibid.* 237-40.
10. Willson, I. 250-52.

stock was raised, regulations were prescribed for the Presidencies of Surat and Bantam¹, and valuable privileges were obtained in Bengal². Claiming enormous damages they three times petitioned the Council of State for redress against the Dutch³, and when the war was over the treaty of April 5, 1654, provided that reparation should be made⁴. Dutch claims however exceeded those of the English⁵, but the commissioners awarded Pularoon and £ 85,000 to the Company and £ 3,615 to the heirs of the Amboyna victims⁶. Cromwell at once applied for a loan of the indemnity. He received £ 50,000, but this did not prevent him from licensing a body of discontented merchants of the Company who preferring a regulated trade had organized themselves as the New Adventurers⁷. Trade was greatly depressed and the Company prepared to wind up its affairs⁸. Then Dec. 18, 1656, the Council of State after listening to arguments on both sides declared for a united joint stock⁹. In 1657 the Protector rechartered the old Company. A coalition was effected with the Adventurers, the old joint stocks were absorbed, and a new one of £ 486,000 was subscribed¹⁰.

Mercantile operations did not prosper¹¹, but the Company at least had an assured basis until the Restoration made their status doubtful. An appeal to Charles II. brought, on April 3, 1661, a confirmation of their ancient privileges together ~~together~~ with authorization to make war or peace with non-Christian nations, and to seize and send to England any countrymen violating their monopoly¹². Of the values of the first voyage under this charter no statement remains, but orders

1. Willson, I. 252-3.
2. Mill, I. 56.
3. Willson, I. 255.
4. *Ibid.* 261-2.
5. Mill, I. 56-7. English claim 1611-52 was
£2, 695, 999. 15s. ; the Dutch, £2, 919, 861. 3s. 6d.
6. Willson, I. 263-6; Mill, I. 57-61.
6. Willson, I. 262 ; Mill, I. 57.
8. Macpherson, II. 473-4; Willson, I. 266-7; 268.
9. *Ibid.* 267-8.
10. Willson, I. 269; Mill, I. 62-3.
11. Willson, I. 269-73; Mill, I. 63-4.
12. Willson, I. 274-5. The Company gave Ches.
\$3,000 of plate, and in the succeeding 16
years loaned him \$17,000 besides a pres-
ent of 1,000 guineas. James also received
many favours.
Macpherson, II. 494-5 gives an abstract of
the charter

were issued to limit the territory of trade in India. There were at this time three points to which shipments were usually consigned: Bantam in the island of Java, Madras or Ft. St. George on the Coromandel Coast, and Surat on the Malabar Coast. To each of these centers a large number of agencies was tributary. Bantam was practically abandoned and Surat was the chief destination of the seven ships which were sent out in the years 1662-67.

This period of slackness of trade was probably due to several causes. At Hoogly there was a disagreement with the Mogul over the seizure of a native junk.² This was settled in 1663, but the following year Swajee attacked Surat.³ About the same time the French East India Company was founded, and another Dutch war opened to be followed by a quarrel with France in 1665.⁴ Here was foreign trouble enough for the Company. It was not all. From 1665 to 1668 Sir Edward Winter persisted in holding his position at Ft. St. George regardless of orders from the Company. He yielded and disappeared only when the king sent him orders to resign.⁵ At the same time the fate of Skinner, a private trader whom the Company punished, showed that the monopoly was not to be lightly invaded.⁶ Pularoon with its spice trees destroyed was restored to the Company in 1665, and three years later Charles granted them Bombay for a yearly rent of £70.⁷

Beginning with 1668, the year in which tea was first ordered,⁸ there ensued a period of prosperity. In the years 1668-74 cargoes and bullion to the amount of £1,675,200 were consigned to Madras, Surat and Bombay.⁹ This did not include

1. Willson, I. 252-3.
2. Mill, I. 50.
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6. Willson, I. 262 ; Mill, I. 57.
8. Macpherson, II. 473-4; Willson, I. 266-7; 269.
9. *Ibid.* 267-8.
10. Willson, I. 269; Mill, I. 62-3.
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1. Mill, I. 65 No account remains of 1668-4; the value of the seven cargoes was \$112,600.
2. Willson, I. 273-4; Mill, I. 60-70
3. Ibid. 67.
4. Ibid. 72; Willson, I. 285-6.
5. Ibid. 307-09; Mill, I. 69.
6. Mill, I. 70-71; Willson I. 275-6. Thos. Skinner in 1657 bought an island in the East Indies. The Company confiscated his property. He appealed to Parliament and in 1666 the Lords awarded him \$5,000 damages. This brought a conflict between the Houses; he got nothing.
7. Ibid. 276-7; 280-2; 286-7; 301-02; Mill I. 66-7.
8. Ibid. 75; Willson, I. 323 says 1667.
9. Mill, I. 75.

probably 10,000 tons of merchandises. A second attack by Swajee necessitating the removal of goods to Swally, and the arrival of \$ 130,000 worth of French merchandise at Surat temporarily interfered with trade at that point. By November, 1674, the factors there had fallen \$135,000 into debt.² The Company was able to meet the deficiency by heavy shipments from England, and aside from a small mutiny at Bombay and a tendency toward disobedience on the part of the servants, the next seven years were all that could be desired. Seventy-nine ships carried out cargoes valued at £ 3,662,750 and there were eight others of which no account is given.³

With the year 1682 the East India Company entered on a quarter of a century of misfortune and opposition.⁴ Willson says that in the reign of James II. the company was "at the flood time of its prosperity" with "Jurisdiction civil and military, including martial law, the right of coining money in its settlements and of employing troops and fleets alike against native princes and European interlopers."⁵ Never theless it was engaged in a struggle for its life. Interlopers so noticeably absent from 1657 to 1670 were out in full force.⁶ In pamphleteering they were ably met by Josiah Child, and failing thus to break up the monopoly they began an active trade about 1680.⁷ In 1682 a new company was proposed. The King and Council considered the proposition, and the old Company thought it politic to give out exaggerated statements of its strength.⁸ Yet in 1683 it failed to declare a dividend.⁹ The same year the king authorized the Company to establish admiralty courts for the confiscation of property of the

1. Mill, I, 75-6; Wilson, I, 313-16.
2. Mill, I, 76.
3. Ibid. 78-80; Wilson, I, 320 - martial law first exercised by Co. in Bombay century.
4. Mill, I, 80-81.
5. Wilson, I, 365-6.
6. Ibid. 326.
7. Ibid. 326-29; 336-40.
8. Mill, I, 80-81. The Council withheld sanction of a new company.
9. Wilson, I, 342-3.

interlopers. This power of the crown was denied, but the courts fully sustained it in the Sandys case, and many private traders began to rely on force alone.

Some misfortunes attended the Company in India. They lost Bantam permanently²; an insurrection existed in Bombay 1683-85³, and in 1685-87 a considerable warfare was carried on in Bengal. It was ending favorably for the merchants when their territorial ambition led to a renewal which forced their withdrawal from Bengal and contributed to the loss of Surat, Masulipatam and Vizagapatam. A reconciliation was effected, but English influence was lessened⁴. In the meantime, 1687, the French had established themselves at Pondicherry⁵. In the same year Bombay was made a regency with power over all other settlements⁶. Sovereignty over its territory at Madras was asserted by the Company in 1685⁷, and the instructions it sent out in 1689 show that independence and dominion in India were among its ultimate objects⁸.

Neither interlopers nor foreign opposition were to compass the Company's downfall. The real blow came through Parliament urged on by popular sentiment⁹ and envious private interest. The trade in Indian cloth was said to depress home labor and in 1680 the silk weavers petitioned the House of Commons against all textiles from the Indies¹⁰. The bullionists denounced the export of specie although the Company claimed that the balance of its trade favored England. In 1690 an investigating committee of the House of Commons reported in favor of establishing a new company by an act of Parliament¹¹. The next year the House requested William to dissolve this

1. Willson, I. 343-46.
2. Mill, I, 81.
3. Willson, I. 335-36; Mill, I, 82-3.
4. Ibid. 84-7.
5. Ibid. 87.
6. Ibid. 83-4.
7. Willson, I, 354.
8. Mill, I, 87-8; Willson, I, 404-05.
9. Ibid. 406-08; Mill, I, 89.
10. Macpherson, II. 693. The grievance of the silk weavers appeared to them very real; in 1697 they attempted to seize the treasure at the E. J. House.
11. Mill, I. 84-90; Willson, I. 408.

dangerous corporation.¹ The Privy Council considered the question, and, as the Company expressed a willingness to abide by such regulations as the Council might make, the king replied in 1692 that it would, according to the charter, be necessary to give three years warning of the dissolution and that Parliament ought to regulate so valuable a trade. Nothing was arrived at, and the session closed with a request that the Company be dissolved at the expiration of three years.² The non-payment of taxes now rendered the old charter void,³ but on Oct. 7, 1693, the Ministry⁴ issued a new one for twenty-one years but revocable if the Company refused to accept such restrictive charters as the king might issue before September 29, 1694.⁵ The stock was to be raised to £1,500,000; £100,000 of English goods were to be exported annually; no member was to have over ten votes or own over £10,000 of stock.⁶

The opposing merchants denied the royal power to grant a monopoly. The Privy Council decided against them. The Company grew bold and seized an interloping ship in the Thames. Sustained by a great public outcry, the House of Commons on January 19, 1694, resolved that "all subjects of England had equal right to trade to India and the East unless prohibited by Act of Parliament."⁷ Theoretically the Indian trade was now open, but the Company's⁸ strength, in spite of misfortunes in the East,⁸ preserved a practical monopoly.⁹ Yet the Parliamentary investigation into the bribery¹⁰ connected with the new charter and the founding of a Scotch East India Company¹¹ made it apparent that royal sanction alone was insufficient. The

1. Mill, I, 90; Willson, I, 411-12 makes date Feb., 1692.
2. Macpherson, II, 648-50; Willson, I, 413. At this time Nov., 1692, the king suggested a £2,000,000 stock to admit the rivals. The old Co. refused, and Parliament again asked the dissolution.
3. Willson, I, 413, n. refers to Hunter's idea that this was a design on the part of Child to get a new charter.
4. Willson, I, 413-15 makes it appear that William was then absent. Mill, I, 91 thinks William preferred to control the trade and granted the charter personally.
5. Macpherson, II, 652-3. Nov. 11, 1693 and Sept. 28, 1694, William issued restrictive charters.
6. Willson, I, 415; on 418 places effort at \$150,000. Mill, I, 92 restricts votes to 10 at rate of \$1,000 a vote, but does not limit stock holding.
7. Willson, I, 415-17; Mill, I, 92 - to any part of world.
8. Willson, I, 418-24 - failure in Piria; attack by French in East, and capture of one fleet by them. Calcutta, however, was begun, 1690 - Mill, I, 92.
9. Willson, I, 417-18.
10. Mill, I, 93; Willson, I, 425-29. Over \$80,000 was spent in bribery. Leeds was impeached, but not convicted. Willson thinks such bribery lowered the Co. in William's estimation while Mill says £10,000 are said to have traced to the King.
11. Willson, I, 429-31. In 1693, same year as the bribery investigation.

so-called New Company was struggling for a charter and the piratical career of private traders was bringing the English into general disrepute. Parliament had made this situation possible; it alone could remedy it, and the old Company hoped to have its monopoly fully restored, "the whole nation being in effect satisfied, that Interloping is unnational, and indeed shameful in the judgment of all unbiased men, of all nations, that knew anything of India²."

Consequently the matter came up in Parliament. Arguments based on economic theory were not to prevail³. The Government needed money. The Land Bank scheme had failed. The old Company offered a loan of £ 700,000 at 4% if Parliament would charter it with a monopoly of⁴ the Indian trade. The "New Company" for a similar consideration offered £ 2,000,000 at 8%, and Parliament passed a bill for a new East India company. The rival merchants protested and offered a like sum, but on July 5, 1698, the bill received royal assent⁴. Two million pounds at 8% were to be advanced to the Government. The king might incorporate the subscribers, natives, foreigners, or bodies politic or corporate, for regulated or joint stock trade to India, their monopoly to expire on three years notice after Sept. 29, 1711, and the repayment of the loan⁵.

Sir Josiah Child and his advisers did not despair. By the same act their trade was secure until 1701⁶, and besides they took £ 315,000 stock in the new organization, thus making the old Company the largest stockholder⁷ in the "General Society" which was chartered September 3, 1698, on a regulated basis. Two days later a majority of the members with a

1. Willson, I. 431-34.
2. Ibid 440-41 quoting letter of Company to Bombay, May 4, 1696.
3. Davenant admitted (1696) that some manufactures were slightly damaged; on the whole the kingdom was benefited and the woollen industry unaffected. The next year Poleffe presented in Parliament that $\pounds 3,000,000$ of Indian manufactures were annually consumed in England while the Co. exported from $\pounds 2,000,000$ to $\pounds 6,000,000$ value. Sawdust wool would fall in value, and cities were decaying.
4. Willson, I. 441-43; Mill, I. 94-7. Macpherson II. 693 suggests the Ministry favored the new Company.
5. Mill, I. 97-8.
6. Ibid. 98. Their estates were made liable for their debts and for any dividends received before the debts were discharged.
7. Willson, I. 443.

capital of 1,662,000 pounds was incorporated into a joint-stock company styled "the English Company trading to the East Indies." Shares in the old Company rose; in the other, they fell. The new organization sent out three ships and £178,000; its rival had 13 ships and £ 525,000, and, proud of its own strength, rejected the overture for a coalition which its feebler opponent made in 1699². The following year William advised that the companies unite, but he also gave his consent to a bill continuing the corporate existence of the old Company³. Aware of the ruinous competition going on in India⁴, he soon inquired what steps had been taken toward union⁵. The old Company declared its willingness to compromise on reasonable terms, but the proposals of the new company were wholly unacceptable⁶.

The conference committees of the two companies continued to disagree, and once more Indian trade came before Parliament. The offer of the old Company to take over the entire capital and advance it to the Government at 5% was rejected⁷. Sir Basil Firebrace, an early forerunner of the present day promoter, failed to effect a reconciliation and Parliament saw fit to restrict the trade in silk⁸. In the last ten years stock in the London Company had fluctuated between 37 and 300⁹; now it stood at 85 while that of the English Company sold at 130¹⁰. This state of affairs, while unwarranted by conditions in the East, contributed toward the possibility of a settlement¹¹. By January of 1702 general terms had been agreed upon by the companies. These were confirmed by both general courts on April 27, 1702¹², and were embodied with other provisions

1. Mill, I. 98-9.
2. Ibid. 100-101.; Willson, I. 444-9
3. Ibid. 451-2 ; Mill, I. 101-02.

This gave them no monopoly, but it allowed them as a corporation to trade inside the "General Society". Private traders also held stock to the amount of \$23,000, thus making 3 separate bodies under one charter

4. Willson, II. 1-21; Mill, I. 101-02
5. Ibid. 102-03.; Willson, II. 21-2.
6. Ibid. 22.
7. Ibid. 23
8. Ibid. 23-4.
9. Mill, I. 103.
10. Willson, II. 24,
11. Ibid. 24-5
12. Mill, I. 103-04.

in the charter of union of July 22 to which Queen Anne was one of the parties.

The court of 24 managers was divided equally between the companies as was the annual export determined upon by the managers who had sole control of trade and settlements. Former investments might be managed separately, but in seven years the separate concerns of both were to be closed and the funds united in a joint stock company. The holdings of the two were to be made equal. Regulations as to exports and imports, the payment of customs, the management of forts and the coinage of money in India, the transfer of property, and the settlement of debts were also prescribed. On this basis the amalgamation of the companies began, but rivalry still existed until an event occurred that made united action imperative.²

The Government again needed money and it was proposed to borrow 1,200,000 pounds from the companies. A refusal meant probable dissolution, yet the loan could hardly be made without some settlement of existing differences. On March 20, 1708, the Queen assented to a bill⁴ by which the companies were to lend the Government 1,200,000 pounds without interest. In return for this favor their exclusive privileges were extended until three years notice after March 25, 1726, and the repayment of the loan of 3,200,000 pounds. The separate traders who belonged to the "General Society" but to neither of the companies were to be bought out after 1711 on three years notice.⁵ All differences between the companies were to be submitted to the Earl of Godolphin whose

1. Willson, II. 25-6. Mill, I. 104.
2. Ibid. 103-05. Willson, II. 26-32; 35-6
3. Ibid. 36-7; Mill, I. 105.
4. 6 Anne c. 17.

award was to be final. On its reception the old Company was bound to deliver its charters and become a component part of "the United Company of Merchants of England trading to the East Indies." On Sept. 29, 1708, the award was made and there emerged a powerful company resting on a firm connection with the State.

With the formation of this Company the history of the English in India begins to assume a different character. The story is no longer merely one of trading voyagers, native attacks on lonely factories, refractory servants, troublesome interlopers, and petty conflicts with European rivals. These elements are by no means absent but they are much less conspicuous than the newer features of a contest that was changing from a struggle for trade to one for empire.²

The death of Aurangzeb³ had left as a prey for adventurers the once mighty nation of the Moguls, a people resembling the Persians in appearance but Tartar in origin and Mohammedans in religion.⁴ In 1525 their leader, Beber, expelled the Afghan rulers from Hindustan.⁵ His grandson, Akbar,⁶ a contemporary of Elizabeth, (1556-1605), brought the various Rajas into the relation of vassals to himself. Two rulers⁷ intervened, and then Aurangzeb after a fratricidal war became padishah in 1658. The Mogul territory then comprised the Punjab, Hindostan and the north part of the Deccan. The remainder of the Deccan consisted of the independent sultanate of Golkanda on the east and Bijapur with its unsubdued Hindu tributary of Konkan on the west. The remainder of the peninsula was occupied by the old empire of Karnate.

1. Mill, I 105-06; Williams, II, 3, 7, 8, 9.
2. Ibid. 40-1.
3. Wheeler 202-3. ; 162-82.
4. Ibid. 123-4.
5. Ibid. 124-5.
6. Ibid. 127-140.
7. Ibid. 140-61. Jehangir and Shah Jehan.

