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FROM THE

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OF

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MINUTES OF EVIDENCE.

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SIXTH REPORT.

THE SELECT COMMITTEE appointed to inquire into the present State of the AFFAIRS of THE EAST INDIA COMPANY, and into the TRADE between *Great Britain*, the *East Indies*, and *China*; and to report their Observations thereupon to The House; and who were empowered to report the MINUTES OF EVIDENCE taken before them, from time to time, to The House;—

HAVE made a further Progress in the matters to them referred, and examined several other Witnesses; the MINUTES of whose EVIDENCE they have agreed to report to The House up to the 3d day of this instant June, inclusive.

3 June 1830.

MINUTES OF EVIDENCE.

Lunæ, 17^o die Maij, 1830.

WILLIAM WARD, ESQUIRE, IN THE CHAIR.

Robert Rickards, Esquire, again called in; and Examined.

5263. YOU have stated that you consider that the trade is carried on by means of the territorial revenue of India?—I conclude it is, from an examination of the official documents before the public.

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5264. Are you aware that money to the amount of 3,000,000*l.* sterling per annum is paid in this country to the account of territorial charges?—Latterly it has amounted, I believe, to about 3,000,000*l.* sterling; but not to so much in previous years.

5265. Are you able to say from what source those funds are derived that form those 3,000,000*l.*?—It appears to me that they are derived from the surplus revenue of India, and remitted to this country in goods from India and China.

5266. Must it not depend upon whether there is a profit upon those goods; whether there is any source from which that territorial revenue can be defrayed?—As regards the result of the trade, it would appear from the official documents which I have had an opportunity of examining, and now on the table of this Committee, that the trade with India is attended with loss, and the trade with China with a small profit.

5267. Supposing the goods that are sent from India in any one year to defray those territorial charges, in what manner are the territorial charges of the next year defrayed?—In the same way, from goods purchased in India and in China, and remitted to this country for sale.

5268. Then you are not able to point out any other source from which those territorial charges paid in this country are defrayed but what you have stated?—I cannot, from any of the printed official documents I have seen.

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5269. Do

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5269. Do you consider the trade to be a losing one?—I am led to that conclusion from the examination of the official documents.

5270. From what period do you consider that trade to be a losing trade?—I have in my possession, but not here, the official statements laid before Parliament by the Court of Directors for about 35 or 36 years; and from these statements I can only infer that the trade has been a losing one throughout at least the whole of that period.

5271. You say the profits on the China trade are small?—According to my view of the documents there would seem to be a small profit on the China trade, but not after paying dividends and interest on home bond-debt.

5272. And yet you say that this payment of 3,000,000 *l.* a year is made from the proceeds of that trade?—From the proceeds of the sale of goods for which the revenues of India appear to me to have furnished funds.

5273. But still it is through the medium of that trade only that those territorial charges are defrayed?—From the sale proceeds of the goods, not from the profit.

5274. Then you still persist in the opinion that the territory supports the trade?—I do.

5275. Would your opinion remain unaltered if it were shown to you that Lord Melville, Mr. Canning, Mr. Bathurst, Mr. Williams Wynn, and Lord Ellenborough, in their offices severally, as presidents of the India Board, that the Marquis of Hastings, Lord Amherst and Lord William Bentinck, as governors-general, that the several chairmen, Court of Directors of the East India Company, and that all the accountants of the India Board of the Bengal government and of the Company, totally differ from you in that conclusion, and unite in agreeing that since the accounts were separated the territory has derived resources and aid from the trade?—The question, I admit, contains a host of most respectable authorities against the conclusion I have drawn, but opinions on either side do not amount to proof. The real truth, whether there be a gain or a loss on the Company's trade; whether the territories have supported the commerce, or the commerce supported the territory, must depend upon the result of figures, that is, of figured statements so prepared as to satisfy merchants and the public at large of the alleged fact. I mean to say, that no satisfactory conclusion can be drawn upon this head from any of the official documents I have seen in print; I refer, therefore, entirely to these official documents, without meaning to impugn the opinions of the gentlemen whose names are quoted in the question, for whom, on the contrary, I entertain the highest degree of respect.

