Bengal textiles, British Industrialisation, and the Company *Raj*: Muslins, Mules and Remittances, 1770-1820*

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The switch in production of cotton textiles from Bengal to Britain from 1770s to 1820s is one of the great events of global economic history. It has been used as a key part of various grand narratives of world development — the heroic rise of technological change and the industrial revolution in the West, the'rape of Bengal' by a ruthless and demanding capitalist imperialism, and as a crucial turning-point in what Gunder Frank has recently called the'fall of the East and (temporary) rise of the West'.[1] The case of Bengal was a dramatic and desperate case of the collapse of handicraft industries in the face of competition from machine-made goods — a phenomenon associated until the 1970s with the rise of industrial capitalism in Britain, and with a decisive shift in the global balance of economic power. Recent events, especially in the former industrial heart-lands of western Europe, have made historians less suprised by instances of de-industrialisation. But the Bengal case is still remarkable. The cotton weaving industry of Bengal dominated world markets in the mid eighteenth century; it was built up by close ties to Europe, and destroyed by economic, social and political change both in Europe and in India itself. It remains, therefore, a story worth re-visiting, especially for the lessons it can teach about the nature and impact of imperialism, and the social, economic and political systems that were created by British rule in Bengal.

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I

It is well-known that South Asia was the source of most of world trade in cotton textiles at the beginning of the eighteenth century. Britain, like many European countries, sought to protect her domestic market from the impact of Indian goods, but adopted a more flexible policy than others. The Calico Act of 1701 imposed a ban on printed Indian and China goods (after pressure from domestic wool and silk manufacturers), but continued to allow import of unfinished (white) goods for local printing. A second Calico Act of 1721 banned consumption and use in Britain of 'any stuff made of cotton or mixed therewith which shall be printed or painted with any colour or colours', plus checked and striped calicoes and any imported calico. In theory, no Indian cotton cloth could now be imported into Britain, except plain white cloth for printing, and finishing, which could then be re-exported, and high-quality muslins.[2] The 1721 Act was intended to suppress the home production of cotton cloth too — but left a major loop-hole that allowed the production of 'fustians' (linen/cotton mixes). Linen was an essential component of domestically-produced light cloth in any case, since British-spun cotton yarn was not strong enough to be used for the warp, and linen had to be used instead.

The 1721 ban does not seem to have been completely effective, since Indian cotton goods were unique and were in high demand for clothes and furnishings. The ban had no clear effect on Indian exports of cloth, or on the cloth trade of the English East India Company, both of which increased steadily in the 1720s and 1730s. The English fustian industry made some technical advances, especially in weaving and printing in the mid eighteenth century.[3] However, British manufacturers were not able to break into overseas markets in competition with Indian cloth, except when the Indian supply was disrupted by war and other local difficulties. The only branch of the British cloth industry that could compete with Indian cloth in export markets was the London-based printing industry that used Indian plain cloth as its raw material.[4] Lancashire was able to produce coarse weft yarn quite cheaply by the 1730s at a selling price (for yarn of 20 counts) of 2s to 2s 6d per lb., while equivalent imported Indian yarn sold for 2s 10d to 3s 9d.[5] However, fustians were not a proper substitute for pure cotton cloth, and the failure of British-made goods to break into the West African and plantation markets for cheap checked cloth in the 1750s and 1760s, despite disruptions to the supply of goods from India, confirmed where the balance of competitive advantage still lay.[6]

The crucial technical break-through in the British cotton-spinning industry began with Arkwright's roller-system in the 1770s, which produced a yarn strong enough to be used as a warp in calicoes and fine enough to manufacture muslins. Arkwright campaigned successfully to have the ban on the production and use of domestic cotton cloth lifted in 1774 (Act 14,Geo.III., c72).[7] Subsequent advances of the 1780s and 1790s — culminating in power-driven mule-spinning machines — created new spinning industry centres in north-western England and southern Scotland. By early 1790s there was a large British domestic market for cotton cloth, increasingly organised from Manchester.[8] Indian white calicoes and muslins were still imported into London, but most of this cloth was then re-exported without further processing : the Court of Directors of the East India Company estimated in 1788 that 85% of all Indian calicoes and 40% of all Indian muslins imported into Britain were re-exported.[9]

In the 1780s the domestic market for British-produced muslins was still heavily influenced by the volume and price of Indian goods : as Samuel Oldknow (a pioneer of English muslin manufacture) wrote from London in 1786, 'there is no Trade ... Nobody will buy until the Indian Sale is over'.[10] By the early 1790s, however, the balance of competitiveness had shifted decisively, and the Court of Directors claimed in 1793 that :

> ... the Home Manufacture has increased to an immense Extent, whilst the Internal Consumption of Indian Callicoes [*sic.*] and Muslins has been reduced almost to nothing. Every Shop offers British Muslins for Sale, equal in Appearance, and of more elegant Patterns, than those of India, for One Fourth, or perhaps more than One Third less in Price.[11]

According to the Court, less than 10% of Indian muslins or calicoes were now consumed in Britain. It should be remembered, however, that this report was produced to oppose an (unsuccessful) demand from British manufacturers for a renewed ban on all Indian imports into Britain.