Sivajee, the Mahratta leader of Konkan, threw off his allegiance to Bijapor, invaded Mogul territory, withstood Aurangzeb's armies for 19 years and finally conquered the lower Carnat². After the death of Sivajee, Aurangzeb absorbed the two sultanates in the Deccan and bestowed them on rulers called Nawabs, Subahdoos, or Nizams with their capital at Hyderabad. Thus affairs stood when Aurangzeb died in 1707 after having been absent from his capital for 25 years. The empire held together by his genius at once fell to pieces. First the Rajputs revolted; then the Sikhs rose in rebellion (1707-12). In the following reign (1712-13) a prince in Bengal revolted and obtained the throne (1713-19). He was succeeded by Muhammed Shah (1719-48). Here the confusion becomes too great to be traced. The Sikhs and Rajputs were practically independent; the Nawabs of Bengal paid tribute and took no part in the wars; Oude (or the ^{Nord west} N.W. Provinces) became almost independent as did the Dekhan; the Persians captured Delhi and collected ransom; the Mahrattas ravaged the country from coast to coast and finally the Afghans conquered the Punjab and Kashmir.³ Mogul podishahs still remained, but the English settlements of Madras and Calcutta rather than Delhi were the centers of political influence.

The English were adepts at seizing such opportunities, but in India as in Europe and America the French were their rivals. The Portuguese had practically retired from the contest, and the attention of the Dutch was almost wholly absorbed by their valuable islands.

In 1664 the French, too, had formed an East India Com-

1. Wheeler 165-76.

2. Juid. 176-82.

3. Juid, 202-28, dissolution of empire

pany which had established posts: one to offset Calcutta was only a little farther up the Hooghli at Chandernagore; Pondicherry rivalled Madras in the Carnatic; Bombay had no strong competitor on the Malabar coast but the islands, Bourbon and Isle de France were held by France.

The English East India Company was by financial strength and organization² adapted to the new condition. There was a fixed joint stock capital of over three million pounds. All business was in the hands of a general court of all the proprietors which met four times a year. The real management was delegated to twenty-four Directors elected yearly. These were divided into ten important committees so that every detail was in responsible hands. The business³ in India was controlled by three Presidencies, Bombay, Madras and Calcutta, which were absolute in their own limits and responsible only to the Company in England. The President and council of the presidency exercised both executive and judicial power. In the break-up of the Mogul empire, the president and council often found opportunity for political intrigue with native aspirants. Sometimes this resulted in a large gain to them as individuals or to the Company; again it meant destruction if their favorite failed, but on the whole the system contributed greatly toward increasing English territorial influence.

In the early part of the century the Company flourished in a commercial way. In the twenty years following 1708 the average export of goods was £ 92,281, of bullion £ 442,928⁴. A dividend of about 9 1/2% was paid on the capital. The monopoly was extended (1712) until 1733⁵. Englishmen trading under

1. Before 1664 the French had made unsuccessful attempts at founding a India Company.
2. Mill, III, 1-7.
3. Ibid, 9-17.
4. Ibid, 18. Average import of 758,042 [omitted].
5. Ibid 18. Willson, II, 55-6.

other flags caused some trouble and in 1716 the Company obtained a proclamation against them; in 1718 the Parliament authorized the Company to send such offenders to England. The Ostend Company formed in 1717 was composed partly of such traders. Parliament passed two acts against such adventurers (1721, 1723). However the Emperor chartered the Company in 1723 and it ran successfully three years when politics caused its suspension.³

A few years after the death of Aurangzeb, the Viceroy of Bengal began oppressing the English at Calcutta. An expensive mission to the ~~pedishah~~ ^{pedishah} obtained relief and permission to buy the control of 100 square miles around Calcutta.⁴ Here the Company administered Indian laws to the Indians and held regular courts for trial of Europeans according to a charter of 1726.⁵

In 1730 some London merchants proposed to buy the privileges of the East India Company but the old Company paid over 200,000 pounds to the public service and reduced the interest on the 3,200,000 pound loan to 4%. For this their privileges were extended (1733) to 1766.⁶ Under the new arrangement the trade continued successful. Sales from 1732 to 1744 ran about £ 1,900,000. About £ 200,000 of English goods and over £ 400,000 of bullion were yearly exported. Dividends ran at 7% through the period.⁷ In 1744 hoping to avoid any opposition to a renewal of their charter the Company offered to lend the Government 1,000,000 pounds at 3% provided the monopoly was extended to three years' notice from 1780.⁸ This was accepted, and the Company again felt secure.

1. Mill, III. 18-19. On conviction such persons were liable to a fine of £ 500.
2. 7 Geo. I. c. 21; 9 Geo. I. c. 26.
3. Mill, III. 20-21. Willson, II., 71, says this company was finally abolished by the treaty of Vienna 1735.
4. Mill, III. 21-5
5. Willson, II. 71-2; Wheeler, 260.
6. Willson, II. 72-4; Mill III. 26-34.
7. Ibid. 34-5. Only rough estimates of imports and exports are given. (Dividends of D. E. I. Co. $12\frac{1}{2}$ - 25%.)
8. Ibid. 35-6; Willson, II. 77-8 says the Government turned to the Co. & found it willing to make a much-needed loan in return for an extension of the charter.

In the next year, intrigue no longer sufficing, the French and English began open hostilities. An English squadron appeared off the Coromandel coast, but refrained from attack under orders from the Nawab, Anwar-ud-din, to whom the French had sent large presents.¹ In 1746 Labourdonnais captured Madras.² Dupleix refused to restore it according to the terms of surrender. Then the Nawab attempted to expel the French, but his army of 10,000 men was beaten by 400 Frenchmen.³ Ft. St. David 12 miles south of Pondicherry became the English headquarters and was attacked by Dupleix. He was repulsed by the English aided by the Nawab's army.⁴ In 1747 the Nawab and the French abandoned an expedition against Ft. St. David because two British men-of-war had arrived.⁵ By August, 1748, the Nawab again changed sides for the English had 2,700 European soldiers besides 3,000 sailors and Sepoys. Nevertheless they failed to take Pondicherry, and by the treaty of Aix-la-Chapelle the original status was restored.⁶ This put an end to direct hostility.

However, Dupleix aided Mirzapha Jung to establish himself against several claimants as Viceroy of the Dekhan;⁷ Chunda Sahib was also supported for the control of the Carnatic and all went well until Clive captured Arcot, defended it against Rajah Sahib (son of Chunda) and finally overthrew him in open battle with the aid of a Mahratta army in 1751.⁸ An attempt toward Madras was likewise defeated by Clive who with Lawrence relieved Trichinopoly and established Mahomed Ali the English claimant to the Carnatic.⁹ Dupleix now badly beaten continued his scheming but, being opposed at home,

1. Wheeler, 242; Mill, III. 45.
2. Wheeler, 242; Mill, III. 36-8.; 38-44, a sketch of

Labourdonnais

3. Ibid. 46-52; Wheeler, 242-3.
4. Mill, III, 52-4.
5. Ibid. 54-5.
6. Ibid. 56-8.
7. Wheeler, 245-50.; Willson, II. 91-2.
8. Ibid. 92-9.; Wheeler 250-54; Mill, III. 82-5.
9. Willson, II, 99-100; Wheeler 254-6.

secured nothing. Clive returned to England in 1753 leaving the English supreme in the Carnatic while Dupleix was recalled in disgrace.

During this period the Company paid an 8% dividend and yearly imported Indian goods worth about 800,000 pounds.² Their possessions on the Coromandel coast and in Bengal enjoyed peace. Another war with France being imminent the Company asked the Ministry to conduct the war at government cost.³ Clive returned to India in 1755, crushed some pirates, and assumed command of Fort St. David just as the Nawab of Bengal was storming Ft. William. News of the terrible happenings at Calcutta reached Madras in August, 1756.⁴ Two months later Clive with the 39th and Admiral Watson left for Calcutta of which they became masters Jan. 2, 1757.⁵ Surajah Dowlah with 40,000 men marched on Ft. William, was surprised by night, and readily entered an alliance against the French. The English at once took Chandernagore. Surajah Dowlah then sought a French alliance with the result the Clive attacked him at Plassey and destroyed his army.⁶ Mir Jaffier was then made Nawab of Bengal. He turned over about 2,750,000 pounds to the Company and gave Clive 200,000 pounds.⁷ At this same time Clive was directing hostilities in the "Northern Circars" where the French were again beaten.⁸ He also in 1759 frustrated a Dutch scheme for alienating Mir Jaffier.⁹ The next year he returned to England.

In the meantime the presidencies of Madras and Pondicherry were at war. Several minor engagements were fought before Lally arrived at Pondicherry in April, 1758.¹⁰ In June

1. Willson, II. 100-105; Wheeler 256-9, Mill, III, 91-8.
2. ~~Ibid.~~ 59-60
3. Wheeler, 257-8.
4. Willson, II, {¹⁰⁴⁻105-¹¹⁶08; Wheeler, 259-60.
5. ~~Ibid.~~ 272-74; Willson II, 117-19.
6. ~~Ibid.~~ 119-24; Wheeler 273-5.
7. Mill, III. 133-5. Willson, II. 124-6; Wheeler, 276.

The amount of treasure obtained is variously estimated.

8. ~~Ibid.~~ 285. Willson, II, 132-3.
9. Willson, II. 136, makes it appear that Mrs Jaffier took the initiative. (Mill, III, 203-05; Willson, II, 140-3.
10. Willson, II, 127-8. Mill, III. 138-48.

he took and destroyed Ft. St. David; failing against Tanjore he was successful at Arcot and before the year closed appeared at Madras with 2,700 Europeans and 4,000 natives. In February a British squadron appeared and the French fled.² In September the English won a naval victory and captured a fort at Wandewash.³ Here in January, 1760, the fate of India was decided. Lally was routed, and a year later all the Carnatic including Pondicherry was under English influence.⁴ The peace of 1763 restored Pondicherry, but the French never regained influence in Carnatic and the provision against having fortresses and troops in Bengal left them helpless there. Their days in India were over, and they sought revenge in America.

The territorial advances of the English now depended almost solely on the use they made of rival active claimants for authority. In Bengal they deposed Mir Jaffier in 1760.⁵ His successor was not subservient and war ensued. During its course occurred the massacre of Patna which was avenged by the battle of Buxar, 1764, and the reduction of Chunar, 1765, far up the Ganges.⁶ With Bengal again subservient and Clive once more in India, the Company soon had sole administrative right in Bengal, Orissa, and Bahar with a revenue of 2,000,000 pounds yearly.⁷ The news of this acquisition was reported to the proprietors on June 18, 1766.⁸ The Company was then deeply in debt, but, against the will of the Directors, the proprietors advanced the annual dividend from 6% to 10%. India stock rose to 263, notwithstanding that the dividend was paid with money borrowed at a high rate of interest.⁹

1. Willson, II. 128; Wheeler, 284-5.
2. *Ibid.*, 285-6. Willson, II. 129-31; Mill, III. 153-69.
3. *Ibid.*, ~~111~~ - 76; The fort was captured in November - Wheeler 286.
4. Willson, II. 158; Mill, III. 176-87.
5. Willson, II. 160-1; Wheeler 291-2; Mill, III. 213-16.
6. *Ibid.*, 215-60. The power of the Mogul who supported Mir Cassim (successor of Mir Jafar) was entirely broken at Buxar. The English were then the greatest power in India; Willson, II. 161-3; 179-81. Wheeler 293-306.
7. *Ibid.*, 308-13; Willson, II. 181-6 (Mill, III, 261-3; 282-7.
The firman of the diwanee was dated Aug. 12, 1765.
8. Willson, II. 192
9. Mill III. 302-03. The dividend had been reduced from 8% to 6% in 1756. - (see p. 360)

Such proceedings tended to demoralize credit, and the Government felt called upon to interfere in the Company's affairs. We have seen that the growing power of Parliament manifested itself in the control of monopolies. Before the Revolution of 1688, exclusive charters were granted by the Crown for its own benefit. Since that time every important charter of the Company rested upon an enactment of Parliament devised for the public good. It was but one step further to interference in the internal affairs of the Company whenever public interest demanded it. Such a time seemed to be at hand. The unwarranted increase of dividends, the reported extortion and misgovernment in India, and finally the Company's title to the conquered territory were fit subjects for Parliamentary investigation. Consequently some action was expected in the next session of Parliament, and the expectation was fully realized.

THE BEGINNING OF GOVERNMENT REGULATION.

The speech from the throne at the opening of Parliament on November 11, 1766, contained no intimation that there was to be any consideration of the affairs of the East India Company, but the Directors had been informed that some action on the part of the government might be expected.² Men prominent in public life had considered the anomalous position of the Company as "subject in one hemisphere, sovereign in another", and they hoped to devise some plan by which its territorial revenue might be diverted into the depleted coffers of the government.

On January 7, 1759, Clive, at that time the ablest servant of the Company, wrote to the Prime Minister suggesting that it might be expedient for the government to assume control of the Company's Indian dominions. He stated the existing situation, pointed out the ease of future aggrandizement, and suggested that such a sovereignty was too extensive for a mercantile company. Then he continued: "Now I leave you to judge whether an income yearly of upwards of two millions sterling, with the possession of those provinces abounding in the most valuable productions of nature and of art, be an object deserving the public attention: and whether it be worth the nation's while to take the proper measures to secure such an acquisition; an acqui-

1. *Parl. Hist.* 16: 235-6. ; *J.H.C.* 31 under Nov, 11, 1766.
2. *Adolphus*, I 299-300; *Walpole*, II. 278 says that on Aug. 28 the Cabinet council had the Governors of the Company meet and told them that Parliament would inquire into their affairs.

sition which, under the management of so able and disinterested a Minister, would prove a source of immense wealth to the kingdom, and might, in time, be appropriated in part as a fund towards diminishing the heavy load of debt under which we at present labour."

This letter without causing immediate action had left its effect upon Pitt who now, 1766, informed Lord Shelbourne of a plan whereby the territorial revenue of the Company might be obtained for the use of the public². Chatham, according to Lecky, "attached very much importance to the project, but a Parliamentary inquiry into the affairs of the Company was the only step of importance that was taken before Chatham was incapacitated by illness³".

The letter⁴ of Lord George Sackville to General Irwin on April 25, 1766, expresses a similar sentiment. After mentioning the rumor that the Company would have an income of two millions a year from Bengal, he adds: "I wish we may avail ourselves in some manner of their acquisitions for the benefit of the public, for really, without some extraordinary resources, I see no end of the load imposed upon us, as our peace establishment is so far beyond the ordinary supplies". Thus it would seem that a desire to obtain revenue was the principal motive of the proceedings that followed, but may we not surmise that the succeeding legislation was vitally connected with the attempt to bring all dependencies into a closer relation with the Crown?

1. Willson, II. 144-9 quotes from this letter.
2. Quid. 198498. see above.
3. Lucky, III. 129.
4. Stapford-Sackville MSS., I. 110-11
 - a. Wheler, 289, says that Pitt rejected Clive's scheme because he feared the Crown would be made so strong as to endanger English liberties.

However this may be, the Indian question was opened in the House of Commons on November 25, 1766, by a motion "That a committee be appointed to inquire into the state and condition of the East India Company, together with the conduct of all or any persons concerned in the direction or administration of the said Company". After some debate the part referring to the individual conduct was stricken out, and the motion then passed by a vote of 129 to 76. It was then resolved that the committee should be one of the whole House and should sit a fortnight later.¹

The thoroughness of the investigation gives a clue to its purposes. It was necessary to discover something that would render questionable the Company's title to its Indian territory; it was unnecessary to bring conclusive proof against that title. First the charter of 1758 was called for;² this order was enlarged from time to time until every charter from the days of Elizabeth was before the House. The period from 1756 to 1766 was especially searched.³ Among the almost numberless papers laid before the House were accounts of the expenses of the government and of the Company an account of the Indian wars; statements of various revenues before and after the grants of the Dewannees; treaties with native powers, correspondence between the Company and its servants, petitions to the king;

1. Jour. H.C. 31:24.

2. Ibid. 42.

3. Ibid. 42, 50, 62-3, 70, 121, 148.

propositions to the ministry; minutes of the general courts; and custom accounts, especially those relating to tea and coffee!

The examination of such a mass of material naturally brought forth many questions for consideration. Most prominent among these was the sovereignty of the newly acquired territory in India. The House was by no means of one mind upon this point, and violent debates ensued. "The interference of the House of Commons was strongly deprecated; it was urged that the difficulty might be solved in the courts below, that House not being by the constitution, the interpreter of laws or the decider of legal rights²". The Chancellor of the Exchequer advised a settlement with the Company outside of the House. Many proprietors were opposed to any compromise and were determined to stand upon their charter rights³. Very slowly the Company and the Government approached each other.

On January 6, 1767, Sackville wrote⁴: "The last General Court empowered the Directors to treat with Government, but as that motion was carry'd by the assistance of those who were before averse from all accommodation, people do not yet guess at the consequences of that resolution". About a month later he wrote⁵ that the Company was still in treaty with the Government, but that the ideas of Chatham

1. *Jour. H.C.*, 31: 254-5.

2. *Adolphus*, I. 300.

3. *Ibid.* 300

4. *Stafford-Sackville MSS*, I, 117. in letter to Gen. Inwin.

5. *Ibid.* 119. Feb. 13, 1767.

and Townshend were so divergent that it would be impossible to take hostile action toward the Company unless Townshend were removed. On March 2 Chatham arrived in London, and a cabinet meeting was held to determine upon the next step, as the ministers still entertained different views as to the proper policy.¹ Certain proposals of the Directors were rejected by the Cabinet as totally inadmissible. Then Sullivan chairman of the Company, outlined for the proprietors a proposal to be presented to Parliament.² Apparently nothing came of this, and on April 7, Sackville wrote that after the pending election of Directors some plan for agreement was expected from the Court of proprietors. A statement of the claims of the disputants showed that "an amicable agreement between the public and the Company was the only sensible method of accommodating the dispute to mutual advantage".³

All this time the investigation dragged slowly on. The committee of the whole House sat, rose, and reported in wearying succession. Finally after considerable debate the committee was adjourned to May 1 by a vote of 213 to 157.⁴ In the debate the Ministry disclaimed all ill will toward the Company "and seemed to decline the question of right".⁴ Grenville now stood for a temporary agreement since neither the Company nor Parliament understood the situation

1. Stopford-Sackville MSS. I. 120. Sackville to Irwin.

2. *Ibid.* 120-1. Same to same, March 19, 1767.

3. *Ibid.* 121-2.

4. *Ibid.* 122-3.

sufficiently well to make a final decision.¹ The attitude of the Ministry had undergone a marked change. Had they decided to control the territory by means of the Company? The most ardent advocate of high prerogative might well hesitate a moment before placing a vast empire with abundant revenue immediately under the control of the Crown.