5276. If these documents never satisfied the public, how comes it that the successive officers who have been named should have still persisted in their opinion, in contradiction to your's?—I am not responsible for their opinions; neither do I mean, in stating to the Committee, the grounds of my own opinion, to insist upon it that I am absolutely right. I merely say, that I have formed this opinion upon the official documents which have been laid before Parliament. If further statements can be produced to induce me to alter that opinion, I shall be most ready to acknowledge it.

5277. But for the present you remain of the same opinion you have expressed?—I must remain of that opinion as long as the documents now before the public are the only ones which I am enabled to refer to.

5278. You say that the documents are unsatisfactory?—The documents, in my opinion, do not establish the fact of the commerce of the East India Company being so profitable as to aid the revenues, but the reverse.

5279. Have you any satisfactory document upon which to come to the opposite conclusion?—I would not assert this opinion so roundly as I do without having documents to support it; but I have not those documents at hand, not expecting to be examined to this particular point.

5280. Are they official documents?—They are, all of them.

5281. Then are the official documents satisfactory to bring you to the conclusion you come to?—They have led me to that conclusion.

5282. Those official documents are of course known to all the persons whose names have just been mentioned?—They are before the public.

5283. Do you not think that in a point of so much importance as that of correctly ascertaining the state of the Company's affairs, it would be more desirable that this Committee should be guided by documents framed expressly for such a purpose from official sources, than by statements compiled from different accounts, which, however correct in themselves, from being framed for different purposes, may not admit

admit of their being combined into a general result by persons not conversant with the Company's mode of keeping accounts?—A correct and comprehensive view of the real state of the Company's affairs, prepared on mercantile principles, and officially certified, is the very thing that is now wanting, and ought, as I think, to be produced. Meanwhile I can only add, that I have formed no opinion, nor drawn any conclusion as to the territory supporting commerce, except from the official documents I have seen in print. Those official documents are not now at hand, from my not expecting to be examined upon this particular point; but I shall be ready to give all the information in my power as to the grounds upon which my present opinions are founded, whenever I am called upon for that purpose.

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5284. And from these official documents you have formed your opinion that the territory supports the trade?—Yes.

5285. Do you conceive that you have seen official documents proving that the territory has produced a surplus competent to defray all the charges which have been paid in England on account of the trade?—That is my conclusion, that the surplus revenue in India has been sufficient, and more than sufficient, to pay all the charges in England.

5286. And that that appears from the official documents you have seen?—Yes.

5287. When you say that the territory has produced a surplus which has supported the trade, do you exclude from your estimate the territorial charges arising from a state of actual war, and confine yourself to what you consider the ordinary revenues and charges of a time of peace?—The official documents which I have examined appear to me to include all the charges of the periods of war; and it is on this presumption that I say there is still a surplus revenue exhibited on the face of the accounts.

5288. How do you account for the accumulation of a large debt?—That would lead to a very long discussion, which I am prepared to enter into, but I have not the documents at hand to support the opinions I should give upon that subject; and, with deference to the Committee, I think it had better be postponed till these documents can be regularly laid before them.

5289. Can you refer to the particular documents upon which you form your opinion that the trade is supported by the territory?—The principal documents that I refer to are the annual accounts of the state of the revenues, and other matters, which are laid by the Court of Directors before the House of Commons annually.

5290. For how long back?—I think I have got them in my possession for about 35 or 36 years back.

5291. Do you mean to say that those accounts exhibit annually a surplus revenue sufficient to pay the charges of the trade?—They do, to my judgment.

5292. Including all the expenses of war?—Including the expenses of all the wars the Company have been engaged in during that period, presuming always, as I have said before, that those expenses are included as they appear, and ought to be, under the head of "charges" in the accounts alluded to.

5293. Then you conclude that the large debt contracted by the Company has arisen entirely from losses on trade, and would not have arisen from any transactions as sovereigns of India?—If my opinion is correct as to the state of the revenue accounts, there is no other inference to be drawn in respect to the accumulation of debt.

5294. What does the surplus of the territorial revenue amount to, in your estimation, during the last 14 years?—I could not state that without having my papers by me.