II

The history of the British cotton textile industry in the late eighteenth century was encapsulated in the *Observations on the Brittish Muslin and Callico Manufacture read and delivered to the Lords of Council for Trade,* presented by the fledgling industry in 1786 :

> These articles were unknown in this Country a very few years since, but the progress towards perfection hath been very rapid indeed. The mechanichal Skill of Mr. Arkwright & other persons connected with him, in erecting Mills and Machines for Carding and Spinning Cotton Wool is the primary cause of all improvements in the Cotton Manufacture. The first Efforts of ingenuity in this new art, was directed to the manufacture of low priced Callicos for the printing branch of Trade an[d] other articles that did not require an attentuated Thread. The Object they grasped at was great indeed — to establish a Manufacture in Brittain that should rival in some measure the Fabrics of Bengall. This was treated by many persons who had a great knowledge in Bengall piece Goods as a very wild & Chimerichal Scheme — but it hath not turned out so. Three years experience hath more than justified their most sanguine hopes of Success in the Callico & Muslin articles. The Scotch began first — they took the lead in this infant Manufacture — & though every degree of patient Industry must be allowed them, they have not been equally Successful with the Lancashire Manufacturer. With the patronage and encouragement of the State, it is not possible to ascertain to what an extent in quantity,or to what perfection in Quality this Infant Manufacture may arrive in a few years.[12]

Such'encouragement from the State' was forthcoming in the 1780s and 1790s, although more for fiscal than developmental reasons. The protection of the British industry was continued after 1774 by the imposition of large duties on Indian cloth. After some variations, the duty on British-produced cotton cloth was stabilised at paid a duty of 3 1/2 (three and one half pence) per square yard (equivalent to 3s 9 3/4(nine and three quarters) pence on a standard piece of 10 yards by 1 1/4(one and one quarter) yards in 1787, plus an import duty of 1d/lb. on raw cotton. As against this, East Indian cotton goods (imported for domestic use or for re-export) paid duty of around 20% *ad valorum* in the 1780s and 1790s, rising to over 60% for calicoes and over 30% for muslins in the 1800s. [13] The significance of these tariff costs, and the extent of effective direct competition between British and Bengali manufacturers in export markets, is difficult to assess in the 1790s and 1800s — partly because of the trading problems caused by the Revolutionary and Napoleonic wars with France — but the competitive advantage of the British industry was clearly established by the mid-1800s. [14] British trade figures of the period are full of inconsistencies, but the best estimates are shown in Table 1. Despite this competition from Britain, Bengal retained some trade with Continental Europe, and increased her exports to the United States.[15] With the end of hostilities in 1815, however, it was clear that Bengal could no longer compete with Lancashire. Direct price comparisons suggest that by 1820 the cost of production of cloth in Bengal (without tariff or shipping costs) was 30-150% more than that in England; as a result cloth exports from Bengal tailed off sharply, and by the mid-1820s Bengal was importing more cotton goods from Britain than she was exporting overseas.[16]

The advantage that the British industry enjoyed from the late eighteenth century onwards was based firmly on the cheapness of machine-made yarn, plus new sources of raw cotton supply from United States. Spinning factories in England and lowland Scotland acquired cheap labour from the collapse of the fustian industry in Lancashire, and of the agricultural economies of the Highlands and Ireland. In 1780 the cost of cotton cloth made up of four, roughly equal, components — cotton wool, carding and spinning, weaving, and printing. During the 1780s reductions in cost were caused by fall in price of yarn as a result of improvements in carding and spinning. By later 1780s some weavers and printers were also reducing costs — printers had adopted rollers (and had also reduced costs by transferring their business from London to Lancashire), and weavers had established better control over their outworkers.[17] These improvements continued throughout our period, with the most significant reduction in costs coming from the development of spinning machinery, especially in the early 1790s. By the early 1800s the price of home-produced yarn was less than a quarter what it had been in the late 1780s, and less than half what it had been in the early 1790s.[18] Falling costs of labour and capital drove down prices still further : as the Directors of the East India Company had pointed out in 1793, the Bengal industry could not respond :