However this may be, the action of the proprietors² in declaring a dividend at the rate of 12 1/2% on May 6 determined the next step of the Government.² The following day the House called for various particulars regarding the declaration of dividends by the Company; it also demanded a statement of the transfers of stock since April 9. These orders are significant. May 8 leave was asked to bring in a bill for regulating the making of dividends. Three days later the bill was presented. The next day it was read the second time and was referred to the committee of the whole for consideration on May 19. At that time the Company petitioned against the bill as destructive of its property rights and dangerous to public credit. The next day the petition was rejected, and the Company presented proposals for an agreement.³ These were likewise disregarded so far as they related to dividends. The regulating bill passed the House and met with firm opposition in the House of Lords. After much debate it was carried on June 26 by a vote of 59 to 44.⁴ Nineteen of the Lords signed an elabo-

1. *Stepford-Sackville M.P.*, I, 122-3.

2. *Adolphus*, I, 301.

3. *J.H.C.*, 31: 344; 347; 352-3; 355; 372-3; 376-8.

4. *Parl. Hist.*, 16: 346-53.

a. Adolphus, I, 301 says the ministry had recommended that no increase in dividends be made until Parliament had fully considered the situation.

rate protest setting forth sixteen reasons for their disagreement¹.

The preamble of the bill recited that Parliament had interfered to protect the Company and Public and private credit from the improper increase of dividends. To this end it rescinded the action of the General Court in declaring a 6 1/4% dividend for the half year ending June 24, and provided that no dividend of over 10% should be declared before the opening of the next session of Parliament. Regulations concerning the time and manner of voting dividends were also prescribed². The act being a temporary one could not cure stock jobbing, but it made the Company feel the power of the Government. Sackville said the proprietors had acted "impertinently" but not illegally, and he considered the intervention of the legislature as "most improper"³.

We have already noticed that on May 7 the House called for a list of transfers of stock since April 9. This action signified an intention to regulate the qualifications of proprietors of India stock, and on May 13, it was ordered that leave be given to bring in a bill for that purpose⁴. We have no record of any debates on this bill, and it probably met no great opposition since such an act had at one time been petitioned for by the Directors⁵. It passed the House of Commons June 16⁶, the Lords on June 23⁷, and received the royal assent six days later⁶.

1. Parl. Hist. 16: 353-9.

6. J.H.C. 31: 404, 415.

2. 7 Geo. 3.C. 49.

7. J.H.I. 31: 648.

3. Stappford Sackville MSS. I. 124. letter to Gen. Dowry, June 11, 1767.

4. J.H.C. 31: 358.

5. J.H.C. 30: 57.

The act applied to all joint stock companies and was intended to prevent the temporary and nominal conveyance of stock for the purpose of controlling the proceedings of the General Court. Voting was restored to those who had held their stock at least six months. Dividends could be declared only after the regular courts and for a period not to exceed six months. No increase of dividends could be made except by ballot taken three days after the adjournment of the General Court.

While these bills were under consideration the petition presented by the Company on May 20 gave rise to two more. The petition contained two sets of proposals for an agreement. The first of these asked for concessions in the duties on tea, calico, muslin, and raw silk, and for larger powers in the recruiting of forces and in the control of civil and military servants. The Company was to be allowed £400,000 annually in place of the ordinary profits from trade. The remaining mercantile and territorial net revenues were to be shared equally by the Company and the Government for three years from Feb. 1, 1767, if the dewanee lasted that long. The Company's share of this surplus was to be used solely in payment of its existing debts until they were reduced to the sum due the Company from the public.²

In the alternative set of proposals the Company offered to pay the Government £400,000 a year for three years in semi-annual payments, beginning with March 25, 1768; and

1. 7 Geo. 3 c. 48.

2. Parl. Hist. 16: 342-46; JHC. 31: 376-8.

to indemnify the public for loss occasioned by any drawback granted on exports of teas or by the removal of the inland duty of one shilling a pound on tea consumed in Great Britain.¹

On May 23, the committee to which the petition was referred reported in favor of a temporary agreement for not over three years, and the acceptance of the offer of £400,000 annually. It also advised the granting of a drawback on tea exported to Ireland and British America, and the removal of the one shilling inland duty on tea consumed in Great Britain.²

A bill was at once ordered on the first part of this report, and one was soon brought in. By some it was condemned as a groundless extortion on the part of the Government,³ but there seems to have been but little debate. On June 15 it was passed by the Commons; the Lords agreed to it shortly afterward, and royal assent was received on July 2.⁴ The Company was continued in the possession of its territorial revenue and acquisitions for two years, during which time it was to pay £200,000 every six months beginning August 1, 1767. If the Company lost any part of its territory, a proportional abatement was to be made in the payments.⁵ Thus the question of sovereignty was left in abeyance by a mutual agreement.

1. *Parl. Hist.* 16: 342-6; *J.N.C.* 31: 374-8.

2. *J.N.C.* 31: 382-3; *Parl. Hist.* 16: 346.

3. *Wilson*, II. 197.

4. *J.N.C.* 31: 404, 418.

5. 7 *Geo.* 3 c. 57.

Almost two weeks before this act passed the House of Commons, the Committee on Ways and Means after thorough investigation reported in favor of granting the requested concessions in the tea duties. On Junell a bill framed in accordance with this report was brought in. It readily passed both Houses and received royal assent on July 2¹. The preamble of this act throws considerable light on the state of tea trade. It is recited that the removal of the one shilling inland duty on teas used in Great Britain, and the granting of a drawback, upon the export of tea to Ireland and British America, of the whole duty paid upon importation into Great Britain, "appeared to be the most ^bproable and expedient means of extending the consumption of teas legally imported within this kingdom, and of encreasing the exportation of teas to Ireland, and to His Majesty's plantations in America, which are now chiefly furnished by foreigners in a course of illicit trade". Consequently these changes were enacted for a period of five years, and the Company agreed to make good any loss which the revenues might suffer as a result of this experiment.^{a 2}

The necessity for this act is found in the state of the English tea duties at that time. There were customs duties, consisting of various subsidies, to the amount of £23, 18s. 7 1/2d. in every £100 of the gross price of tea, or about 24% ad valorem.³ Ordinarily customs duties were

1. J.H.C. 31: 295, 401, 403, 413, 418.

2. 7 Geo. 3 c. 56. Explained & amended by 12 Geo. III. c. 7.

3. Farrand, Am. Hist. Rev. 3; 266-9; Dowell, W. 220-23.

a. This act was ambiguous, and five years later an explanatory act was passed.

Macpherson, IV. 539 note says the Company is calculated to have lost one million pounds by this experiment. Of this £700,000 went to the government and £300,000 to the consumers.

Willson, II. 230, also puts the loss at one million, but neither cites any authority.

These estimates seem somewhat exaggerated. The explanatory act 12 Geo. 3. c. 7 recites that the prescribed rule for estimating the indemnity was "madequate and ineffectual". Hence it is provided that the Co. shall pay the Govt. such a sum of money as with the net customs and excises on tea will amount yearly to £718,966. 1s. $\frac{3}{4}$ d.

On this basis the Co. owed for the first four years £117,314. 1s. $3\frac{7}{20}$ d., and it does not appear from the wording of the act that any indemnity had been paid previously. However, the Loan bill 13 Geo. III. c. 64 says that £117,314. 1s. $3\frac{7}{20}$ d. was to be paid "to complete the whole of the monies due to the publick for making good to the publick the deficiency of the duties on tea for four years ended July 5 1771". For the succeeding year the deficiency was £84,872. 8s. $7\frac{2}{5}$ d. At this rate the indemnity would have been less than £500,000, and the preceding years were probably as good as the one 1771-72.

paid when the goods were landed, but the East India Company was not required to pay those on tea until the tea, on being sold at public auction, was removed from the Company's warehouses.¹ The purchaser paid the excise or inland duties of one shilling a pound and 25% advalorem.² Ultimately, then, the English consumer paid a tax of one shilling a pound and about 49% ad valorem on his tea. These duties³ made the exportation of tea to Ireland or America impracticable, since the Dutch and French, paying no such duties at home, could far undersell the English merchants. Then by 21 George II., c.14, the inland duties were rendered inapplicable to tea exported in the original packages to Ireland or British America. The act of 1767 cheapened tea one shilling a pound for the English consumer and almost 24% for the Irish and the Americans. The Company expected that the resultant increased consumption in England would produce a revenue about equal to that of the preceding years. If it did not, any deficiency could well be made up from the profits of the increased sales.

This act by which the tea duties were altered at the request of the Company closes the legislation of 1767 so far as the East India Company is concerned. The circumstances which led to the intervention of Parliament have been stated, and the course of the bills through both

1. See note on other side.

2. Imposed 18 Geo. II. c. 26.

3. The customs duties at the passage of the above act amounted to £13. 18s. 12½ d. per cent. Additional 5% subsidies were imposed in 1748 and 1759.
(over)

1. It will be remembered that Elizabeth's charter to the Company allowed bonds to be given for payment of duties. Various concessions were granted from time to time especially on un-rated goods among which tea was included.
See 4 & 10 W. m. III. c. 44.

6 Anne c 3.

10 Anne c 29.

12 Anne c. 26.

On the passage of 18 Geo. II, c. 26 removing all drawbacks on tea and laying inland duties of 1s. + 25%, the export of tea decreased from 4,31,587 pounds in the first half of 1745 to 3,098 pounds in the second half. See J.H.C. under Ap. 7, 1746.

Houses has been traced. The four acts themselves have been considered in detail since they mark a new stage in the relations between the Company and the Government, and because they are at once the precedent and the basis for much of the succeeding legislation which, though requiring less detail, is best considered in connection with the events that called it forth.

GOVERNMENT CONTROL.

Soon after Clive left India in 1767, the Presidency of Madras became engaged in a war with Hyder Ali, an adventurer who had made himself ruler of Mysore. For two years this struggle absorbed the energies and resources of the English and so demoralized trade in the Carnatic that India stock dropped about 60% of par value. With the city of Madras at his mercy Hyder demanded peace, and April 4, 1769, a treaty was signed establishing a defensive alliance and mutually restoring all conquests.¹

Meanwhile the affairs of the Company were again before Parliament. The act restricting the dividend having expired, the Government determined upon continuing the regulation. The old arguments were repeated on both sides, and after considerable debate dividends were limited to 10% until Feb. 1, 1769, when the territorial agreement would expire.²

Some time prior to this date, the Company, desirous of evading a decision on the question of sovereignty, negotiated with the ministry a further temporary agreement. The terms were deemed too hard, but the Company's chairman said: "Nevertheless, it is better to make no alterations. It is the ultimatum of the Treasury. There, gentlemen, take it or go into Parliament, and God knows the consequences!"³

1. Mill, *IX*, 319-36; Willson, *II*, 190-2; Wheeler 316-18.
2. 8 Geo. III. c. 17. J.H.C. 31: 525, petitioned against by Company, Jan 19, 1768; 542, passed House 131-41 on Jan. 26; 632, royal assent, Feb. 24, 1768. The Annual Register for 1768 gives date of petition as Jan. 15 on p. 77*, and royal assent Feb. 23 on p. 73. Parl. Hist, 16. 402-05 mentions of debates; printed given. (in Lords)
3. Willson, *II*, 200 & note. Quoted from chairman's speech, Feb. 2, 1769
Mill, *IX*, 337.

Under ministerial control the bill passed easily and became a law in April, 1769. The Company was to retain the territory for five years upon paying the Government £400,000 annually. Dividends might be increased one per cent a year until a maximum of twelve and one-half per cent was reached. If the dividend fell below 10% the yearly payment was to be proportionally decreased, and it was to cease entirely when the dividend fell to 6%. English goods to the amount of £380,837 were to be exported annually. When the Company's debts were reduced to the amount due it from the public, its surplus receipts were to be loaned to the Government at 2% interest.

This agreement, it will be noticed, was based upon hopes of revenue which were not justified by the situation in India. As early as 1767 financial difficulties were complained of in Bengal, and in November of the following year the Select Committee at Calcutta informed the Directors that they were unable to meet their obligations, and that a decrease in investment would probably result. The Presidencies of Fort William and Fort St George were alarmed by the condition of their treasuries, and in 1769 they resolved to limit their purchases.² This gave but little relief, and on October 23, there being a deficiency of 6,63,055 rupees, the President and Council at Ft. William decided "to open their treasury doors for remittances", that is,

1. 9 Geo. III. c. 24.

2. Mill, III. 309-11; also, in part Willson, II. 214-15.

In three years \$5,000,000 bullion were exported and only \$500,000 imported into Bengal.

to sell drafts payable in England to men who desired to transmit their fortunes. The Directors had forbidden the issue of such bills beyond £70,000 for 1769. Nevertheless, the authorities in India decided to sell as many such bills as possible until November 1, 1770. To meet such heavy obligations at home large sales would be necessary there, so investments in India were increased by purchasing with money borrowed at 8% interest.¹

Before this stage was reached the Company appointed three supervisors with extraordinary powers to investigate the financial difficulties and to revise the Indian administration.² Chatham asserted that any alteration in the government should be made upon his order and with his cooperation, and the Company's right to effect a change was denied.³ This position was abandoned, but when the Company applied for naval aid the commander of the squadron sent out was made "the King's representative in all transactions between the Company and the native princes"⁴. He was further constituted British ambassador to Mohammed Ali, Nawab of the Carnatic, and bore a letter from King George offering his protection to that prince whom the treaty of Paris had styled an ally of Great Britain. Mohammed Ali, however, feared the Company too much to accept the royal favor, and King George's plan of interference came to naught.⁵ The India supervisors were lost at sea,⁶ and the efficacy of the plan was not determined.

1. *Mill*, *III*. 911-15.

2. *Ibid.* 337-39.

3. *Willeson*, *II*. 201.

4. *Ibid.* 202-03.

5. *Ibid.* 204-07.

6. *Mill*, *III*. 340.

The Company attributed its difficulties in ~~the~~ part to insufficient power over persons in its service, and in 1770 an act¹ was passed making those of its servants accused of oppression or other crime in India liable to trial before the Court of the King's Bench. The Company was thus enabled to bring a few offenders to justice. Heavier penalties were also laid upon illicit traders. This act probably tended to prevent some of the evils of which the Company complained, but the financial situation grew steadily worse.² Accusations and recriminations passed between the Company and its servants. Then it came to pass as Clive had predicted: "A discontented nation and disappointed Ministers will then call to account a weak and pusillanimous Court of Directors, who will turn the blow from themselves upon their agents abroad and the consequences must be ruin both to the Company and their servants."³

On January 21, 1772, the speech from the throne called attention to certain concerns of the country which "as well from remoteness of place as from other circumstances, are so peculiarly liable to abuses and exposed to danger, that the interposition of the legislature for their protection may become necessary."⁴ In this connection it is worth noting that George III. again had an ambassador at the Court of Mohammed Ali.⁵

1. 10 Geo. III. c. 47.

2. Mill, *IV*, 342.

3. Willsen, *II*, 221-2 quoting letter of Aug. 1771 to Hastings.

4. Parl. Hist. 17: 237.

5. Willsen, *II*, 215-19. He was finally recalled at the Company's request.

The India affairs came before the House on March 30 when Sullivan, then deputy-chairman of the Company, moved for leave to bring in a bill "for the better Regulation of the Affairs of the East India Company and of their servants in India, and for the due administration of justice in Bengal." In his speech Sullivan upheld the Company and condemned the actions of its servants.² Clive replied in a long and masterly speech in which he repelled the charges against himself, reviewed his own successful administration, and attributed the existing situation to four causes: "a relaxation of government in my successors; great neglect on the part of administration; notorious misconduct on the part of the directors; and the violent and outrageous proceedings of general courts"³ Governor Johnstone attempted to refute Clive's exculpation, and in closing declared himself against the motion "with a view to establishing an enquiry into the affairs of the British empire in Asia."⁴ After some further debate the motion was carried without a division.⁵

These debates by exposing the conduct of both the Company and its servants increased the public demand for a thorough investigation,⁶ and on April 13, a motion was made for a select committee of 31 to examine into the "nature, state, and condition of the East India Company, and of the British affairs in India."⁷ Burke declared that the mini-

1. *Parl. Hist.* 17: 327-8.
2. *Wilson*, IV, 228.
3. *Parl. Hist.* 17: 328-66.
4. *Ibid.* 366-80.
5. *Ibid.* 380-81.

6. *Orrell*, IX, 343.
7. *Parl. Hist.* 17 (4537459).

sters, being really at fault, sought to make a scapegoat of the Company, but the motion carried without a division, and three days later the committee was elected.¹ Sullivan's bill was presented on the same day, but the House preferred to await the results of the investigation and threw it out after the second reading.² Parliament was prorogued on June 10³, and developments during the summer showed that Clive's criticisms of the Directors and proprietors were not wholly undeserved.

By January 1, 1771, the President and Council at Ft. William had issued bills on the Court of Directors for 94,43,855 rupees of which but 35,42,761 rupees remained in their treasury. On the same date their bond debt in Bengal was £612,628; a year later it was £1,039,478. The Directors knew the declining condition of the Company's finances at home and abroad, but they began to recommend increased dividends soon after the passage of 9 Geo. III. c.24, and on March 14, 1771, the maximum of 12 $\frac{1}{2}$ % allowed by that act was reached.⁴ No reduction was made until Dec. 3, 1772, when the dividend fell to 6% per annum.⁵ By that time bankruptcy was impending. On July 8 of that year the deficiency in the cash account for the next three months was £1,293,000. A week later a loan of £400,000 was secured from the Bank of England; on July 29 the Bank advanced but two thirds of a requested loan of £300,000.⁶ Sullivan and

1. Parl. Hist. 1771 61-4.

6. *Ibid.* 342; Willson, II, 230.

2. *Ibid.* 464-75. *Mill*, III, 342-5.

3. Parl. Hist. 17: 515.

4. *Mill*, III, 344.

5. *Ibid.* 360.

the chairman, Sir George Colebrooke, approached Lord North on Aug. 10 for a loan of a million pounds for a now almost bankrupt company that less than six months before had declared a half-yearly dividend of 6 1/4%. The culpable persistency of the proprietors in voting unearned dividends was having its effect, but it was not the sole cause of the Company's embarrassment.