5295. Can you, by reference to the papers presented by His Majesty's command to this Committee, state what has been the advance by the territory to commerce in India, and what have been the payments in England for the territory by the Company for the year 1814?—In No. 13 of the Papers relating to the Finances of India and the Trade of India and China, presented in February 1830, the total amount of advances made at the several presidencies and settlements of India for the purposes of commerce in so far as regards the purchase of investments for Europe from the year 1814-15 to 1826-27 inclusive, is 30,545,069*l.*, of which 24,338,050*l.* are stated to have been issued in repayment of territorial charges defrayed in England. In No. 2, of the same papers, being an account of the revenues and charges of India, the total of the territorial charges paid in England are stated to be included, and for the period here referred to amount to 20,893,206*l.* It appears, therefore, from this account, that a balance of 3,444,844*l.* would be due to the territory; whereas in the account, No. 25, of the same papers, the territory

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20,893,206 l.

territory is debited in the sum of 8,142,103 l. These are discrepancies in the official accounts before the public, which can only be reconciled by the officers of the India House. There are no explanations given by which a private individual inspecting these accounts can possibly effect this reconciliation.

5296. Are the Committee to understand that Accounts, No. 13 and No. 2, which you have quoted, support the view you have taken, that only twenty millions had been advanced in that time on account of territorial charges in England?—This is certainly one fact in corroboration of the view I have taken.

5297. Will you state to the Committee what appears by these documents to have been advanced by the territory to commerce in the same period?—The sum total advanced for the purposes of commerce is thirty millions, of which twenty-four millions are stated to have been applied to the repayment of territorial charges defrayed in England.

5298. Does it not further appear in a subsequent column that 6,207,019 l. were issued from the commercial funds in India?—It does; and I was going to add that when I was interrupted.

5299. You were understood to state that the sum of 30,545,069 l. was advanced in India from the territory for the purposes of commerce; the Committee also understood you to have said, that out of that sum of 30,545,069 l. the sum of 6,207,019 l. was advanced to the commercial funds in India; how do you reconcile these two answers, the one expressing that the whole sum was advanced for the territory, the other, that a considerable part of it was paid for the commerce?—I have, it is true, stated in a former answer, that I believe the commerce to be wholly supported by advances from the revenue funds; but when I answered the question referring to this account I quoted the very words contained in the head of each column, and therefore I feel quite confident that I have quoted it correctly.

5300. Then the Committee is to understand that you dispute the correctness of that heading of the last column, which states the sum to have been issued from the commercial funds?—The issue is here stated to have been made from commercial funds, and I have no doubt is so; but according to my view of the Company's accounts I should conclude that this also was advanced in the first instance from the revenues.

5301. Then, in fact, you do not speak now so much from the accounts themselves as from the correction which you conceive your knowledge has enabled you to make of those accounts?—I speak from both.

5302. Is it your opinion then, that what are stated in this heading to be commercial funds, are in point of fact, when examined into, funds derived from the territorial revenue?—In consistency with the answer that I have given in the early part of the examination of to-day, I conceive these commercial funds to have been also originally derived from the revenues. With the funds thus derived goods are purchased in India, and consigned to this country. Out of the proceeds other goods are returned to India for sale, and constitute there also a head of commercial funds. In this way, if my view of the state of the Company's accounts is correct, this 6,207,019 l. are also in the first instance derived from territorial sources.

5303. Then you conceive that the surplus revenue has been competent to supply those advances to the commercial funds?—That and the debt together. This sum therefore of 6,207,019 l. stands upon the explanation I have just now given.

5304. Upon what grounds more particularly do you form the opinion, that this 6,207,019 l., which has been considered by the Company and by the Board of Control to have consisted of commercial funds, has in fact, consisted of territorial funds?—I have explained my reasons for entertaining that opinion very fully in the evidence I have just given.

5305. You have stated, that the territorial charges paid in England since the charter amounts to about 20,000,000 l., according to the account No. 2, and you conceive that that column of the account gives you the whole of the deficiency of the revenues in India?—It seems to be stated here as the sum of the territorial charges paid in England.