> The Slow Progress of an Indian Manufacture, unaided by Machinery, will require Ten, Twelve, or perhaps Fifteen Persons to perform the same work which a single British manufacturer can execute, assisted as he is by numerous Inventions and Improvements.[19]

III

In the eighteenth century the supply of Indian cotton textiles to Europe depended on the operations of the European East India Companies, especially the English East India Company. European merchants in India did not produce cotton goods directly themselves, but operated a system of advances and contracts with Indian weavers, supplemented by purchases in the free market. The English East India Company was by far the most powerful of the European trading groups, especially after its political take-over of Bengal after 1765. However, even the English company never had monopsony power — its French, Dutch and Danish rivals remained in place until the 1790s, American traders entered the field after 1780, and its own servants often diverted the produce of its contracted weavers for their own advantage — despite attempts by the Bengal administration to stamp out such private trade.

Over the course of the eighteenth century Bengal had become the most important centre of cloth production for export through the East India Company system, replacing rival centres in western India (based around Surat) and in southern India (based around Madras and the Coramandel coast). In 1664, Surat had provided 50% of total quantities and 35% of total value of textiles imported by the East India Company ; Madras 41% of quantity and 48% of value ; Bengal 9% of quantity and 17% of value. Large profits could be made in coarse cloth, because cheap production costs meant a high mark-up — 2.48 : 1 on Surat goods ; 2.75 : 1 on Madras goods and 1.56 : 1 on Bengal goods. At this point Madras was thought to offer the best potential for expansion, and the Court of Directors complained that Bengal costs were too high. By the early eighteenth century, however, the

Court had become concerned about the prices of Madras goods, and about the competence of its administration and agents there. In 1710 it was estimated that Bengal goods yielded profits twice as high as Madras ones : in that year Surat supplied 25% of quantity of imported textiles, Madras 28%, and Bengal 47%. In the middle decades of the century, down to 1760, high-quality and high-value fabrics from Bengal accounted for 60-80% of the total number of pieces exported by the East India Company. The West Africa trade for coarse cloth was now the main outlet for Gujerati piece-goods.[20]

Indian cotton textiles had no direct competitors in Europe during the eighteenth century, since local manufacturers could not produce a cotton yarn fine or strong enough to be used as warp. Where competition existed, it was between Indian printed cloth and Indian-made plain cloth finished and printed in Europe ; there was also the possibility of substitution for Indian cottons of coarser European-made fustians and linens. The East India Company did face some problems of substitution in European markets during the first half of the eighteenth century, especially when a shortage of silver in Europe made remittances to India more expensive (by raising the sterling costs of Indian goods).Losses also occurred for the Court of Directors in Leadenhall Street when their employees in India ignored instructions, or were corrupt or incompetent. Such problems affected Bengal sales in the late 1720s and early 1730s as a result of over-buying and poor quality. However, there was a quick recovery in the 1730s and 1740s as demand grew, and exports rose to unprecedented levels in 1743-51. In the middle decades of the eighteenth century the East India Company's annual purchases in Bengal for the London market ran at about £ 400,000 per year; foreign East India Companies probably purchased about another £ 300,000 worth of cloth, and the'private trade' of English merchants and company servants amounted to another £ 3-400,000.[21]

The political difficulties of the 1750s disrupted the supply of Bengal cottons temporarily, but these were re-established in the 1760s, especially after the East India Company had assumed the *diwani* of Bengal in 1765. Through the 1770s and 1780s exports of Bengal piece-goods remained reasonably stable, at the levels established in the boom of the 1740s. During the 1780s competition within Bengal to purchase cotton goods for export remained in place according to contemporaries, with foreign companies and the licensed private and unlicensed clandestine trade of company servants providing as much as 70% of Indian cloth exports[22] However, the English company's power over its foreign rivals, and its ability to police the activities of its servants, increased during the 1790s, enabling it to take a firmer grip on the market by the turn of the century. The collapse of the Nawabi administration after 1757, and the reduction of demand from Murshidabad and other centres of traditional political power,also increased the weavers'reliance on foreign trade in general, and the English East India Company in particular.[23]

In the first half of the eighteenth century the expansion of Bengal's exports of cloth had led to a considerable development in her textile industry. It has been suggested that the increased purchases of the English and Dutch companies early in the eighteenth century created the equivalent of 100,000 new jobs in textiles,[24] and increased demand after that stimulated further supply. However, by the 1780s some weavers were in difficulty, and these increased in the 1790s and 1800s with clear evidence of supply problems, organisational difficulties, and an emerging subsistence crisis as the returns from weaving failed to keep pace with the increased costs of raw cotton and basic food-stuffs. While export volumes held up quite well until the mid-1800s, and did not collapse completely until after 1815, the returns to Indian weavers were steadily declining, leading to severe emiseration and rapid de-industrialisation in the 1810s and 1820s.[25]