There was general corruption and mismanagement in Bengal. The year in which Clive left India, the gross territorial revenue was £3,861,141 and the net income was £1,313,184. In 1770-71 a terrible famine in Bengal swept away one third of the population², yet the gross revenue was £3,148,960; the net income, however, was only £173,344³. This disproportionate decline in gross and net incomes furnished the basis for Clive's statement that, "Every man, now, who is permitted to make a bill, makes a fortune"⁴. So great was the relaxation in government that the Company again decided to send out supervisors, but Government interference prevented the execution of the design.⁵

Lord North did not accede to the request for a loan but told the Directors to seek satisfaction in Parliament⁶ which was convened on November 26 for the express purpose of dealing with the affairs of the East India Company⁷. On the same day a motion was carried for a committee of

1. Mill, III. 342-3; Wilson, II. 230.

2. Ibid. 223; Wheeler, 327-8; Adolphus, I. 528-30.

3. Parl. Hist. 17: 360

4. Ibid. 361.

5. Mill, III. 345-6. 13 Dec. III. c. 9.

6. Adolphus, I. 533.

7. Parl. Hist. 17: 517 Speech from the throne.

of secrecy to inquire into the state of the Company and to inspect its books and accounts. On November 28, the 13 members were elected, and an investigation began at once. December 7, the committee reported in favor of a bill for restraining the Company from appointing supervisors for its affairs in India. By a vote of 114 to 45 leave was given to bring in such a bill.² The petition of the Company, the extended argument of its lawyers, and a vigorous opposition in the House availed nothing. Eight days after its presentation on December 10, the bill passed by a vote of 153 to 28³ and became a law on December 24, 1772.⁴

The overwhelming majorities in favor of this bill as well as its rapid progress through Parliament convinced the Company of the futility of opposition. The investigations of the secret committee and of the select committee, which had been revived,⁵ strengthened the ministry in their determination to bring the Company under effectual control. Consequently Lord North refused to make any propositions whatever to the committee of directors which called upon him on February 12 to learn "from him what general plan he would propose for the mutual benefit of the public and the Company."⁶ Negotiation out of Parliament was manifestly impossible, and Feb. 24 a general court of the Company voted 405 to 199 in favor of applying to Parliament for a loan.⁷ Accordingly March 2, a petition was presented re-

1. *Parl. Hist.* 17: 527-36.

6. *Ann. Reg.* 1773, p. 75.

2. *Ibid.* 559-588.

7. *Ibid.* p. 78.

3. *Ibid.* 646-675; 675-686 Debate in House of Lords and protest signed by five members.

4. *J.H.C.* 34: 48.

5. *Parl. Hist.* 17: 536-7.

requesting a loan of £1,500,000; relief from penalties incurred by the non-payment of certain sums due the government; and certain privileges in the exportation of tea.

A week later Lord North introduced four resolutions to the effect that the advancement of £1,400,000 by the public was the most expedient method of relieving the Company, provided that such laws were enacted as would insure the proper conduct of its affairs in the future. What restrictions Lord North considered necessary did not appear in the resolutions.¹ This called forth the ridicule of Burke who through the whole session posed as a champion of the Company's territorial and charter rights, but as his brilliant speeches were totally ineffective they need receive no further notice. In the debates on the various proposed measures, we find scarcely an argument that was not advanced in 1767. Something of North's plans became apparent when, on March 23, he proposed that if the money were advanced by the public the Company should be bound to declare no dividend above 6% until it was wholly repaid, and that until the bond debt was reduced to £1,500,000 no dividend above 7% should be permitted.² Some time afterward it was further proposed that after such reduction, 3/4 of the surplus receipts in England should go to the Government and the other fourth to the Company for further reduction

1. *Parl. Hist.* 17: 799-800.

2. *Ibid.* 800-08; 806-13. This includes the debates.

3. *Ibid.* 813-27.

of its bond debt or for establishing an emergency fund; on such conditions the territorial acquisitions were to remain in the Company's possession for six years.¹

The above propositions were most vehemently opposed by a small minority in the House and the Company petitioned² against them in the strongest terms, yet on the very day that the petition was received, Lord North in the committee of the Whole House moved in favor of a bill "for establishing certain regulations for the better management of the affairs of the East India Company as well in India as in Europe."³ The resolution was adopted in the committee, and the following day the House ordered such a bill to be prepared.⁴ May 18 the bill was presented and passed the first reading.⁵ It was apparent that it would change the constitution of the East India Company in many important respects. The corporation of London joined the Company in petitioning that a bill so dangerous to the liberties of the kingdom be not enacted into a law.⁶ These protests had little weight. The ministry usually had about 100 majority, and June 10 the bill finally passed by a vote of 131 to 21.⁷ Nine days later it passed the Lords by 74 to 17, but a protest was signed against its passage.⁸ Royal assent was received June 21.⁹

1. *Parl. Hist.* 17: 831-7.

7. *Parl. Hist.* 17: 890-904.

2. *Ibid.* 848-50. (May 3.)

3. *Ibid.* 850-54.

8. *Ibid.* 914-17. Debates 904-14.

9. *J.H.C.* 34: 384.

4. *Ibid.* 854-5.

5. *Ibid.* 887-89.

6. *Ibid.* 889-90. The petition of the city of London was inspired by the Company's address to the city on May 27, 1773. See *Ann. Reg.* 1773, 212-13.

For the better management of affairs in England the right of voting was restricted to holders of £1,000 or more of stock; the term of the Directors was lengthened to four years, and only one-fourth of them retired at a time. These regulations it was hoped would give some degree of stability to the policy of the Company. For India a supreme court of judicature consisting of a chief justice and three judges, all appointed by the crown, was established at Calcutta. A governor-general and four councillors at Calcutta were invested with control over all the settlements of the Company. At first they were appointed by Parliament, but when their terms of five years expired the right of appointment reverted to the Company, subject, however, to the approval of the Crown.¹

On the day that this regulating act was proposed, the Company, it has been noticed, was exerting its full strength to secure more lenient terms in the loan bill. Being unsuccessful in this, it petitioned on June 15 for leave to withdraw its propositions for a loan.² This petition was denied, and four days later the bill passed in almost the form that Lord North had proposed.³ The dividends were restricted in accordance with his propositions, but no division of profits with the government was required; penalties incurred by non-payment of certain sums due the government

1. 13 Geo. III. c. 63.

2. *Parl. Hist.* 17: 921-2.

3. *Ibid.* 922-31; 882-87.

were removed; and the Company was forbidden to accept bills of exchange from India without the consent of the government.¹ There is no record of any debate in the House of Lords, and July 1 the bill became a law.²

These two acts recognized the fact that the East India Company was no longer merely a private trading corporation to which ordinary laws were applicable. The vital connection of its financial welfare with the public credit, the magnitude of its commercial operations, and its sovereignty in India made it imperative that its management be subjected in some degree to public supervision. The loan bill seemed to the Company unnecessarily harsh, yet its provisions, such as the limitation of dividends and Treasury oversight of the acceptance of bills drawn in India, were designed to prevent the recurrence of some of the evils that had reduced the company to the verge of bankruptcy. There can be no doubt of the wisdom of such provisions. The same may be said of the changes which the regulating act made in the qualifications of voters and in the constitution of the Court of Directors.³ If the Company's management became less democratic it also became more efficient.^a The measures taken for the management of the Company's Indian affairs were inadequate. The appointment of the Governor-general and his council by Parliament did not

1. 13 Geo. III, c. 64.

2. *Jour. H.C.* 34:389; *Mill*, III, 350 has reversed the order in which the bills were passed.

3. *Willson*, II, 236.

a. In the bill of 1784 it was rendered less democratic. Clive said the court of proprietors was a "bear-garden ever full of noise, intrigue, confusion and anxiety". See Willson II. 234.

Mill, II. 350-57 does not approve the changes made in the Company's constitution. In one respect it fulfilled its purpose, that of reducing the Company's management to an oligarchical state. "For the rest", he says, "it had not ~~so~~ much as a tendency to remove the principal evils to which it pretended to find a remedy; and it created some of the greatest magnitude which previously had no existence."

According to Macpherson, III. 541, note 1246 proprietors were disfranchised, leaving 487 in control.

insure an honest and economical administration, nor could the supreme court of judicature affectually prevent oppression of the natives when the governor and the council were of necessity exempt from its jurisdiction. Besides, English justice was hardly adapted to conditions in India. In 1735 the ~~Stent~~ Committee reported that it had discovered very few instances where the court gave the natives relief from oppression by British officers, and that on the whole "the court had been generally terrible to the natives" and had not effectually reformed any of the abuses in the Company's government.

The regulating act later underwent material modifications, but its basic principle has never been abandoned in the conduct of Indian affairs. Its chief importance however lies in the fact that it altered the constitution of the Company and radically changed its relations with the Crown. After seven years of government interference the Company had been brought into almost absolute subjection to the will of the Ministry when expressed in Parliament. Closely related to this important legislation and almost wholly obscured by it, there was one act which produced results not usually considered in the annals of the East India Company and which shook the British empire to its foundations.

1. Mill, *III*, 351-3 and note.

2. Wilson, *II*, 235.

A. Willson, II. 236 agrees with Camstons and Keane, p. 141, that from this act onward "the Company must be regarded as almost entirely in the hands of the Ministers of the Crown, and only so far responsible to Parliament as were the Ministers themselves"

The Annual Register, 1773, 104 says "From that time, the Company is to be considered as wholly in the hands of the ministers of the crown". (Probably source of above.)

The Annual Register, 1774, 48 - "The East India Company by the late regulations was brought entirely under the direction of the government". Mahon, v. 379, seems to accept this but says it is "far too broadly" stated.

Ledy, III. 530 says, "the great centre of authority and power was transferred to the Crown" and that, "the charter of the East India Company was completely subverted, and the government of India passed mainly into the hands of the ministers of the Crown."

THE COMPANY AND THE REVOLUTION.

It has already been noted that the East India Company in its petition to Parliament on March 2, 1773, sought, along with various other concessions, certain privileges in the exportation of tea. In view of the consequences of this request, it is worth while to quote the words in which it was made. It was asked "that leave may be given to export teas, duty-free, to America", -----"and that the lords of the Treasury be empowered, upon petition from the East India Company, to grant liberty for exporting any quantity of tea to foreign parts, free of all duty, the Company being obliged to keep in their warehouses a quantity of tea equal to 18 months national consumption".

This petition was referred to the Committee of the Whole House on India affairs.² No notice seems to have been taken of the part under discussion until Lord North, on April 27, moved two resolutions for acceding to the requests of the Company in regard to the exportation of tea.³ On the same day the House ordered that a bill be prepared in accordance with North's resolutions.⁴ The bill was pre-

1. *Parl. Hist.* 17: 800.

2. *J. H.C.* 3.4: 182, March 9.

3. *Parl. Hist.* 17: 840-41.

4. *J.H.C.* 3.4: 286. The resolutions upon which the loan bill was based were presented at the same time.

presented April 30, and on May 10 royal assent¹ was received. Lord Mahon says that it "appears to have passed without opposition, nay, almost without remark."²

This act has been so frequently misconstrued or misquoted that it seems necessary to notice its provisions in detail. The preamble after reciting part of a former act³ allowing a drawback of $\frac{3}{5}$ the import duty, in the case of tea exported to Ireland or British America further says that "it may tend to the benefit and advantage of the trade of the said united company of merchants of England trading to the East Indies, if the allowance of the drawback of the duties of customs upon all teas sold at the publick sales of the said united company, after the tenth of May, one thousand seven hundred and seventy-three, and which shall be exported from this kingdom, as merchandise, to any of the British colonies or plantations in America, were to extend^{to} the whole of said duties of customs payable upon the importation of such teas". Accordingly such a drawback is granted upon tea imported under licence or sold at the Company's sales and afterward exported to British America.⁴ It differs from the act of 1767 in that it does not apply to tea exported to Ireland and that the Company is not required to indemnify the public for any resulting decrease in revenue.

1. J.H.C. 34: 293, 307.

2. Mahon, V: 219.

3. 12 Geo. III. c. 60.

4. 13 Geo. III. c. 44 sec. 1.

a. Calendar of tea-bill.

J.A.C.

April	29	ordered prepared	286.
	30	reported	293.
May	3	read 2d time & referred to Com. of whole House.	295.
	4	considered	298.
	5	reported & ordered increased.	299-300.
	6	passed and sent to Lords.	301.
	7	returned from Lords	304.
	10	royal assent	307.

The second article raises the deposit to be made by any purchaser of bohea tea at the Company's sales, and so has no relation to the duties or exportation.

The third article makes it lawful for the treasury commissioners, on application of the Company, to grant licences to the Company to take from its warehouses without offering at public sale and to export to any of the British colonies in America, or to any parts beyond the sea, such quantity of tea as the commissioners think proper, without incurring any penalty for so doing.²

The next article declares that it is expedient that the Company be allowed to export tea on its own account to the British plantations in America, or to foreign parts without exposing such tea for sale in England or paying any duty on the same. Consequently it is enacted that the treasury commissioners may grant licences for the exportation of tea under the conditions, and to the places above specified, provided that at least 10,000,000 pounds remain in the Company's warehouses after such exportation.³

There is in this act no ground whatever for the statement^a that an export duty was removed from teas exported to America. There was not then and never had been an export duty on tea.⁴ Drawbacks applied to import duties and had nothing to do with export duties of any sort. The granting of a drawback when imported articles were exported

1. 13 Geo. III. c. 44, sec. 2

2. *Ibid.* sec. 7.

3. *Ibid.* secs. 4, 6.

4. Statutes, 1660-1773.

a. Hosmer, 296, Sessing, II. 698, Grahame, IV. 327 make this statement, and Wells, II. 81 mentions a proposition for retaining 6d. as an export duty instead of the 3d. American ~~export~~ ^{import} duty, but this is not conclusive proof that he thought the drawback was a removal of an export duty. In his Life of Samuel Adams, page 235, Hosmer has the error that has been noted in his Life of Thomas Hutchinson.

Secty, III. 419.

was a usual and ordinary procedure, long practiced and made necessary by foreign competition. Goods purchased abroad and brought into England paid an import duty. In most cases the importer then sold the goods. The purchaser then either placed the merchandise on the home market, or if it seemed more profitable, exported it to a foreign consumer, who, when he bought the goods, became the ultimate payer of the original English import duty. This was all very well in case there were no rivals in that particular field. The English treasury was the gainer, and trade suffered no perceptible diminution.

But England by no means had a monopoly of the world's trade, and the prices were determined by the keenest competition. Foreign nations, especially the Dutch and French, were able to furnish merchandise at prices not practicable for the English exporter who, other things being equal, had to add the English import duty to his price if he wished to make the same profit as his rivals. In many cases he contented himself with lower profits and bore the duty himself. This became impossible in case of a very high duty. Consequently we find Parliament resorting to the very simple device of remitting to the exporter such a drawback ($1/5$, $1/3$, $3/4$ or total) as seemed necessary to enable him to maintain his trade. Thus in 1772, a $3/5$
1, 12 Geo. III. c. 60.

drawback was granted for five years on tea exported to Ireland or British America. This did not greatly increase English sales in America, and the total drawback was allowed in the following year.

The really new thing about the act and the one to which attention is seldom called was the provision for permitting the Company to export tea on its own account to any part of the world. The Company obtained no drawback because the tea, having never been removed from the Company's warehouses, had not yet paid any sort of duty. In effect this act really provided that tea removed for exportation on the Company's account should not thereby become liable to the payment of duties. This made it possible for the Company to export tea for sale at such prices as would rival those of foreigners and smugglers.

Hardly had this act passed the royal seal when the Company began to receive letters concerning the export of tea to America. On May 19, 1773, a certain William Palmer who had been engaged in the American tea trade since 1769 wrote the Directors expressing his willingness to be of service to the Company in case an immediate consignment was contemplated.² He enclosed extracts from several letters relative to the consumption of tea in America. Six of them were from Boston between April 29, 1771, and Feb. 25, 1773.³

1. 13 Geo. 3 c. 44 sec. 4. See note b on next page.

2. Drake, 189-91.

3. Ibid. 191-4.

a. By a number of acts then in force the Company was obliged to give security both for the payment of duties on imported goods, ^{when sold} and for exposing such goods for sale within three years after importation. Such laws had been passed as favors to the Company since it was better to warehouse the goods under government inspection than to pay the duty perhaps two or three years before the goods were sold. See preamble to section 4 of 13 Geo. III. c. 44.

North's resolutions of April 27, called this a drawback, but the act does not.

b. It has been shown that the drawback and the permit to export tea duty-free applied to merchants and to the Company respectively. The drawback applied to America only; the licenced exportation to the world, yet several authors apply the limit of the former to the latter. Mahon v. 319 wrongly criticizes Stedman for stating that the Co. might export to any market; Barry II. 264-5 makes the same criticism, and Doyle in Cambridge History VII. 157 says the benefit of the act was limited to British America and that the Company was thereby allowed to ship from India directly to America. This latter statement likewise seems to have no basis in the act. Macpherson, III. 538 limits Company's privilege to America.

They agreed that the consumption of tea in the colonies was very great, that it was chiefly supplied from Holland,^a and that the only way for English traders to gain the market was to lower their prices. One letter stated that if no other difference in price existed than the three pence duty, the non-importation agreements would soon go to pieces.¹ Mr Palmer also enclosed an estimate² showing that the net profit to the Company would be about £40,000 a year, if the sales were 9,600 chests or one half of the consumption as estimated by Messrs. Hutchinson.³

The memorial⁴ of Mr Gilbert Barkly, for sixteen years a merchant in Philadelphia, was presented May 26. He proposed that the Company open warehouses in America and conduct sales as in London. The annual consumption he put at 5,703,125 pounds, but he thought the colonists would supply themselves by smuggling, unless the Company could sell cheaply enough to make that practice unprofitable. Other plans of the same purport were presented;⁵ one by Palmer proposed that the first consignment be made to Boston "as it is the only considerable mart, where tea from England is at present received without opposition".⁶ These various correspondents felt sure that a low price on tea would secure for the Company a very profitable trade in America. Samuel Wharton in his paper of June 30 took a less favorable view of the

1. Drake, 193-4, letter dated Boston, Sept. 11, 1722.

2. *Ibid.* 197-8.

3. *Ibid.* 192-3, letter dated Boston, Sept. 10, 1771.

4. *Ibid.* 199-202.

5. *Ibid.* 203-05; 209-11; 216-17.

6. *Ibid.* 205-07.

a, Drake, 194-7, a letter from Rotterdam June 12, 1772
said that about 400 chests were then shipping from
Amsterdam for Rhode Island.

situation. He feared that the colonists would consider the shipment as a Government measure and so would refuse to receive the tea.¹

The exportation of tea on the Company's own account did not meet the approval of all of the proprietors. To some it seemed a very doubtful expedient. They consulted some London tea merchants and were told that the plan would afford them no relief as remittances would be received very slowly.² Consequently they remonstrated against the shipments, but "certain it is that the Company as a whole eagerly embraced the new privilege accorded them."³ On August 20, a licence for the exportation of not over 600,000 pounds of tea to British America was granted by the Commissioners of the treasury⁴, and consignments were soon made to New York, Boston, Philadelphia, and Charleston. That the plan failed completely was due, not to any mercantile miscalculations on the part of the Company, but to the relations then existing between the colonists and the mother country.