Price-competition from British exports alone is not an adequate explanation of these changes in the 1790s and 1800s. Changes in the balance of power between the agents of the East India Company and Bengali weavers provides an important part of the answer. By the 1790s many established weaving communities had come to rely heavily on the purchases of the East India Company, and many were dependent for their survival on the advances of the Company and its servants.Changes in the Company's administrative system in Bengal weakened the power of the weavers to resist in significant ways. Firstly, the local activities of British Commercial Residents gave a good deal of scope for corruption — their powers to reject cloth on grounds of quality provided an especially fruitful field for exploitation. Charles Grant, who was Commercial Resident in Malda from 1780 to 1787, commented prophetically that :

> it was possible for ... traders who looked not beyond a single year to force cloths at a reduced price from the weavers, and to dispense with part of the people employed in the provision, but the manufacturers, the fabrics, the establishment, would all be ruined.

Grant himself, who took pride in offering a 'just' price to the weavers who supplied him, was nonetheless suprised to find that his personal profits were 'quite beyond my expectation'.[26] Secondly, the establishment of the Permanent Settlement, and the increased privileges that the East India Company gave to *zamindars* under that system, led to the erosion of the tax and revenue privileges that many weaving communities had enjoyed.[27] The effect of these changes was to drive down the price that weavers obtained for their output, sometimes to below production costs ; the result was a lowering of quality, a drift to other occupations, and increased reports of distress and difficulty.

IV

By the 1800s, if not before, a number of East India Company officials were aware that they were killing a goose that had laid so many golden eggs. Yet nothing was done to change the system of purchasing, or to try to change production or marketing systems to meet competition from elsewhere. Why was this? The short answer is that, by the 1790s and beyond, the East India Company was not a business venture that depended on Indian cloth production to make a profit or maximise its income. Instead, Bengali cotton goods had become a means to remit funds from Bengal to England to meet the administrative costs and debts of Company rule.[28] There were three main difficulties here.

The first was that the structure of the East India Company's trading activities made it difficult to predict either demand or price effectively. Each year the Bengal administration was asked by Leadenhall Street to make an 'investment' in Bengal goods—to purchase local commodities from revenue that could be exported for profit and remittance. The Court of Directors specified the amounts and types of cotton cloth to be purchased, but had no way of knowing what the demand for such goods would be by the time that they arrived in London. While Indian was the world's monopoly supplier of pure cotton goods for export this uncertainty did not matter very much, but the increased competition from British manufacturers, plus the instabilities of war-time conditions, made the risks much larger. In these circumstances, the Company reacted to every difficulty by driving down the price it paid to producers.

These weaknesses were compounded by the financial difficulties that the Company faced in London. By the 1790s it was clear that the costs of establishing and maintaining British rule in India were greater than the Company could support by itself. Increasingly, the Company fell into debt to the British government, and to bond-holders both in London and in Calcutta. One important consequence of this was that, from 1793 onwards, the British Parliament laid down strict rules about how the proceeds of the Company's sales were to be distributed in order of priority : firstly, a dividend of 10% on stock; secondly, the payment of £ 500,000 a year to redeem bills of exchange and to reduce the Company's debts in India ; thirdly, the payment of up to £ 500,000 a year to the British Exchequer to reduce the Company's debt in London. One-sixth of any balance left over was to be used by the Company to use as it saw fit ; the rest was to be handed to the Exchequer, interest-free, to 'be applied as Parliament shall direct'. If more than £ 12 million was used in this way, the balance was to be 'deemed and declared the Property of the Public, and at the Disposal of Parliament'. The use of revenues raised in India was similarly restricted : firstly, to meet all expenses, especially military ones (including those of European troops) ; secondly, for payment of interest on debts in India ; thirdly, to meet the expenses of civil and commercial establishments in India ; fourthly, a sum of up to Rs. 10 million (c£ 1 million) could be used for the annual 'investment' in Indian goods, or for remittances to China; finally any remainder was to be invested in bonds overseas to provide income for debt-relief in India. The prior consent of the parliamentary commissioners was required for either of the last two uses.[29]

By the late 1790s the 'Home Charges' — the costs of borrowings in London, plus payments for the use of British troops and supplies — that had to paid in England by the East India Company had risen sharply from c£ 500,000 to £ 750,000 per year, and they peaked at £ 800,000 in 1804-5 and 1807-8.[30] In addition, the costs of the Company's army in Britain (retirement, leave etc.) also increased substantially, and the Company came under considerable pressure to repay some of its debt to the British government. The only way in which these payments could be made was by the sales of Company goods in Europe — textiles and indigo from India, and tea and silk from China. Crucially, the decision on the amount that the Company should purchase each year was made with regard to financial issues, not with an eye to the prospects of trade. In June 1803, for example, the Court of Directors wrote to the Governor-General in Bengal to fix an 'investment' in Indian and Chinese goods of £4 million over the next two years ; this sum was calculated not by an assessment of commercial opportunities, but because of the need to reduce the size of the Company's sterling debts and meet interest payments in London. Funds to purchase the investment were to be drawn from exports of bullion from London to Calcutta, sales of military stores and imported commodities, and surplus revenue. Any further remittance was to be obtained by bills of exchange on London.[31]

In addition to the East India Company's remittance needs, private operators in India (both free merchants and Company servants and soldiers) also wished to remit their savings to London; again, Bengali exports to Europe or China were the best way to do this (the proceeds of sales to China could be used to purchase Company bills of exchange on London, thus helping to finance the Company's purchases of tea). The result was the expansion of the Agency House system that developed in the cotton, indigo and opium trades. The data in Figure 1 suggests that private trade in cotton textiles, opium, indigo and sugar exceeded Company trade in these commodities from Bengal from 1798, and the total of such Company trade from India in 1801. We can assume that the vast bulk of this private trade came from Bengal, and was arranged by the Agency Houses that handled the private capital, savings and remittances of Company servants and members of the British and Company armies. The debilitating political battles within the Court of Directors (actively encouraged by Henry Dundas, Lord Melville, to boost support for the Pitt Ministry) between the 'shipping interest' and the 'private trade interest' were testimony to the weakness of the Company's official mechanisms for organising Bengal's export trade. The 'private trade interest'— represented by such free-booting figures as David Scott (Dundas' s chief ally in the Court of Directors) — were mainly concerned to limit the right of the Company to exercise a monopoly of Indian exports by restricting carriage of these to Company ships (with very limited opportunities for private individuals to gain access to their cargo-space). While the 'private traders' drew on support from British manufacturers who entertained hopes of expanding private exports *to* India, their true purpose was to increase the opportunities for private exports *from* India, thus bolstering the activities of Company servants and others who were investing heavily in the colonial economy for profit and to remit their savings to London.[32]

The final problem was that the Company's Indian trade was becoming much less profitable by the 1800s than it had been for most of the previous hundred years. As Table 2 makes clear, for the Company, China tea was much more profitable than Indian cotton—the profit on sales of tea was over 40% of cost during the 1800s, while the profit on sales of Bengali cloth was less than 20%, with losses in some years. High levels of taxation on Indian imports depressed demand for Indian goods shipped through London ; it was not just domestic competition that ensured that non-Company sales of Indian cottons to Continental Europe and America held up better than sales to Britain (except when these latter were depressed by the disruptions caused by the Napoleonic wars and the hostilities with the United States in 1812). In any case, since the purpose of private and Company purchases of Indian goods was to ensure remittance of capital rather than to make a profit on trade, the long-term effects on the Indian textile industry of the prices that were paid to producers were not a primary concern. The Company could neither invest in changing Indian systems of textile production, nor diversify very far out of cottons ; for private interests, the most assured means of remittance was in indigo in the 1800s and 1810s, with opium sales to China replacing this in the 1820s and 1830s.[33]

V

After 1815 Bengali cloth was no longer competitive in world markets, although some overseas sales continued, especially to North America, until the 1820s. Partly this was due to the 'industrial revolution' in textile production in Britain, and partly to the destruction of weaving communities under Company rule. Local producers could not even supply the internal market effectively and — in contrast to Bombay and Madras — imported cottons quickly took over from local producers. Bengal became a net importer of cotton cloth in the late 1820s.[34] Ironically, even those British cotton manufacturers who began to explore the Indian market after 1815 had great difficulty in finding a remittance good that they could export to balance their trade and bring back their profits.[35] The destruction of the Bengali cotton industry was completed in the 1820s and 1830s, at a time when other elements of the Bengal export economy — notably sugar and indigo — were also suffering from great instability in trade. By the 1820s even Bengal opium was under threat from suppliers in western India, and from the political constraints of the China trade. The English East India Company was not an agent for British manufacturers, and many officials bemoaned the sudden collapse of the Bengali weaving industry. But they lacked the will or the ability to do anything about this. It was the curse of the Bengali weavers to have become part of the Company's remittance mechanism, valued only for so long as their goods could be a means of transferring the revenues of Bengal to meet the Company's obligations in London. Once their exports became uncompetitive so that their returns fell below starvation wages, the Company and private traders moved on to other commodities and other producers, turning colonial Bengal into an exporter of primary products rather than manufactured goods.