The dispute between England and her colonies in America was of comparatively recent origin, but for over a century the colonists had had more or less of a grievance against the commercial legislation of England. The policy

1. Drake, 217-21.

2. Ann. Reg. 1774, 47.; Macpherson, III. 545.

3. Mahon, V. 319.

4. Drake, 248-51.

of restricting the carrying trade to British vessels was begun early. In 1624 Virginia was given a monopoly of the English tobacco market with the provision that no tobacco should be imported except in English vessels.¹ Charles I. ordered all colonial exports to be entered in England and forbade the colonists to trade with foreign vessels.² In 1651 the importation of goods into England from Asia, Africa, or America in other than English ships was prohibited;³ and in 1660 the first real navigation act⁴ was passed. The clause which affected the colonists was the one forbidding them to carry certain enumerated articles, sugar, tobacco, cotton, indigo, ginger, and dyewoods, to Europe. Three years later tobacco raising in England was forbidden, and it was ordered that no European commodities should be carried to the colonies except in English ships and from English ports.⁵ The colonists were now under obligation to do most of their buying and selling in England. The list of enumerated articles was extended from time to time, and many restrictions were placed upon colonial manufacture. At last there were 29 acts restricting American industrial activity, and to these Sabine traces the real cause of the revolution,⁶ but commercial and industrial grievances are not among the grounds of revolt enumerated in the Declaration of Independence.^a

1. Chalmers, I. 24.
2. *Ibid.*, 37.
3. *Parl. Hist* 3: 1374.
4. 12 Chas. II. c. 18.
5. 15 Chas. II. c. 7.

6. *Loyalists of Am. Rev.* I. 3-4, Lecky, III, 291 says about 1730 Montaigne in discussing England's commercial code prophesied that her colonies would be the first to rebel.

a. The commercial grievances mentioned in the Declaration, refer to the penal measures adopted after 1773, as a result of the destruction of the tea.

It is generally considered that this mercantile legislation was really a means of exploiting the colonies, but much of it was intended to confer mutual benefits. Many bounties and drawbacks were allowed on colonial produce, and there was an open market for such staples as grain, lumber, fish, and rum when shipped in British vessels.¹ Ashley, after a consideration² of the navigation laws, the enumeration laws, and the laws concerning manufacture, concludes that "the English commercial legislation did the colonies no harm prior to 1760; and that the English connection did them much good."³ The "Molasses Act" of 1733 he admits, was "unmistakeably ill-advised", but it was passed at the instance of a Boston Merchant interested in sugar growing in the British West Indies.⁴ It was ~~was~~ evaded, "and no serious attempt was made to enforce it throughout our period"⁵. However this may be the people of Massachusetts practically drove out the customs collector at Boston,⁶ and in Maryland a collector was killed by a kinsman of the proprietor.⁷ The colonial governors and customs officials often complained⁸ of illicit trade, especially before 1700, and traders hardly would have violated favorable laws. To maintain his thesis, Ashley has shown⁹ that the illicit trade consisted largely of relations with pirates and in supplying the French during their wars with Great Britain

1. Fisher, 40-41.

6. Chalmers, I, 127-32.

2. *Survey of Hist. & Econ.*, 309-35.

8. *Index N. Y. Col. Docs.*

3. 6 Geo. II. c. 13; continued by 11, 19, 26, 31 Geo. II. c. 18, 23,

7. Chalmers I, 137-38

32, - ; 1 Geo III c -

4. Ashley - citing Channing's *Students' History U. S.*, 155

5. *Quid.* 157-8.

9. Work cited, p. 336-60.

and not in violating the laws of trade except in the case of the "Molasses Act". Whether or not the colonies suffered from these various laws, they did not deny the power of Parliament to control trade.

Nevertheless it seems that they were often accused of aspiring to independence, for Chalmers says¹ that, unknown to any of the statesmen there lay "among the documents of the Board of Trade and the Paper Office the most satisfactory proofs, from the epoch of the revolution of 1688 throughout every reign and during every administration, of the settled purpose of the revolted colonies to acquire direct independence." He makes no citations, and the proofs probably consisted of reports from dissatisfied governors and terrorized collectors. If mere assertion were convincing, one could not doubt that the desire for independence had existed from the very first. When the Massachusetts charter was transferred to Salem it was said "that the New-English under pretence of planting a colony meant to draw themselves apart, and, by removing, free themselves" from the English government.² Again in 1662 the Council for Colonies reported that New England apparently "intended to suspend its absolute obedience to his majesty's authority"³. Nine years later Evelyn recorded in his diary⁴ that the Council had decided to write a "civil letter" to New

1. vol. I. Pref. p. x. Full discussion. Sparks, Washington, vol. II. app. X.

2. Chalmers, I. 92.

3. Ibid. 112.

4. II. 65.

England since it was understood that "they were a people almost upon the very brink of renouncing any dependence on the crown". The writings of the colonists indicated no desire for independence, and when the quarrel was well under way such different men as Otis¹, Hutchinson², and Franklin³ agreed that there was no intention of separating from Great Britain. Probably very few men thought of independence before the outbreak of hostilities.⁴

The colonists already enjoyed a large degree of liberty.⁶ The personal rights of Englishmen were secured to them, and local selfgovernment was almost unlimited. The administrative interference of the Crown extended little further than the appointment of governors and the disallowing of laws passed by the colonial legislatures.⁵ In several of the colonies the governors and judges had little real power because the assemblies controlled their salaries and in various ways encroached upon the executive and judicial functions. Matters of general importance such as commerce and the postal service were acknowledged to be under the control of Parliament. The imperial government levied no taxes but made occasional requisitions which the colonies met as they saw fit. Besides this the Americans had been unaccountably neglected for at least a century.⁷ The administration of Newcastle is typical. During 24 years

1. Locky, III. 300, n.

2. Hist. Mass. III. 84-5.

3. Works, IV. 169.

4. Sparks, Washington, II. appendix; Public Papers of Geo. Clinton, I, 65-6; Frothingham, 153-7.

5. In R. I. & Conn. did not appoint governors or veto laws.

6. Locky, III. 321-4; Green, IV, 120.

7. Chalmers, I. Pref. ix.

he never seriously attended to any business relating to America and even addressed letters "to the Governor of the Island of New England." While thus left to themselves the colonists had no need of independence, but this period practically ended with the fall of Quebec.²

The Lords of Trade had often advised a revision of the colonial system.³ In general their plan included a change in the constitutions and boundaries of some of the provinces, an enforcement of the laws of navigation and trade, and the collection of a revenue to be expended in supporting a standing army and in paying the governors and judges.⁴ This policy was suited alike to the temper of the new king⁵ and the needs of the exchequer, but the fall of the Bute ministry interfered with its immediate execution.⁶ A bill⁷ was passed for the enforcement of the acts of trade, but the project of raising a revenue by modifying and enforcing the old "Molasses Act" was dropped after the second⁸ reading.

Thus matters stood when Grenville came into power. Undaunted by Pitt's experience in attempting to prevent illicit trade with the French, or by the opposition to the writs of assistance,⁹ he ordered the strictest enforcement of the laws of trade.¹⁰ The colonists were alarmed. Merchants in several of the colonies corresponded with each other,

1. *Secky*, III. 332 citing Otis.

2. *Bancroft*, III. 528-33.

3. *Frothingham*, 161.

4. *Ibid.* 161-2; *Bancroft*, III, 30-33.

5. *Green*, IV. 201-02.

6. *Ibid.* 218-20; *Secky*, III. 332-3.

7. *3 Geo. III. c. 22.*

8. *Bancroft*, III. 33-6.

9. *Secky*, III. 328-31.

10. *Bancroft*, III, 54-62.

Secky, III. 333-4.

and the colonial agents were instructed to oppose a renewal of the "Molasses Act". Nevertheless, on April 5, 1764, the act was continued, modified, and made perpetual. Its increased severity was ^{mitigated} modified by allowing new indulgences², but the enforcement of such a law was a heavy blow to the prosperity of New England³. The act was made still more obnoxious by its preamble which declared the justice and necessity of raising a revenue in the American colonies "for defraying the expenses of defending, protecting and securing the same"⁴. During this same session notice was given of the intended imposition of a stamp tax.⁵

The laying of one tax and the notice of another thoroughly aroused the colonists. They denied the right of Parliament to tax them in any manner, non-consumption agreements were entered into, and Massachusetts sent a circular letter to the other colonies.⁶ Considerable correspondence ensued between the committees of the various assemblies, and colonial agents were instructed to act together.⁷ This opposition availed nothing for Grenville was determined upon taxation, although he offered to forego the stamp tax if the colonists preferred one of another sort.⁸ Parliament did not doubt its right to tax America⁹ and refused to receive the petitions of the colonists.¹⁰ The bill passed almost without opposition¹¹ and became a law March 22, 1766.

1. Frothingham, 162-3.
2. Bounty on hemp and flax; increase of duty on rice; removal of duty bearing on New Eng. whale fishing.
3. Lecky, III, 334-6.
4. 4 Geo. III. c. 15.
5. Bancroft, III, 72-3; Frothingham, 164.
6. Ibid. 164-70; Bancroft, III, 75-94.
7. Frothingham, 170-3.
8. Bancroft, III, 72-4, 96; Lecky, III, 347.
9. Bancroft, III, 73, 101.
10. Ibid. 102-04.
11. Frothingham, 175-6.

Offences against this act were made cognizable by the admiralty courts which had no juries, but the taxes imposed on legal and official documents, books, newspapers, etc. were not burdensome. For a time it seemed as if no resistance would be made. Then on May 30th the burgesses of Virginia declared that the people of that colony could be taxed only by their own assembly.¹ The House of Representatives in Massachusetts proposed a congress,² and, October 7th, delegates from nine colonies met at New York. They asserted their loyalty to the crown, acknowledged "all due subordination" to parliament, claimed the right of trial by jury, and declared that they could be taxed constitutionally only by their own assemblies since they were not and could not be represented in parliament. Separate petitions to the king, the Lords, and the Commons were prepared,³ but the opposition did not confine itself to resolutions and petitions, or to non-importation and encouragement of domestic manufactures.⁴ In August the names of the stamp distributors became known. Riots broke out in several of the colonies.⁵ The distributors were terrorized into resignation, and in many places the stamps were burned. On November 1st, the act was to go into effect, but not a man in America dared to sell a stamp.⁶ It was evident that the act could not be enforced.

1. Bancroft, III. 105-6, 109-10

2. *Ibid.* 110-12.

3. *Ibid.* 113-15.

4. Frothingham, 184-90.

5. *Ibid.* 143-4, Lecky, *III.*, 362

6. Bancroft III. 124-41.

7. Lecky III. 358-61.

British trade had suffered¹, and on March 18th, 1766, the stamp act was repealed.² Not even the Rockingham ministry could admit the claims of the colonists, and on the same day the Declaratory Act³ asserted the absolute legislative supremacy of parliament.

Quiet again reigned in America. The Declaratory Act caused little concern⁴, and the preamble to the Sugar Act must have been overlooked, for the duty on molasses being reduced⁵ to 1 d. a gallon, yielded a revenue of £17,000.⁶ Instead of further conciliation the government preferred the execution of its policy. Townshend, June 3rd, 1766, spoke in favor of remodelling the colonial governments⁷, and May 13th, 1767, he introduced measures for raising a revenue in America.⁸ He also proposed to punish New York for non-compliance with the quartering act, and to establish a board of customs commissioners in America.

June 15th, 1767, the assembly of New York was suspended.⁹ Parliament thus asserted a control over the colonial legislatures. Two weeks later the other measures were enacted. An import duty was laid upon glass, white and red lead, painter's colors, paper, and tea. The proceeds were to be used in support of the civil government.¹⁰

This meant that the judiciary and executive would be made independent of the people. The other act established a

1. Locky, III, 362.

2. Quind, 361-70; Bancroft, III, 198-214; 6 Geo. III, c. 11

3. 6 Geo III, c. 12.

4. Locky, III, 371-2.

5. 6 Geo. III, c. 52 - (note, over)

6. Locky, III, 373.

7. Bancroft III, 218-19; and

8. Quind 204; Bancroft, III, 250-3.

9. 7 Geo. III, c. 59

10. 7 Geo. III, c. 46.

board of customs commissioners in America, legalized writs of assistance and placed revenue cases under admiralty jurisdiction (without juries¹). The Townshend acts then were more dangerous to the liberties of the colonies than any that had preceded them.²

The colonists were intensely excited. Violent measures were openly advocated, but the wiser leaders counselled united and peaceable opposition.³ The Massachusetts assembly met December 30th, 1767, drew up a letter for their agent to present to the ministry, and petitioned the king. Then February 11th, 1768, they adopted a circular letter setting forth their proceedings and suggesting concerted action.⁴ Four colonies had replied favorably⁵ when Hillsborough, who had in January become the first colonial secretary, ordered the Massachusetts assembly to rescind its proceedings on the circular letter. The governors of the other provinces were instructed to dissolve their assemblies in case any countenance was given to this "flagitious attempt to disturb the public peace".⁶ The Massachusetts assembly by a vote of ninety-two to seventeen refused to obey the royal order and suffered dissolution.⁷ The other legislatures generally approved the letter, and several of them were likewise dissolved.⁸ A conciliatory tone was assumed in dealing with Virginia,⁹ but it was re-

1. 7 *Geo.*, IV, c. 41.

7. *Frothingham*, 216-21.

2. *Bancroft*, III, 256-7; *Lecky*, III, 384-5, 8. *Ibid.* 221-31. *Lecky*, III, 389.

3. *Ibid.* 385-7;

4. *Frothingham*, 209-13; *Bancroft*, III, 372-6; *Fest.*, *Misc. Donald*, 330-4.

5. *Frothingham*, 213-15; *Bancroft*

9. *Bancroft*, III, 218.

6. *Bancroft*, IV, 284-5; *Lecky*, IV, 389.

solved to make an example of Massachusetts by transporting her political leaders to England for trial before the King's Bench.¹ This threat was not carried out, but it hastened that unanimity of action for which those leaders had been striving.² Virginia was aroused more than ever, and May 16th, 1769, the House of Burgesses resolved³ that the right of taxation rested solely with them, the council, and the king or his governor; that it was lawful for colonies to petition singly or in common; that transportation for trial was "highly derogatory of the rights of British subjects." The governor promptly dissolved the assembly, but the resolutions were transmitted to the other colonies and were generally approved.⁴

Immediately after the dissolution of the assembly, the burgesses made another contribution to united action by forming a non-importation association.⁵ The first step toward non-importation appears^a to have been taken at Boston on October 28th, 1767, nearly a month before the Townshend revenue act went into effect. A town meeting voted to cease importing a long list of British articles, appointed a committee to obtain subscribers to such an agreement, and ordered its resolutions sent to other Massachusetts towns and to the other provinces.⁶ The other colonies were not incited to immediate action, and the

1. Bancroft III, 330-4; Frothingham 231-3; Parl. Hist. 16:477-87.

2. Lecky, III, 394-5; Frothingham, 273.

3. Mac Donald 334-5, text.

4. Frothingham, 235-8.

5. *Ibid.* 238-4; Bancroft III, 248.

6. *Ibid.* 264.

d. Bancroft 3:262 mentions correspond-
ence between N.Y. & Boston and intention on
part of both to cease importing; p. 359 he
mentions N.Y. as place non-importation
agreement originated, but this may refer
to the earlier period, as N.Y. col. Doc. VII. 800
shows that by Dec. 6, 1765 there ^{was a} non-importa-
tion agreement for the next year if the
Stamp Act was not repealed and, *ibid.* VIII. 68-9.
in letter of Moore to Hillsborough Boston
appears to be the leader, May, 12, 1768.

Boston association was found to be in need of frequent resuscitation. By May 12th, 1768, a rather weak and not very enthusiastic association was formed at New York.² Early in August most of the merchants of Boston agreed to import only certain necessary articles from England during the year 1769. No article taxed by the Townshend act was to be imported while that act remained in force.³ In April of 1769, the New York assembly thanked the merchants of that colony for ceasing to trade with Great Britain,⁴ and non-importation was soon agreed upon at Philadelphia.⁵ Upon the accession of Virginia, the other colonies fell into line, and by December 15th, 1769, all had declared for non-importation.^a

If we may judge by the English custom house reports^{b 6} of goods exported to America, non-importation never became a really formidable weapon. During 1768, Boston was not only striving hard to check importations, but it was opening the way by force for smuggling. February 12th, 1768, the board of revenue commissioners called for naval and military aid.⁷ Before the latter reached them, a riot occasioned on June 10th by the justifiable seizure of Hancock's sloop Liberty, caused them, except one, to retire to a warship which had arrived in May.⁸ In October, when two regiments had landed and two others were on their

1. Bancroft, III, 272, 277, 278, 292, 5. Bancroft, III, 242-4.
2. N. Y. Col. Rec. III, 684, 80. Gov. Moore to Hillsborough, May 12 and July 7, 1768.
3. Bancroft, III, 299.
4. N. Y. Col. Rec. III, 176, 194. Hillsborough to Gov. Moore July 15, 1769; Board of Trade to the King Dec. 21, 1764. (April 10.)
5. See appendix.
6. Bancroft, III, 276-7.

B. Bancroft, III, 269-90.

a. Frothingham, 238-40. cites letter of Dec. 15, 1769, stating, "Thus are the colonies at last all happily united?"

MSM. Con. Rept. XIV., Part 10, p. 176 mentions a pamphlet of newspaper notices, letters, etc. on non-impotation, found among the Postoffice papers. The Boston Massachusetts Gazette of Aug. 22 & Sept. 12, 1768 and 24 April - 20 November 1769 have notices of non-impotation and agreements of Aug. 1, 1768 and 17 Oct. '69.

Virginia association signed May 18, 1769.

Maryland " " June 22 "

South Carolina agreement June 28, assn. Aug. 17. "

Georgia merchants met Sept. 16 and inhabitants Sept. 19, resolutions not given [in Rept.]

North Carolina (November 7, 1769) formed an association. If, as Frothingham intimates, N. C. was the last to agree, the union was complete on Nov. 7, ~~but he mentions agreement.~~ (Connecticut and

N. J. passed resolutions in Oct. - Frothingham loc. cit.;

b. Gov. Powell, Mch. 5, 1770, said no reliance could be placed upon the custom house reports then on the table. Parl. Hist. 16: c. 557.

way, the commissioners returned to Boston. ¹ However England exported £2,153,000 worth of goods to America in 1768 as against £1,898,000 worth in 1767.² That the consignments to New England increased less than those to other sections may be attributed to the action of Boston; that they did not decrease is probably due to the fact that Rhode Island had few scruples about importation and finally ceased it only under pressure of boycott.³ In the following year the increasing unanimity of action was not checked by Hillsborough's announcement⁴ that, on commercial grounds, the Townshend duties were to be removed with the exception of the one on tea. The Boston merchants not only frustrated a design of some English houses to sell goods by means of factors,⁵ but by boycott⁶ and a judicious use of feathers and tar they compelled every importer to acquiesce in non-importation.⁷ On the suggestion⁸ of New York they extended their agreement "until every act imposing duties should be repealed"—an action which they rescinded in deference to the views of Philadelphia.⁹ The year 1769 in which only £1,332,000¹⁰ worth of English goods were exported to America closed with the colonies unanimously agreed to continue non-importation until the tea duty should be removed.⁹ Such a state of affairs was not destined to endure.

1. Bancroft, III, 309, 312, 314. 5, 6, 7. Bancroft, III, 350, 359, 361.

2. Appendix - the 13 colonies only. P. Hist. 161855 North gave exports to A. in 1768 as \$2,378,000 - more than all by this acct.

3. Frothingham, 239, note. 8. Ibid. 360, 362. 10. app. 10

4. Lecky, III, 390.

9. Ibid. 362

10. Appendix - 13 colonies only. Parl. Hist. 16: 855
Worth's speech £1,634,000.

a. Bancroft, III, 360. But Gen. Gov. Calder
to Hillsborough, Dec. 4, 1769 says assm. of N. Y.
received, read, and passed over in silence
a letter from Mass. exhorting them to enter
into a new resolution not to import any
British manufactures until all acts of
Parliament laying duties on goods imported
into the colonies were repealed.

N. Y. Col. Doc, III, 141

In accord with the Cabinet decision of May 1st, 1769,² Lord North on March 5th, 1770, moved the repeal of the duties upon white and red lead, paper, glass, and painter's colors. He defended his motion on the ground that the duties in question were anti-commercial; it was preposterous that British manufactures should be so burdened. "But tea is, of all commodities, the properest for taxation."² The Americans have no "mighty reason to find fault" for a duty of "near a shilling a pound" was removed and the present is only three pence. It is an external tax and when well established will aid greatly in the support of our government and judicatures in America.² The Americans deserve no indulgences; the repeal of the Stamp Act was a mistake. It did not conciliate them, and we cannot yield under pressure. Their non-importation associations will be speedily self destroyed. "I am for retaining our right to tax America but of giving it every relief that may be consistent with the welfare of the mother country." "The preamble of the act and the duty on tea must be retained, as a mark of the supremacy of parliament and the efficient declaration of its right to govern the colonies."² Governor Pownall moved an amendment adding tea to the list. In an elaborate speech³ he showed that the duty on tea was more anti-commercial than

1. *Parl. Hist.* 16: 852-5.

2. Bancroft, III. 381-2, based on W. S. Johnson's report of the debate.

3. *Parl. Hist.* 16: 855-ff.

a. Bancroft III. 346-7 says Lord North cast the deciding vote for retention of tax on tea.

Lieky, III. 845-6 says the King, the Bedford section of Cabinet, and North determined to maintain the tea duty and carried their point by a majority of one in the cabinet.

Grafton in memoirs Mahon V. appendix XXXVII. says merely tax on tea retained by 5 to 4 vote.

were the others. Like Lord North he was determined upon maintaining the right to tax America, but that right he said was sufficiently declared and exercised by the declaratory and sugar acts. Some opposed any repeal. Barre¹ spoke² in favor of the amendment, but it was defeated by a vote of two hundred and four to one hundred and forty-two,³ and a bill based on North's motion received royal assent on April 12th.

Hardly had the repeal taken place when it came to pass as Lord North had predicted. New York had been by far the most scrupulous observer of the non-importation agreement, and it was evident that the other colonies were profiting by her fidelity.³ Consequently the New York merchants proposed that tea alone should be excluded. The merchants of Philadelphia were not averse to such an arrangement until a letter from England urged them to persevere in their old agreement.⁴ Then they joined in the expressions of contempt and anger which the New York proposal met in several colonies. In New York a sort of canvass showed 1180 for the proposal and 300 either neutral or against it.⁵ A turbulent faction arose in opposition. Then both parties went from house to house and found a large majority in favor of importing.⁶ The merchants at once sent in large orders.⁷ The "dangerous infection"

1. *Parl. Hist.* 16: 857.

2. *Ibid.* 873-4.

3. Appendix; *Fruithingham* 256; *Bancroft*, III, 386; *Becker* *Am. Hist.* VII, 69-70. [Bancroft, loc. cit. says the letter was *Francklin's*

4. *Lieut. Gov. Cullen to Hillsborough* July 7, 1770. *M. J. Col. Doc.* VIII, 217;

4. con. N.Y. Col. Doc. 218-20 Alex. Calder to Anthony
Fodd, July 11, 1770

5. *Ibid.*, 217 Lieut. Gov. Calder to Hillsborough on
July 7, 1770. "About 300 neutral or unwilling to
declare their sentiments and few of any distinction
declined in opposition to it". The 1180 included the
principal inhabitants.

This canvass was taken in June - Becker, *loc. cit.*
May 16, Calder wrote that he heard a majority
of Phila. N.Y. merchants favored importation.
N.Y. Col. Doc. VIII. 214.

6. Between July 7 and 10, Lieut. Gov. Calder to Hills-
borough July 10 and Alex. Calder to Fodd, July
11. N.Y. Col. Doc. VIII. 218-20.

7. N.Y. Col. Doc VIII, 245; the packet was detained
if they might decide upon importation and
send orders - *Ibid.*, 220-1.

a Bancroft, III, 882 intimates that this
majority was obtained with difficulty.
"Lord North seemed hardly satisfied with
his success; and reserved to himself liberty
to accede to the repeal, on some agreement
with the East India Company." We
know nothing of the agreement he wished to make.
As authority Bancroft cites letters of Mech. 6 by
Garth to B. C. con. of Cor. and by W. S. Johnson to
Irumhull.

spread. Rhode Island, New Hampshire and Georgia likewise disregarded the old agreement and suffered boycott and un- sparing condemnation. For the first time exports to Car- olina decreased. In Pennsylvania the observance was stricter than ever before, but the value of goods sent to America in 1770 exceeded that of the preceding year by £590,000². The agreement was broken. In addition to the ill feeling thus engendered between the colonies, there were bitter boundary disputes^{1,3}. Internal strife had suc- ceeded union in America. □ Agitation against England sub- sided. A common issue no longer existed, and there was a general tendency toward quiet⁴. Even some of the local causes of irritation were removed. In 1769, the New York assembly reinstated itself by complying with the Quarter- ing Act, and the British government allowed that act to expire⁵. The removal of all the troops from Boston after the "Massacre" of March 5th, 1770, left the city in great- er quiet than it had known since 1768⁶. Of course the colonial assemblies managed upon some ground or other to continue their quarrels with the royal governors. It was a discouraging time for Samuel Adams. In 1770 and again in 1771 he moved⁷ that the Massachusetts assembly appoint a committee of correspondence in furtherance of his plan of union, but after all its disputing⁸ with Hutchinson

1. Frothingham, 256-8. 6. Bancroft III, 371-9.
2. Appendix. 7. Frothingham, 363-4.
3. Frothingham, 258-9. 8. Feeby, III, 405; Bancroft III, 379-80; #03-05.
4. Ibid. 259
5. Lecky, III, 296

the assembly could not be brought to take such action.

Finally after the governor had accepted his salary¹ from the imperial treasury, the colonial secretary announced August 7th, 1772, that the king "had made provision for the support of his law servants in the province of Massachusetts Bay."² Adams saw an opportunity ~~fr~~ for agitation and expressed a desire to arouse the continent.³ With some difficulty he prevailed upon the selectmen to call a town meeting for October 28th, 1772,⁴ Little interest was shown but on November 2nd, 1772, he moved "that a committee of correspondence^a be appointed to consist of twenty-one persons, to state the rights of the colonists, and of this province in particular, as man, as Christians, and as subjects; to communicate and publish the same to the several towns in this province and to the world, as the sense of this town, with the infringements and violations thereof that have been, or from time to time may be, made; also requesting of each town a free communication of their sentiments on this subject."⁵ The committee was chosen, and November 20th, it reported a list of grievances strikingly similar to those enumerated in the Declaration of Independence, an ample statement of the rights of man, and a letter to the other towns.⁶ Local committees were soon established throughout Massachusetts.⁷ Some interest was

1. Lecky III, 405; Col. Home of Papers 1770-72, 810, Aug. 25, 1771, Hutchinson thanks Hillsborough for the salary warrant on commissioners of customs.
2. Bancroft, III, 416.
3. Frothingham, 265-6.
4. Bancroft III, 419.
5. Ibid, 419-20.
6. Ibid, 421-23.
7. Frothingham 266-7.

a. For an account of committees of correspondence
see Collins Ann. Rept. Amer. Hist. Assn. 1901, vol. I.
243-71.

aroused in the other colonies, but not a town outside of Massachusetts chose a committee.¹ John Adams heard it said "They are all still and quiet at the Southward, and at New York they laugh at us."² It was amply demonstrated that something more than a local issue was necessary to inspire a sentiment of union.

June 9th, 1772, the Gaspee, a schooner employed in the revenue service, ran aground near Providence, Rhode Island. That night it was seized and burned by the citizens.³ A somewhat similar outrage had occurred at Newport in 1769.⁴ The people of Rhode Island were persistent smugglers, and such bold defiance could not be left unpunished. Accordingly a royal order of September 4th, 1772, created a commission to investigate the offence. Suspects and witnesses were to be arrested, by military force if necessary, for transportation to England.⁵ Rhode Island patriots appealed to Samuel Adams, and he advised them to notify the other colonies.⁶ This they did not do, but the Virginia House of Burgesses, seeing in the order a violation of trial by jury, appointed a committee to inquire regarding the actions of the commission and to correspond with the other colonies.⁷ This committee differed from those of Massachusetts in that it originated in and was composed of members of the assembly. On July 8th, 1773, five more

1. Frothingham, 281.
2. Works II. 205; - by a Capt. Phillips who had his appointment through Temple.
3. Locky III, 405-07.
4. Ibid. III. 350.
5. Ibid. 279-81, Bancroft, III. 436-7.
6. Ibid. 277 & 8.
7. Ibid. 277 & 8.

colonial assemblies had appointed committees of correspondence. There was little for them to do. The findings of the commission of inquiry had reflected on the commander of the Gaspee. No witnesses of the event could be found. Consequently there were no arrests.² The publication³ in America of Hutchinson's letters caused considerable indignation against royal officials, but the old apathy soon began to settle down upon the colonies.⁴

The sense of quiet and security was increased by the fact that Lord Dartmouth had become colonial secretary in August, 1772. He was a truly good man, and Franklin, who was on good terms with him, had reason to think that he meant well to the colonies. The uselessness of contesting with or oppressing the colonies was becoming apparent. Dartmouth thought that if America remained quiet reasonable relief would be given, but privately he expressed himself as opposed to the instruction for exempting the colonies from taxation.⁵

In the meantime there were some circumstances working in favor of the colonies with regard to the duties. The custom report from America for the year 1772 showed a balance of £85 in favor of the English government after the cost of collection, exclusive of enormous coast guard expenses, had been paid.⁶ Besides this it was thought that

1. Frothingham, 281-6.
2. *Ibid.* 286; Bancroft, *III*, 434.
3. *Ibid.* 440-2; Searby *III*, 412-15.
4. Frothingham 286-93.
5. Franklin's Works *VIII*, 23-4 letter to Jos. Galloway Dec. 2, 1772; 28-31 to Jas. Cushing, Jan. 5, 1773.
6. *Ibid.*, 29-31.

the financial embarrassment of the East India Company was due in a large degree to the loss of the American market, and Franklin hoped that commercial considerations would force a repeal of the tea duty.¹

In a letter² of December 2nd, 1772, he emphasized the uncommercial effect of that duty. The East India Company was almost bankrupt with £2,000,000 worth of goods "perishing under a want of demand." The American market was lost by continuing the tea duty. Otherwise, American purchases would have prevented the difficulty of the Company. "Yet the honor of the government is supposed to forbid the repeal of the American tea duty." "Can an American help smiling at these blunders? Though, in a national light, they are truly deplorable." He very shrewdly tried to impress his views upon those whom he met. "As they have tea and other goods worth, some say, £4,000,000, lacking market and which if sold would have kept up their credit, I say in all companies that the duty on tea produces great losses and has thrown trade into the hands of the Dutch, Danes, Swedes, and French, who according to reports and letters of the custom officers, supply the whole continent with tea and other India goods amounting to about £500,000 yearly. This gives some alarm and begins to convince people of the impropriety of quarreling with

1. *Works VIII*, 29-31.

2. *Ibid.* 23-4.

America.¹"

While the event was contrary to Franklin's expectations he was not without ground for hoping that the difficulties of the East India Company would contribute to the welfare of America. In 1769, Pownall, while declaring that the absolute power of Parliament was an intuitive truth, advocated the repeal of the duty on tea.² Again in 1770, he asserted that it was the most anti-commercial of the Townshend duties and that on the ground of necessity arising from injury to commercial interest he would repeal it.³ Colonel Barré spoke for the repeal, saying, "Sir, this House plighted its faith to the East India Company, to remove the duty of twenty-five per cent. from teas in order that the Company might be enabled to sell their teas upon terms equally low with the Dutch whose moderation in price constantly obtained preference at every market." What we did with one hand we undid with the other. The three pence tax prohibited their sales. From £132,000 in 1768, their sales in America dropped to £44,000 in 1769 and this year will probably not exceed one-fourth that sum. Justice to the Company demands a repeal.⁴

We have seen that these arguments failed to prevail in 1770. It might be expected that they would be more effective in 1773 in view of the situation of the East India Company, and on March 9th, of that year, Franklin

1. Works, VIII, 29-31.

2. Parl. Hist. 16: 618.

3. Ibid. ~~16~~; 855-65.

4. Ibid. 873-4.

reported that the tea duty was "under the consideration of Parliament for a repeal, on petition from the East India Company," and that no new measures against America were talked of or were likely to be taken during the session. Nothing more was heard from Franklin about the tea duty until June 4th, Then he wrote that at the beginning of the session it was thought the duty would be removed, "but now the wise scheme is, to take off so much duty here, as will make tea cheaper in America than foreigners can supply us, and to confine the duty there, to keep up the exercise of the right. They have no idea, that any people can act from any other principle but that of self interest; and they believe that 3d. on a pound of tea, of which one does not drink perhaps ten pounds in a year, is sufficient to overcome all the patriotism of an American."²

In the meantime another observer in London had written--- "the East India Company have obtained leave, by act of parliament, to export their teas from England duty-free; and in a short time, perhaps a month, a cargo will be sent to Boston (subject to the duty payable in America) to be sold in that place on their account; and they mean to keep America so well supplied that the trade to Holland for that article must be greatly affected."³

Letters of this sort apparently caused no excitement

1. Works 8: 34-5 - letter to Cushing.
2. *Ibid.* 48-9. - " " "
3. Frothingham, 298, note 4. letter, London, May 26 in *N. H. Gazette* of Aug. 27.

in America. At least Mutchinson says that when news of the intended exportation "first came to Boston it caused no alarm." The duty had been paid for "the last two years without any stir, and some of the great friends to liberty were among the importers." Most people seemed pleased with the prospect of cheap tea, and "the first suggestion of a design in the ministry to enlarge the revenue, and to habituate the colonies to parliamentary taxes, was made from England; and opposition to the measure was recommended, with an intimation that it was expected that the tea would not be suffered to be landed." A note states that these letters were dated in England in the beginning of August and were received in the colonies late in September and early in October. According to Winsor² "the test was deferred till it was announced"^a- First by a Philadelphia newspaper of September 29th in a letter dated in London August 4th,³- "that the East India Company was assisted by government in sending over a surplus of tea which they had." Who were these guardians of colonial liberties? It would be interesting to know whether they were colonial agents, British politicians, or merchants⁴ who disliked to see the Company monopolize certain branches of the American market.

Franklin and Lee were apparently less desirous of

1. Hist. Mass. Bay III. 422-3.
2. Narrative and Critical History of A. V. 91-^{See bib-}
biographical note.
3. Winsor's note to "announced"
4. H.M.C. Rept. XIV. Part X. 183. (See note, over.)

From Jamaica Plain, Dec. 11, 1773 Rev. Gordon wrote to Lord Dartmouth that the American merchants in London - [meaning presumably those trading to America] - were disgusted with the Company's action in exporting tea on its own account and that their representations of the monopoly had stirred up the Americans

a. In Henry's *Life of Patrick Henry* I. 170 reference is made to a letter of Jul. 6, London from Jno. Norton to the Va. committee of correspondence. ~~saying that~~ Apparently he said that the India Company was being used as a cat's paw to establish the American duty.

precipitating a conflict. It was not until September 12th that Franklin wrote, "To avoid repealing the American tea duty, and yet find a vent for tea, a project is executing to send it from hence on account of the East India Company, to be sold in America, agreeable to a late act empowering the ~~Lords~~ Lords of the Treasury to grant licenses to the Company to export tea thither, under certain restrictions, duty-free. Some friends of government, as they are called, in Boston, New York and Philadelphia are to be favored with the commission, who undertake by their interest to carry the measure through in the colonies. How the other merchants, thus excluded from the tea trade, will like this, I cannot foresee. Their agreement, if I remember right, was not to import tea, till the duty shall be repealed. Perhaps they will think themselves still obliged by that agreement, notwithstanding this temporary expedient; which is only to introduce the tea for the present, and may be dropped next year, and the duty again required, the granting or refusing such license from time to time remaining in the power of the treasury. And it will seem hard while their hands are tied, to see the profits of that article all engrossed by a few particulars."

This letter, although it shows that Franklin misunderstood the function² of the treasury licenses, re-enforces

1. *W. Papers* [Lth. 86-7, - to Cushing.