Table 1 : British textile exports, imports and re-exports, 1784-1816

(Annual averages, in £ '000s)

	1784-6			1794-6			1804-6			1814-16		
	E	R	I	E	R	I	E	R	I	E	R	I
Woollens	3882	-	-	5764	-	-	6800	-	-	8626	-	-
Cottons*	797	395	1334	3454	1148	1687	13968	777	823	16529	433	515
Cotton yarn	-	-	-	347	-	-	2371	-	-	2465	-	-
Silks	412	-	-	622	-	-	496	-	65	617	-	5
Linens	743	182	1753	895	477	2269	756	562	2789	1675	106	2111
Raw silk	-	92	1218	-	121	1161	-	168	1802	-	316	2557
Raw cotton	-	36	1817	-	116	2760	-	85	5628	-	933	8593
Flax	-	-	564	-	-	659	-	-	1383	-	-	1309
Indigo	-	-	360	-	-	1236	-	-	1525	-	-	2318

* Re-exports and imports of cotton goods are for cotton and silk cloth from Asia (India and China).

Source : Ralph Davis, *The Industrial Revolution and British Overseas Trade* (Leicester,1978)Tables 38-44.

Table 2 : Estimates of costs and profits, Indian goods sold by East India Company, 1793-1809 (' £ 000s)

Year	Prime cost	Total cost (inc. shipping and customs)	Sales	Profit	Profit as % Sales
1793	1200	2212	2345	133	5.7
1794	1288	2280	2612	331	12.7
1795	1822	3324	3543	219	6.2
1796	1708	3292	3395	105	3.1
1797	1205	1937	2097	160	7.6
1798	2019	4185	4663	478	10.3
1799	1666	2924	3565	640	18.0
1800	2013	3252	3979	726	18.2
1801	1425	2172	3086	915	29.7
1802	1334	1819	2316	497	21.5
1803	1888	1920	2236	316	14.1
1804	1088	1626	1953	327	16.7
1805	1336	2051	2255	203	9.0
1806	986	1551	1472	-79	-5.4
1807	887	1530	1310	-221	-16.9
1808	1014	1577	1758	181	10.3
1809	1240	1926	2254	328	14.6

Source : British Parliamentary Papers, *Fourth Report from the Select Committee... on the Affairs of the East India Company, May 1812*, Appendix 25.

The declared values of Company shipments of Indian cotton goods were affected considerably by the introduction of the Warehousing Act in 1799. Until that date, the East India Company had paid all duties on the Indian goods it imported into London, even when these were then to be exported abroad immediately. The Warehousing Act, which represented a major concession by Parliament, allowed the Company to warehouse all goods and pay only 2% duty. Exported goods could then go out without further duty ; those intended for home consumption would be bought by local merchants, who then had to pay the rest of the duty on them. On the impact of the Act, see *Fourth Report ... on the Affairs of the East India Company*, pp. 14-15.

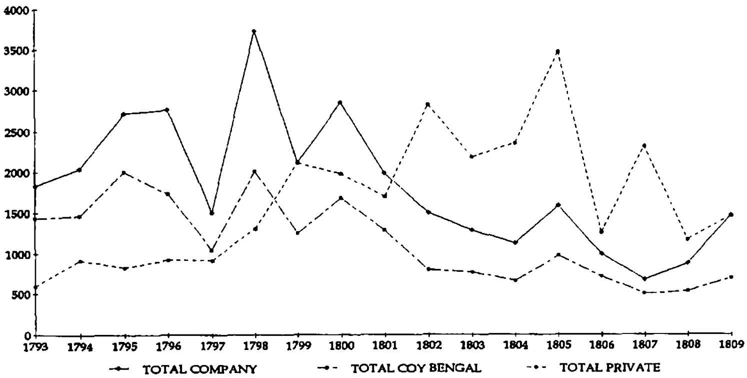

Figure 1 : Company and Private Trade : Exports from India, 1793 - 1809 (£ '000s)

Source: Calculated from British Parliamentary Papers, *Fourth Report from the Select Committee... on the Affairs of the East India Company, May 1812*, Appendix 24. The values are only for cotton textiles, opium, sugar and indigo — but these were by far the largest items in Indian trade.

Notes

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1 Andre Gunder Frank, *ReOrient : Global Economy in an Asian Age* (California, 1998), Ch. 6.

2 On the imposition and effects of the Calico Acts, see Patrick O'Brien et al., 'Political components of the industrial revolution: Parliament and the English cotton textile industry, 1660-1774', *Economic History Review,* XLIV (1991), pp. 395-423 ; P.J. Thomas, *Mercantilism and the East India Trade* (London, 1926) ; Beverley Lemire, *Fashion's Favourite: The Cotton Trade and the Consumer in Britain, 1660-1800* (Oxford, 1991).

3 According to John Holkar (a Jacobite who visited Lancashire as a French Government spy in 1750) 115 types of cotton-mix cloth were being manufactured in Britain, 99 of them in Lancashire — of which 67 were cotton-linen mixtures and 9 pure cotton. The pure cotton cloths were all velveteens.Holkar was impressed by the quality of the fustian chintzes manufactured in Lancashire and printed in London ; he thought they were not as good as Indian cottons, but would sell well in the protected British market. See Lemire, *Fashion's Favourite*, pp. 79-87.

4 According to one standard account, as early as 1712 the East India Company 'was informing its agents that printing could be done in England at half the price charged for Indian goods and in better colours and patterns'. S.D. Chapman, *The Cotton Industry in the Industrial Revolution* (London, 1987), p. 12 — the phrase is in quotation marks in the source, but no reference is given.

5 Alfred P. Wadsworth and J. de Lacy Mann, *The Cotton Trade and Industrial Lancashire, 1600-1780* (Manchester, 1931).

6 The export totals of printed piece-goods from Britain for 1780 were as follows : British-made cotton and linen - £394,000 ; foreign linen printed in Britain - £337,000 ; Indian piece-goods printed in Britain - £1,075,000 (Wadsworth and Mann, *Cotton Trade*, pp. 162-4). On the African trade, see *ibid.*, pp. 148-61. Africans preferred Indian cottons to British fustians because they were lighter, stronger and colour-fast.

7 On the legal and fiscal status of British and Indian cotton textiles after 1774, see Sydney D. Chapman, *The Lancashire Cotton Industry : a Study in Economic Development* (Manchester, 1904), p. 49ff. On Arkwright's campaign of 1774, see R.S. Fitton and A.P. Wadsworth, *The Strutts and the Arkwrights, 1758-1830* (Manchester, 1958), pp. 68-75.

8 On Manchester's supplanting of London in the printing of cloth, and the organisation of the domestic market for textiles, see M. M. Edwards, *The growth of the British cotton trade, 1780-1815* (Manchester, 1967), pp. 180-1. Manchester was the merchanting centre for the domestic industry ; London was the merchanting centre for imported goods from India.

9 'Court of Directors' Memorial on Cotton Manufacture in the year 1788', reprinted in Sheila Marriner (ed.), *House of Commons Sessional Papers of the Eighteenth century*, Vol. 91, *Geo. III East India Company 1793-6 : Report of Select Committee of Court of Directors of East India Company, upon the subject of the cotton manufactures of this country, 1793* (Delaware, 1975), pp. 97-8.

10 Samuel Oldknow to Thos.Oldknow 19.11.1778, printed in George Unwin *et al.*, *Samuel Oldknow and the Arkwrights : the Industrial Revolution at Stockport and Marple* (Manchester, 1924), p. 97.

11 *Report of Select Committee of Court of Directors of East India Company* (*1793*) ; reprinted in Marriner (ed.), *House of Commons Sessional Papers*, Vol.91, p. 97.

12 Reproduced in Unwin, *Samuel Oldknow and the Arkwrights*, pp. 62-3 ; spelling as in original. The case was made by S. Salte, a London merchant who marketed Oldknow's British-made muslins.

13 Chapman, *Lancashire Cotton Industry*, p. 49ff.

14 On the alleged ability of London-based merchants selling Indian goods to manipulate the convoy system of the Napoleonic wars to their advantage (and against the interests of northern manufacturers), see Arthur Redford, *Manchester Merchants and Foreign Trade*, 1794-1858 (Manchester, 1934), Ch. III.

15 K.N. Chaudhuri, 'Foreign Trade and Balance of Payments (1757-1947), in Dharma Kumar and Meghnad Desai (eds.), *The Cambridge Economic History of India : Volume 2 : c1757-1970*

(Cambridge, 1982), Tables 10-3A-D.