2. See discussion of act, 13 *Stat.* 3. c. 44.

the impression given by his letter of June 4th that he suspected that the measure was intended to fix the tea tax upon America. Not until November 3rd, did he mention resistance and then he merely expressed anxiety to hear how the tea was received, adding that if it was rejected the act would undoubtedly be repealed. Otherwise it would probably be continued and when the use of the Company's tea was established, the licenses would be discontinued and the act enforced. In writing to Samuel Adams on October 13th, Arthur Lee added as a postscript that a scheme was executing for "insidiously obtaining from us the duty on tea," but he did not advise resistance.² Before these letters could have arrived in America, there had arisen a popular movement against receiving the tea.

The six legislative committees had never exchanged views and were inactive. The local committees of correspondence outside of Massachusetts were quiet. The agitation in the different colonies was apparently spontaneous and self-directing. Newspapers and private letters afforded some exchange of sentiment, but there appears to have been no move toward securing harmonious action.³ It is said that Philadelphia took the first step⁴ in opposition by circulating a handbill signed "Scaevola". It counselled united opposition and urged ^{the} consignees, "the poli-

1. Works, VIII, 96-7, - to Joseph Galloway.

2. Frothingham, 298m.

3. Ibid. 300-01.

4. Drake, XVII. No date is given so it is uncertain whether it antedated the "Albion".

tical bombardiers to demolish the fair structure of liberty", not to act¹. One of the consignees in a letter² of October 5th wrote that some persons declared that the duty, however small, established the taxing power and fixed the badge of slavery. He thought that the importers and smugglers might be concerned in promoting such sentiments, and he could not predict the course of the opposition. The day after this letter was written there appeared in New York "The Alarm No. 1." a handbill attacking monopolies, especially the East India Company. The second number appeared on October 9th³. A letter written by a British officer says the "Alarm" advocated the severing of connection with Great Britain and that the New Yorkers had raised a company of artillery and swore they would burn every tea ship that came in⁴. As he mentions firm opposition in Boston and Philadelphia, it may be that this letter was written at a later stage of the resistance for on October 18th one of the Boston factors wrote that it could not be conjectured what difficulties might arise there from the disaffection of the merchants and importers⁵. Such was the earlier form of the opposition.

The second stage began with a mass meeting in Philadelphia on October 18th^a. It was resolved^b that the duty on tea was a tax levied without the consent of the

1. Drake, XVIII. ; Frothingham, 302.
2. Drake, 273-4, two letters Oct. 5, 1773 by Thos. Wharton.
3. H.M.C. Rept. XIV. Part X. 176-77. 6. Piles, 201-03; Drake
4. Drake, XVI.-XVIII. 296-8.
5. *Ibid.* 260.

a. Drake, 276 in Whiston's letter of Oct. 30, 1773.

Miles, 201-03 has a newspaper account giving this date. Frothingham 302, and Bancroft III. 346 also accept Oct. 18; but Gosling, II, 699 after mentioning a N. Y. meeting on Oct. 15 - I find no notice of it elsewhere - says Phila. meeting was on Oct. 16; Hildreth, II, 25? says Oct. 2; Hutchinson, III, 422 mentions - Oct. 8. as date of adoption of resolutions; Barry II, 467 gives Oct. 8 and 18.

governed and so violated the inherent right of freemen to dispose of their own property; that the purpose for which it was levied tended to establish arbitrary government; that the shipment of dutied tea by the East India Company was an "open attempt to enforce the ministerial plan, and a violent attack on the liberties of America"; that it was the duty of every American to oppose this attempt and that any one aiding such importation was an enemy to the country. A committee was appointed to demand the resignation of the Company's agents. Here we have outlined both the principles and the procedure for resistance.

On October 21st the Massachusetts committee of correspondence addressed a circular letter to the other committees. They reviewed the relations between Great Britain and the colonies, asserted that no removal of grievances was in prospect, and summoned the colonies to be ready to assert their rights when prospects of success should appear brightest. Such a time might come soon and the union with England should be dissolved if it could not subsist on terms of equal liberty. They waged effectual resistance to the importation of tea, saying, "It is easy to see how aptly this scheme will serve both to destroy the trade of the colonies and increase the revenue." Shortly after this the Connecticut committee issued a circu-

1. Pitkin, *IT.* 254-6; Bancroft, *IT.* 445-6; Frothingham

303.
2. *Ibid.*, 303-04 - Nov. 4, 1773.

lar expressing their apprehensions although they trusted the virtue of the towns to which consignments had been made. Apparently these letters received no reply, and the other legislative committees issued none of the tea question.

The citizens of New York held a meeting on October 26th,² denounced the consignees, and declared that the attempted monopoly was "public robbery." It does not appear that the consignees were then requested to resign. No town-meeting was held in Boston until November 5th. The Philadelphia resolves were adopted, the "Tradesmen's Protest," a Tory handbill opposing the action of the merchants on importation, was disowned by the tradesmen, and a committee was appointed to request the resignation of the consignees.³ The North End Caucus⁴ had frequently discussed the situation in secret, and on October 23rd, they voted to oppose, with their lives and fortunes the sale of any of the East India Company's tea. Probably as a result of this decision, the consignees were notified on November 2nd to appear at the Liberty Tree on Wednesday and resign their commission.⁵ A handbill notified the people to be present, and about five hundred assembled. The consignees, however, did not come. A committee then demanded that they promise to return the teas in the vessels

1. Frothingham, 304.

2. Drake, XVIII.

3. *Ibid.* XXIX-XXXI; 295-303; 286-94.

4. *Ibid.* XXXIII-XXXVI.

5. *Ibid.* XXVI-XXVIII.; 282-6.

in which they might come. This demand was refused and the town meeting above mentioned was deemed necessary.

A digression may be made here to explain why Boston did not earlier publicly oppose the proposed importation. In reply to a recent petition the king had asserted his determination "to support the constitution and resist with firmness every attempt to derogate from the authority of the supreme legislature." To Adams these were ominous words, and he accordingly proposed his favorite plan- a congress of all the colonies to effectually insist upon their rights. Cushing was opposed to this move.² Nature would ultimately render a verdict in favor of the colonies while persistent denial of the supremacy of parliament might provoke a rupture fatal to both countries. Nevertheless, the Massachusetts towns were aroused by a letter of September 21st,³ and October 4th and 13th Adams wrote Hawley that a crisis seemed to be approaching.⁴ The secret circular letter of October 23rd was merely a part of the plan of Adams to secure harmonious action when the moment for resistance should arrive.

The consignees at Boston refused to give answer until they had consulted among themselves. This was unsatisfactory to the citizens who expected an immediate reply.⁵

On the following day the committee reported that one of

1. Franklin's Works, XIII, 63-4, letter July 7, 1773, to Cushing.
2. Bancroft, III 443-4.
3. Frothingham, II, 303; Bancroft, III, 404.
4. Ibid. III, 404-05.
5. Drake, XXX-XXXI.

the Hutchinsons could not be found while the other informed them that when he and his brother were appointed factors, and the tea arrived, they would be able to answer the request of the town. This was voted "daringly affrontive" and the meeting dissolved.¹ Hutchinson hoped the New York tea-ship might arrive first for he thought Tryon would allow no disorder and the landing of tea at that part might have a salutary effect at Boston.² The leaders at Boston however pledged themselves that the tea should not be landed, and Mifflin of Philadelphia told them he would answer for his own city.³ On November 11th Hutchinson issued an order ~~that~~ that Hancock's company ^{of} militia should be ready to aid in suppressing tumultuous assemblies.⁴ This created some excitement, and six days later a mob attacked the house of one of the consignees. The same day news arrived that three ships carrying the India Company's tea had sailed for Boston. A town-meeting was held November 18th, and the consignees were again requested to resign. They replied that they had not yet received orders from the Company, but that their friends in England had entered into such engagements for them that it was impossible to comply with the request of the town. The meeting on receiving this reply dissolved without further action.⁵

1. Drake XXXI. 303.

2. Ibid. XXX II. *quoting Hutchinson's letter to Dartmouth.*

3. Ibid. XXXIII.

4. Ibid. XXXIII.

5. Ibid. XXXIV-XXXV.

Apparently the citizens had determined upon their future procedure. At any rate this sudden and silent adjournment caused the consignees to ask leave to resign themselves and their consignments to the care of the governor and council and that means would be taken for landing and protecting the tea until they could dispose of it or receive order from the consignors. This the council refused to do.² The Boston committee of correspondence communicated with the other towns of the province, and sent letters to the other colonies, especially New York, Pennsylvania and South Carolina. The voluminous correspondence that followed promised Boston unanimous support and urged her to stand firm.³ We have already noticed the final proceedings at Boston. The other cities were not compelled to resort to such strenuous action.

On December 25th, news reached Philadelphia that its tea-ship was at Chester.⁴ The Delaware pilots had already been warned⁵ not to bring the vessel up to the city; one firm of consignees had declared on October 18th, that they would do nothing to enslave America.⁶ A second firm resigned about December 2nd⁷ and on the 26th Gilbert Barkley, who had come over with the tea, gave up his commission.⁸ A public meeting had already resolved that the tea-ship should not be entered at the custom-house, and December 27th it

1. Drake 309-10, the petition to the council.
2. Ibid. 310-20, proceedings of council on the petition.
3. Frothingham, 304; Drake, XXXVIII.
4. Ibid. LXXXIV.
5. Fisher, opp. p. 110 has fac-simile of proclamation dated, Nov. 27.

6. Drake, 275-7, Wharton's letter of Oct. 30.
7. Channing, 182, gives reduced fac-simile of that date demanding immediate reply from James & Drinker
8. Niles, 201-03; Drake, 368

By Jan. 26, 1774 Barkley and his tea were back at London - C.H.O.P. 1773-5, 471.

began its return voyage after the captain had been present at a great meeting in which the citizens demanded the immediate return of the tea and approved the effective measures ~~of~~ that Boston had taken.¹

At Charleston 257 chests of tea arrived on December 2nd. Incited by the actions of the northern towns the citizens held several meetings, and it was voted that the tea should not be landed. The consignees having resigned, the tea was seized by the customs collector on December 22nd and stored without opposition.² No one would purchase it, and it finally spoiled.³

In New York it was for a long time doubtful whether the tea would bear a duty. In case it did not its landing was to be approved as being introductive of monopoly,⁴ and a meeting of November 5th voted that the tea should not be landed under any circumstances.⁵ "Mohawks" were organized, and the pilots were forbidden to bring tea-ships into the harbor.⁶ On learning that the tea was taxed the consignees at once requested the governor to take charge of it, and they resigned.⁶ The governor intended to store the tea in the barracks, but on December 17th a meeting of "the friends to the liberties and trade of America" voted that such action would be unsatisfactory.⁷ Later the people were assured that the tea would be returned in the

1. Drake 361-6, newspaper account & resolutions.

2. Drake, 339-42. letters of Gov. Bull, and Jno. Morris, customs comptroller.

3. N. Y. Col. Doc. VIII. 400. *Fryer to Dartmouth* 30 Nov. '73.

4. Roberts, 384-5.

5. Drake XVIII-XIX.

6. American Archives, Ser. 4, I, 253, Am. Adv.

25 in answer to inquiry of committee on Dec. 24
the consignees were unable to say whether
the tax bore a duty. Resigned about Dec. 1.

Drake, 305-06 gives their letter to the gov.
on Dec. 1. Nevertheless XVIII, he says
the consignees withdrew within 9 weeks
after the meeting of Oct. 26.

Roberts, 384-5 gives date of resignation
as Nov. 10.

7. Drake XIX; Becker: Am. Hist. Rev. VII. 72-3.

As to governor's intention see his letter
to Dartmouth, Dec. 1, 1773. N. Y. Col. Doc. VIII.
402-3.

8. Frothingham, 313.

a. Jan. 29, 1774 John Personal sent Grey Cooper
an extract of a letter from the Governor of S. C.
asking what to do with seized tea. This extract was to be
laid before the Lords of the Treasury. On Feb 5 Cooper
acknowledged receipt of the above and reported that
he had ordered the collector at Charleston to hold the
tea in safe custody until further order.

C.H.D.P. 1773-5. 481 and 489.

Probably the tea was never offered for sale until
as no further orders appear. Of course, at least
straight have been issued and not recorded
among the Home Office Papers.

vessel in which it might come. A tea-ship arrived at the Hook on April 18th, 1774, but the pilot refused to bring in the ship until the sense of the city was known.¹ The captain was allowed to obtain supplies and a meeting was called that he might "see with his own eyes" the "destitution to the measures pursued by the ministry to enslave the country."²

About the same time Captain Chambers, who had once been thanked by the citizens for refusing to accept a cargo of the East India Company's tea, attempted to bring in a private³ venture of eighteen chests. He was detected, and the tea was thrown overboard as another private consignment had been a few days before.⁴ On March 7th at Boston, twenty-eight and one half chests of tea were destroyed immediately upon arrival.⁵ A tea-ship arriving at Portsmouth, New Hampshire was allowed to go to Halifax,⁶ but in October, near Annapolis, Maryland, one was burned by its owners in order to appease the enraged populace.⁷ So effective was the resistance in all parts that "none of the tea sent over under this disastrous law found its way into the market."⁸

The principles upon which this opposition was based have been noticed in the Philadelphia resolves of October 18th, 1773. So fully did they represent the colonial

1. Broadside of April 19, '74. - Becker. Am Hist. Rev. VII. 74.
2. Broadside of " 1772 - loc. cit.
3. Niebuhr 3: 34(?) says it belonged to the captain.
4. Drake. LXXXV.
5. Jus. Adams Works, II. 323-4.
6. Fisher, 110.
7. Drake, LXXXV.
8. Bright, III. 1020.

a. Drake, 304-05. Jan. 7, 1774 a letter stating that the Company decided on forwarding rejected teas to Halifax; agents, etc.

H.M.C. Rept. XIV. Part X, 589. Dartmouth to Legge. Feb. 5, '74. The East India Company's tea if prohibited in the other colonies is to be sent to Halifax.

views of the issue that Boston adopted them as they stood,¹ and the resolutions of the New York Sons of Liberty on November 29th are of a similar nature.² A further insight into the situation may be obtained from the political writings of the time.

Anglo-Americans in a letter³ from Boston on the day after the destruction of the tea justified that action on the grounds of self-defense. Some towns had collected and burned their tea "as so much chains and slavery," and it was necessary that the Company should use all of its influence to secure the repeal of the duty if it ever expected to sell tea in America. Otherwise not an ounce could be sold. Somewhat more moderate than his fellows, he continued, "I am sorry the Company are led into such a scrape by the Ministry to try the Americans' bravery at the risk of their property."

Novanglus⁴ went to greater lengths. To him it appeared that the tea was sent by the ministry in the name of the East India Company. The act was admired as a masterpiece of policy for it would establish the precedent of taxing America, raise a revenue, preserve the credit of the Company and save the £400,000 payment which the government was about to lose on account of the Company's falling dividends. "The Company, however, were so little

1. Drake, 296-8.

2. Becker, Am. Hist. Rev. VII, 72-3.

3. Col. H. O. Papers, 1773-5. 465.

4. Geo. Adams, Works IV, 79, 85-6.

pleased with this, that there were great debates among the directors whether they should risk it, which were finally determined by a majority of one only; and that one the chairman, being unwilling, as it is said, to interfere in the dispute between the minister and the colonies, and uncertain what the result would be; and this small majority was not obtained, as it is said, until a sufficient intimation was given, that the Company should not be losers." The Americans, however, saw through the scheme. They knew the duty would be used in obtaining supporters and that opposition would be useless if ever the Company obtained a foothold. Consequently they united in opposition.

The idea that there was a deep laid plot against America is pushed to its fullest extent in one of Hamilton's productions. "The present minister in conjunction with a mercenary tribe of merchants, attempted to effect by stratagem, what could not be done by an open undisguised manner of proceeding. His emissaries, everywhere, were set to work. They endeavored by every possible device to allure us into the snare. The act, passed for the purpose, was misrepresented; and we were assured, with all the parade of pretended patriotism, that our liberties were in no danger. The advantage we should receive

1. Hamilton's Works, I. 125-6.

from the probable cheapness of English tea was played off with every exaggeration of falsehood, and specious declamations on the criminality of illicit trade served as a gilding for the whole."

The Monitor. IV. dated in New York, November 30th, 1775, contains what is apparently a fairly representative view both of the intentions of the Ministry and of the relations of the East India Company to the government.

"As the East India Company must have been thoroughly apprized of the temper and resolutions of the Colonies, it is scarcely to be supposed they would have hazarded so much of their property on such precarious footing as that on which it must necessarily be sent to America, while encumbered with a duty that gave so general offence, unless they had some sure prospect of retribution in case of accidents. It is therefore extremely probable, what has been more than once positively suggested by our friends on the other side of the water, that the Ministry either purchased the tea to make the intended experiment, or engaged to indemnify the Company for whatever loss they might sustain by a miscarriage. Neither is it likely they would have done this, and risked throwing the Empire into new convulsions and disorders, if they had not been resolute to drive matters to extremity, and to bring the contest to a final issue."

1. Am. Archives, Ser. IV. Vol III. 1725-6.

The ministry thought that the colonists worn out by opposition, unwilling to renew agitation, deceived as to the purpose of the act, or quieted by the smallness of the tax would submit to its payment; "or that they would be reduced to the necessity of destroying it, in order to prevent the tax from being paid. In the former event the right of taxation would be established; in the latter there would be an opportunity to use force in subjecting the colonies to an acknowledgment of the supremacy of parliament¹.

These papers of course were written after the destruction of the tea at Boston and in some cases after the British government had determined upon a retaliatory policy against that city. Nevertheless, they may be taken as indicative of the real sentiments of the patriotic party, as we may call the men who had been steadfast and consistent defenders of what they conceived to be the right of the colonists "as men, as Christians, and as subjects."² They were at first comparatively few in number, but they exerted very great influence. It is too much to say that they aspired to independence, but they cared for the connection with Great Britain only so long as it rested upon a basis of equal liberty.³ Their rights they saw could be maintained only by united action of all the colonies,

1. *The Monitor* IV. Am. Archives, Ser. 1 V. Vol. III. 1725-6.

2. From mention by Samuel Adams already given.

3. *Lecky*, III. 447-50.

and we have traced their attempts to secure that action by means of committees of correspondence. The shipments of tea to America on such terms as would be likely to insure the payment of the tea tax gave these men a case of violated right bearing upon all of the colonies, and they made the most of it in the cause of union. Their success is seen by the fact that on February 8th, 1774 twelve assemblies had chosen committees of correspondence.¹ It is impossible to say whether they expected the British government to modify its policy.⁴ Their action was similar to what it had been in the case of the Stamp Act, and it seemed not too much to expect a like result. We have seen that Franklin thought the duty would be removed if the tea were rejected.² While John Adams wrote that the destruction of the tea was "an epoch in history," and that the die was cast, he also held the opinion that neither side had spirit enough to bring the matter to a final decision.³

The patriots justified their resistance by showing that it was necessary in order that certain principles might not be violated, but there were other classes in the opposition who cared little about abstractions. One of these was composed of those men who had few political rights in their own colonies, and who were weary of the

1. *Frostingham*, 812-13.