16 D.B. Mitra, *The Cotton Weavers of Bengal* (Calcutta, 1978), pp. 191-3 ; British Parliamentary Papers, *Reports from Committees 1831-2 Vol. X : Affairs of the East India Company ; Appendix to Evidence on Finance and Accounts of Trade ; Part 2 - Commercial (no. 735-II, August 1832)*, Appendix 33. When British manufacturers began to export cotton yarn to Bengal in the late 1820s, they found that there was demand only for coarse counts (see C. H. Lee, *A Cotton Enterprise, 1795-1840 : a History of M'Connel and Kennedy* (Manchester, 1972).

17 Edwards, *British cotton trade*, Appendix A, p. 239ff.

18 Edwards, *British cotton trade*, Appendix D, Table D/1 ; Chapman, *Cotton Industry in the Industrial Revolution*, Table V.

19 *Report of Select Committee of Court of Directors of East India Company (1793)* ; reprinted in Marriner (ed.), *House of Commons Sessional Papers*, Vol. 91, p. 97.

20 Chaudhuri, 'Foreign Trade', pp. 813-26 ; Wadsworth and Mann, *Cotton Trade*, pp. 161ff.

21 Chaudhuri, 'Foreign Trade', p. 817.

22 Chaudhuri, 'Foreign Trade', Table 10.1. These figures were produced to make the case that the Company could not control exports from Bengal, and should therefore have its monopoly on trade to Britain removed.

23 Hameeda Hossain, *The Company Weavers of Bengal* (Delhi, 1988), chs. 4-5.

24 P. J. Marshall, *Bengal : The British Bridgehead : New Cambridge History of India*, II. 2, (Cambridge, 1987) p. 66.

25 Mitra, *Cotton Weavers*, chs. 4-5.

26 Ainslee Embree, *Charles Grant and British Rule in India* (London, 1962), Ch. IV, especially pp. 75-7.

27 Hossain, Company *Weavers*, pp. 131-3. On the activities of the Company in creating 'a permanent settlement of marketplaces' in Bengal during the 1780s and 1790s, see Sudipta Sen, *Empire of Free Trade : the East India Company and the Making of the Colonial Marketplace* (Philadelphia, 1998), Ch. 4.

28 The financial structures of Company rule in Bengal and their implications have largely been ignored by recent research. For an introduction to these issues, see H.R.C. Wright, *East-Indian Economic Problems of the age of Cornwallis and Raffles* (London, 1961) ; Amales Tripathi, *Trade and Finance in the Bengal Presidency, 1793-1833* (Calcutta, 1956).

29 *Resolution considered in the Committee of the Whole House on the Government and Trade of India, 23 April 1793 : XXI, XXV*, reprinted in Marriner (ed.), *House of Commons Sessional Papers*, Vol. 91, pp. 203-5, 206-7. In practice, the activities of successive Governors-General in the 1790s and 1800s (notably the military ambitions of Richard Wellesley, Lord Morningside) ensured that the issue of what to do with a surplus of Bengal revenues remained a largely academic one.

30 British Parliamentary Papers, *Fourth Report from the Select Committee... on the Affairs of the*

East India Company, May 1812, Appendix 28.

31 British Parliamentary Papers, *Third Report from the Select Committee... on the Affairs of the East India Company, April 1812*, Appendix 38 : Letter from Court of Directors to Governor-General Council in Bengal (Public Department) 1/6/1803.

32 The best account of the internal politics of the Company in this period remains C.H. Philips, *The East India Company* (Manchester, 1961). On the activities of David Scott in trade, politics and patronage, see C.H. Philips (ed.), *The correspondence of David Scott, director and Chairman of the East India Company, relating to Indian affairs, 1787-1805* (London, Camden Society, 1951), Vols. 1-2.

33 Chaudhuri, 'Foreign Trade', Tables 10.10, 10.12.

34 Not in 1816 as Gunder Frank has recently claimed (Gunder Frank, *ReOrient : Global Economy in an Asian Age*, p. 314).

35 The problems of remitting profits from India in the 1820s and 1830s are highlighted in the correspondence between Kirkman Finlay and his son, Alexander, reprinted in *James Finlay & Company Ltd. : Manufacturers and East India Merchants, 1750-1950* (Glasgow, 1951), and by the problems faced by Finlay's friend and business associate,John Gladstone — see S.G. Checkland, *The Gladstones : a family biography* (London, 1971), pp. 115-6. 120-3, 316-28. Finlay eventually resorted to financing opium sales to China to remit home the proceeds of exports, in default of a stable market for Bengal raw cotton in Britain. Gladstone refused to become involved in this trade (his daughter was a laudanum addict) ; instead, he invested for a time in sugar production in India, and then developed the trade in indentured labour from India to replace the slaves on his Caribbean sugar plantations.