2. *Works*, VIII. 96-7, Nov. 3, 1773, letter to Galloway.

3. *Works*, II, 323-~~ed~~ diary of Dec. 17; IX, 324, Dec. 17 to Warren; 336-7, Apr. 9, 1774 to Warren.

4. *Jecky*, III. 450-51.

domination of the propertied classes. The theory of no taxation without representation appealed to them, and they saw an opportunity to obtain for themselves in local affairs that political liberty which their superiors were demanding in national affairs.¹ This class furnished the mob element on many occasions. As long as their energies were directed to opposing British restrictions the propertied classes could have no objections, but in New York they developed into a sort of political party and were opposed by men who agreed with them upon resistance but could not approve their methods.² At Boston, the North End Caucus, composed chiefly of mechanics,³ seems to have worked in harmony with men of property.

Another class which was firmly opposed to receiving the East India Company's tea was composed of illicit traders. About a quarter of a century after tea was introduced^{a 4} into America all drawbacks allowed upon its exportation from England were removed.⁵ The tea trade then passed largely into the hands of smugglers who could sell foreign tea for less than one half the price of English tea.⁶ In 1748 the inland duties were removed⁷ from tea intended for exportation, but the American trade seems never to have been entirely recovered. In 1752 Governor Clinton complained to the Board of Trade about extensive smuggling

1. Becker, *Amer. Hist. Rev.* VII, 63. 6. *J.H.C.* 1746, CP. 7.

2. *Ibid.* 56-76, esp. 74-5. 7. *I Geo.* 2. c. 14.

3. *Drake*, XXIII.

4. *Memorial History of Boston*, IV, 145, m. 1221.

5. *By Reso.* 2. c. 26. 1745.

a. Drake, XIV. n. says Dr. Holmes gives 1720 as the date when tea began to be used in New England, but he thinks small quantities were used much earlier.

in which tea was one of the chief articles. Although the use of tea was rapidly becoming popular in America, it was said that the London exports of that article were decreasing.¹ Five years later so much tea was smuggled from Holland that it was prophesied that England would lose most of that trade. The colonists protected this illicit traffic. In 1757 a captain Sears of the royal navy was seized and imprisoned by some Rhode Islanders for interfering with their trade. While cruising about Long Island to intercept vessels trading with France he had driven away a Holland tea-ship.² In 1764 after several English cruisers had been set to watch the coast, it was reported that the tea trade with Holland and Hamburg had almost ceased, but that a few small vessels still brought tea from the Dutch West Indies.³

The tea duty of 1767 gave a great impetus to smuggling although a full drawback of the English customs duties was allowed. In 1771, Governor Hutchinson, in thanking Lord Hillsborough for his salary warrant, remarked⁴ that the customs duties against which the warrant was charged would be much larger if the illicit trade with Holland could be stopped. He estimated that nine-tenths of the tea used in the last two years was smuggled.

Cruisers might be of some use but the real remedy was a

1. N. Y. Col. Docs. VI. 765. Letter of Oct. 4.

2. N. Y. Col. Docs. VII. 271, 223.

3. N. Y. Col. Docs. VII. 666. Letter from Col. Munn to Halifax
Oct. 9, 1764.

4. C. H. O. P. 1770-72. 810. Aug. 25.

reduction in the price of English tea. Had the East India Company kept its price at 2s. or 2s. 2d. Dutch trade would have been over, but with tea at 3s. in England the smugglers could do a profitable business and suffer the seizure of one-third of the tea. However, not one chest in one hundred is seized. In another letter Hutchinson estimated the annual consumption in America at nineteen thousand, two hundred chests- a very considerable exaggeration, Mr. Palmer thought. New York imported almost no English tea; Pennsylvania and Rhode Island were not much better, and the Dutch traders were increasing in his own province. Arthur Lee said that the colonies were amply supplied with tea and that for five years Pennsylvania had annually used two thousand chests of foreign tea. These examples illustrate pretty fairly the extent of smuggling, an occupation not only profitable but patriotic. It was evident that if the East India Company once obtained a market through its factors in America a very lucrative form of colonial trade would be at an end. Hence the smugglers to a man joined the opposition.

So far as America was concerned the law of 1773 allowed the same exemptions to private traders that it did to the East India Company, but if the tea were sold at

public sale in England to some English merchant who in

1. C.H.D.P. 1770-72. Sept. 10, 1771 To Hillsborough.

2. Drake, 197.

3. H.M.C. Rept. XI, Part 5 between 241-7.

Dec. 27, 1773.

turn sold it to a colonial merchant, it is plain that the latter could hardly compete with the Company's factors in America. It was clearly within the Company's power to drive out of business both the English and colonial merchants by raising the ^{upset} price at its public auctions in England. The fair traders was not slow in seeing this.

~~Thus the fear of a monopoly caused a very considerable opposition to receiving the tea.~~ Hutchinson said that altho his sons were among the factors, the Company's exportation was directly contrary to their interest, ^{by} depriving them of a profitable tea trade they were conducting.

That the fear of a monopoly was a source of opposition is easily shown. We have already noticed that the consignees said that the merchants and smugglers were encouraging resistance and that the people of New York were especially outspoken against monopoly. "The Alarm No. 1" of that city was outdone by a handbill addressed to "Tradesmen and Mechanics of Pennsylvania."² It described the Company's career of bloodshed and plunder in India and predicted an unhappy fate for America if the greedy corporation was allowed to obtain a foothold. Not only would the sale of tea be monopolized, but the Company's factors would sell spice, saltpetre, East India cottons, and other goods at prices that would drive American merchants from

1. Diary and Letters I, 100.

2. Fisher, 107.

business. Even the Bishop of St. Asaph,^b a friend of Franklin, is said to have prepared, for delivery in the House of Lords, a speech denouncing the government for turning loose upon America a corporation with such a record of conquest and plunder!

While the East India Company was thus denounced as dangerous in itself and as an instrument for enslaving America, it was against the British government that the chief opposition was directed. The government could be opposed upon principle, and the unfranchised classes, the smugglers, the fair traders, and the patriots united in declaring that the ministry had concocted a scheme for enforcing the tea tax and that they were using the East India Company in accomplishing that design. That the colonists acted upon that theory is undeniable; that their supposition was correct is rarely questioned. Nearly all American and many English historians speak of the act of 1773 as a ministerial scheme;^a yet it may be worth while to examine the evidence.

In 1773 the East India Company was overstocked with tea. There was no demand for this surplus in England and as the Company was on the verge of bankruptcy there was nothing more ~~that~~ natural than that it should be permitted to find a market where it might and that upon tea so

1. Fisher, 107.

a. (Mahan V: 318-19; Bright, III, 1069; Doyle, Cambridge Hist. VII, 157-8 are among those who think no political end was sought.

b. Jonathon Shipley, 1714-88.

Rockingham Whig. Joined the opposition on account of the King's American policy; always a defender of the rights of the colonists; knew Franklin as early as 1771; considered far-sighted in church and local politics.

Dict. Natl. Biog.

exported no English customs duties should be required. On the Company's petition¹ a bill granting such privileges was drawn up and passed. This act has already been carefully analyzed. It contained no exceptional or extraordinary provisions regarding America and was in perfect accord with precedent and long observed principles of commerce. The Company, after considering the expediency of exporting to Europe², decided upon sending seventeen ~~hundred~~^{hundred} chests of tea to America³. At the prices which the Company could offer, it would be commercially advantageous for the Americans to give up the use of smuggled⁴ tea. That such was the case constitutes no proof that the design of the act was to secure payment of the three pence duty^a.

Since the act itself and the circumstances of its passage afford no substantiation of the American contention, it remains to be seen what other evidence can be adduced. In the first place we are told that the Company offered to pay the government 6 d. a pound in England if the American duty was removed.⁴ The statement in this form apparently rests upon Governor Johnston's speech^b in the House of Commons on January 23, 1775. He characterized the act in question as the most reprehensible of a long train of political abominations and said it was notorious

1. *Parl. Hist.*, 17: 799-800.

2. *Drake*, 190, Palmer's letter May 19, 1773; 201, Barkley's memorial May 26, 1773.

3. *Ibid.* 246-7, Company's petition for a licence.

4. *Ibid.* XI-XII.

^a *Parl. Hist.* 18: 168-81.

a. Before 1763 especially, the drawbacks allowed on exportation made many continental goods cheaper in America than in England.

See p. 313 26-7.

b. George Johnstone, 1720-87.

Once governor of West Florida; entered parliament in 1768, spoke frequently and was noted for his scurrilous utterances. Was a prominent duellist. In 1778 was one of the peace commissioners to America but was compelled to retire as the Americans accused him of attempting bribery.

Dict. Natl. Biog.

that the Company had requested the repeal of the American duty. They saw the absurdity of a drawback in England and a duty in America and offered 6 d. a pound in England instead of the duty in America. The same idea is found in Bancroft. While the act was under discussion, Trecothick^a suggested the removal of the American duty, but the ministry would not listen to the thought of relieving America from taxation. He then in behalf of the East India Company said that "as much or more may be brought into the revenue, by not allowing a full exemption from the duties paid here."

It is unnecessary to disprove these statements for they are not pertinent to the subject. It amounted to little less than presumption in Trecothick to make such a proposal after the repeated failures to remove the tea duty on commercial grounds. It could not be expected that any ministry would give up a fundamental principle merely to aid a mercantile corporation. The retention of the tea duty had been decided upon long before.

Apparently² in reply to a statement that the proposed act could not relieve the Company while there remained a duty in America, Lord North is reported to have said that no difficulties could arise, that the Company could undersell foreigners, and that men would always go to the

1. Bancroft. 3; 438-9.

2. *Ibid.* 439.

a. Barlow Trecothick, not mentioned in Dict. of Natl. Biog., a London alderman.

H.M.C. Rept. XIV. Part X. 28. He was chairman of a committee of the merchants trading to N.A., and seems to have led the mercantile opposition to the Stamp Act for (Corresp. of Cal. Governors of R.I. II. 346) June 30, 1766, Gov. Ward of R.I. in accord with the resolutions of the assembly tendered Barlow Trecothick (sic), thanks for his aid in securing the repeal of the Stamp Act.

Parl. Hist. 16:507. Feb. 8, 1769 he asserted in debate that the merchants told Townshend that if his duties would have and offered to pay them in England.

Bancroft 3:344. In 1769 he seconded Pownall's motion for a repeal of the Townshend duties.

Parl. Hist. 16:928. April 9, 1770 he moved for leave to bring in a bill for repealing the tea duty. The question having been decided once during the session, this was contrary to the House rules.

cheapest market. In all probability Lord North made such a statement. It is given in a letter of May 4th, 1773, written by Charles Garth to the South Carolina committee of correspondence.¹ The bill was then under consideration and he might have had opportunity to hear such debates as there were upon it. This would show then that North saw that the relief of the Company through the American market involved the payment of the three pence tax by the colonists. This is merely what every one must have seen. His answer instead of showing an intention to force the payment of the tax was merely a reply to men who doubted the efficiency of the proposed method of relieving the Company. It does not appear that any of the zealous partisans of America opposed the bill on the ground that it was intended to secure the payment of the tea tax.

It is further charged that the measure was the king's^a own, and that he suggested the plan for at once relieving the Company and trying the question with America. According to Donne's Correspondence of George III. as cited by Frothingham,² the king at one time proposed to Lord North certain alterations in the American administration. This was soon after Dartmouth became colonial secretary. Frothingham says "the first fruit of this advice was probably the Rhode Island commission." "The king's next measure

1. cited in old edition of Bancroft's history.
2. Rise of the Republic of the U.S. 296.

a. H.M.C. Rept. III. Part IV. 499.

On Jan. 19, 1774, the day that the news of the destruction of the tea at Boston reached London, the king wrote Dartmouth: "I am much hurt that the investigation of bad men hath again drawn the people of Boston to take such unjustifiable steps; but I trust by degrees tea will find its way there; for when Quebec is stocked with that commodity it will spread southward."

related to the duty on tea." We have not the advice referred to, but if the Rhode Island commission was only "probably" a result, what evidence have we for the next statement? If Donne has given any conclusive proof of the king's authorship of that measure why is it not cited?

On July 14th, 1773 Franklin, in writing to his son, said that Dartmouth was a truly good man and hoped for an understanding with the colonies but that his strength was unequal to his wishes. "Between you and me, the late measures have been, I suspect, very much the king's own, and he has in some cases a great share of what his friends call firmness. Yet, by some painstaking and proper management, the wrong impressions he has received may be removed, which is perhaps the only chance America has for obtaining soon the redress she aims at." This letter is sometimes cited as proof that the king planned the measure, but there is nothing to show that ^{Franklin} he had in mind the act which we are considering. He might well have referred to the Gaspe~~e~~ commission, the order for paying the Massachusetts judges from the imperial treasury, or to the general procedure of the colonial department. Only a week before this he had written² that parliament was prorogued without having meddled in the state of America. Indeed if he did refer to the act for the relief of the East In-

1. Works VIII. 75.

2. *Ibid.* 60-67.

dia Company, there is yet no proof, for mere suspicion is not evidence.

According to Frothingham¹ some difficulties which arose in arranging for "the execution of the scheme" led the directors to confer with the ministry. At one of these interviews North remarked, "It is to no purpose making objections, for the king will have it so. The king means to try the questions with America." We do not know what objections the directors offered. Some were opposed to the exportation on commercial grounds²; some are said to have apprehended that the privilege accorded them might have a political bearing³. Bancroft says⁴ that Americans warned the Company that the adventure would result in loss, but that Lord North overcame the Company's scruples by the statement above quoted. It is difficult to see what Lord North meant. If the Company did not care to export tea to America it was under no obligation whatever to do so. It had exactly the same right to export to foreign countries that it did to America.⁵ The ministry had no legal control over the commercial proceedings of the Company, and the recent legislation was not such as to render the stock holders friendly to the government. Instead of meaning that the king was back of the whole proceeding and that he was desirous of taking this oppor-

1. Rise of the Republic of the U.S. 297.

2. Macpherson 3:545.

3. Ann. Reg. 1774. 47.

4. vol. 3: 443.

5. 13 Geo. 3 c. 44.

tunity to bring matters to an issue, it seems more probable that North meant to assure the directors that they need never expect any removal of the American duty. It was the king's fixed intention to tax America, and since Massachusetts had avowed legislative independence he had given up all thought of securing obedience "by argument and persuasion." In other words he would make no more concessions to America. Thus North's statement could have little bearing and besides its authenticity is doubtful.

Almon's Anecdotes of Chatham, published some twenty years² after the event, is the sole authority. Almon was a printer, the party factotum of Temple, much trusted by Burke, and a close friend of John Wilkes³. Adolphus says⁴ that his edition of the parliamentary debates is tinged by party prejudice and disfigured by negligence, a charge recurring in the preface to Volume 17. of the Parliamentary History. If such is the character of his work we may doubt the accuracy of some of his anecdotes.

Governor Johnstone⁵ in 1775 charged the government with using "various intrigues, solicitations, and counter solicitations" "to induce the chairman and deputy chairman of the Company to undertake this rash and foolish business." His mere statement made in an attack upon Lord North has no more weight than the extravagances of Novang-

1. Dartmouth to Hutchinson, April 10, '73 cited by Bancroft old ed. VI, 547.
2. It so appears from the Dict. of Natl. Biog. altho the date is not given.
3. Dict. Natl. Biog. on Almon. 5. Parl. Hist. 18: 168-81.
4. vol. I. Pref. p. ix.

lus or the argument of the Monitor. Not a single act can be cited to show any collusion between the Company, and the government and there is not sufficient evidence to prove that the act which precipitated the American Revolution was not passed in good faith and primarily for the relief of the East India Company.

1. On Dec. 17, 1773 Dartmouth requested Wheeler, Chairman of the directors, to meet him on account of some advices from America regarding the importation of tea from England. Three days later the Company furnished him an account of teas exported to N.A., specifying the colonies, quantity and quality, to each, and the consignees with their security in England. Many letters and reports were later sent to Dartmouth. Feb. 16, 1774 the Company asked indemnity for the loss of tea at Boston amounting in value to \$9,659. 6s. 4d. (This tea originally cost with freight to England \$7,192. 5s. 1d. Packing etc. for exportation cost £54. 19s. 2d., etc. made total of £7,532. 19s. 3d. H.M.C. Rept. X. 11. Part X. 252.) March 22 indemnity for cost of freight on teas returned from Philadelphia was also demanded. C.H.D.P., 1773-5. 240, 246. 509. 550. and others; Draft 258, and following.

It was but natural that the colonial secretary should obtain information from all possible sources.

A P P E N D I X .

IMPORTS IN £ THOUSAND VALUE FROM GREAT BRITAIN.

Year.	Canada.	Carolina.	Florida.	Georgia.	New England.	Newfoundland.	New York.	Nova Scotia.	Pennsylvania.	Virginia and Maryland.
1760	51 ^a	218			599	56	480	52	707	605
1761		254		24	334		289		204	548
1762		194		23	247		288		206	418
1763	149	250	9	44	258	55	238	16	284	555
1764	251	305	15	18	459	72	515	15	435	515
1765	213	334	19	29	451	70	382	48	363	383
1766	366	296	38	67	409	65	330	14	327	372
1767	194	244	30	23	406	53	417 ^c	25	371	437
1768	110	289	32	56	419	46	482 ^c	19	452	475
1769	174	306	29	58	307	64	74	19	199	488
1770	231	146	39	56	394	91	475	45	134	717
1771	170	409	66	70	1,420	89	653	51	728	920
1772	203	449	40	92	824	107	343	34	507	793
1773	316	344	51	62	527	77	289	27	426	328
1774	307	378	52	57 ^b	562	77	437	47	625	528
1775	472	6	85	113	71	123	1	56	1	1

This table is compiled from Anderson IV. 42,43, 59, 82, 104, 115, 126, 134, 142, 154, 162, 170; Macpherson III. 564, 585 for the years 1774 and 1775, and Greene 451 for the years 1761 and 1762. It agrees with Greene's table taken from Hazard's U.S. Commercial and Statistical Register except that b is given there as 118 and c as 182.

a. Quebec.