5306. Are you not aware that in the latter years of that period there was also a deficiency in India, appearing on the face of the accounts, to the amount of above four millions and one half, under the head of "Remaining Indian surplus charge"?—

charge"—I have not that account before me; but I dare say the deficiency is so stated in the official accounts laid before Parliament as they are now prepared.

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5307. Is not that sum to be added to the total amount of the deficiency of the revenues of India?—In the statement I shall lay before this Committee, to support the view I have taken of the Company's financial accounts, I shall include that 4,000,000*l.* and every other deficiency. My opinion is, that there is no deficiency upon the whole; that there must be a surplus, if the printed official accounts are correct. I rest my opinion entirely upon them.

5308. Are you aware that a sum of nearly 5,000,000*l.* has been applied as part of the surplus commercial profits to the payment of the territorial debt since the charter?—I have seen that sum stated as a memorandum at the foot of one of the official documents in this collection of papers; but I cannot find out from this, or from any other official document contained in this collection, whence that commercial profit arises.

5309. Then you conceive that as it cannot be proved to have come from commerce, it must come from the territory?—It is impossible to tell from this account where it comes from.

5310. Does the account of the territorial revenue and charge show a capacity not only to defray all the expenses in England; but this additional sum of 5,000,000*l.* in this circuitous way, returns through commerce?—I think the territorial account when fairly analyzed will exhibit a very large surplus.

5311. Do you mean to imply that some heads, either of revenue or charge, are improperly stated in the account No. 2?—I am sure that if I was to give my view of the case here, without having my papers at hand, and official documents to refer to, I should only lead the Committee into a very troublesome discussion, and occupy their time, in all probability, unnecessarily.

5312. Does it not appear in account No. 2, that the whole of the interest on the India debt is charged separately from the territorial charges paid in India?—It does.

5313. Is not a part of the interest on the India debt paid annually in England out of the commercial funds; and ought not therefore the interest so paid to be added to the territorial charges which are to be levied in India for advances made in England?—Certainly, if the debt itself is territorial.

5314. If, therefore, the interest so paid be added to other charges, may not the territorial charges paid in England during the period since 1814 exceed the sum of 24,338,050*l.*, which is stated in No. 13 to have been repaid in India for advances in England?—The official accounts will show that. I cannot state it from a cursory view of these accounts. I cannot tell from these accounts whether any portion of the interest on the debt is included in the territorial charges paid in England; but if, after paying the whole interest on the debt, as included in that column, and after paying the whole of the territorial charges included in the other column, there shall still appear to be a surplus revenue, it appears to me to be quite indifferent whether, as regards the ultimate result, any portion of that interest on debt be paid in this country or in India.

5315. If you will refer to Answer 3454, in page 273, in your second Statement, you will see that you have assumed that the average price at which tea could be supplied by the private merchant is 1*s.* 6*d.* a pound, including a profit of 18 per cent to the merchant, does that include interest for the capital employed, as there does not appear to be any included?—No, it does not include interest, because the money is supposed to be raised by bills, in which case no interest would be chargeable; the interest would be included in the rate of the exchange.

5316. If it is supposed to be raised by bills, would you assume that the tea should be sold as soon as the bills became due?—The tea imported into this country by private merchants would in all probability be sold either before the bills fell due, or much about that time, the bills being supposed to be drawn at six months sight.

5317. Are you not aware that the Commutation Act, by requiring a stock to be kept on hand, precludes the selling of tea before its arrival?—It precludes the Company, but it would not, on the supposition I have assumed in those statements, preclude individuals from doing it.

5318. At what rate do you value a dollar in the computation of 1*s.* 6*d.* per pound; do you not value it at 4*s.*?—I have in this Statement valued it at 4*s.*

5319. Supposing the dollar were 4*s.* 6*d.*, would not the profit be greatly reduced?—I have stated already that the effect of it would be to reduce the profit, and not to affect the sale-price in this country; but as the profit is a very ample one, viz.

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18 per cent, there is abundant room for reduction from any variation that might take place in the rate of exchange, and still leave the merchant importer an adequate return for the employment of his capital.

5320. If the dollar were at 5*s.* 6*d.*, or 5*s.* 9*d.*, or 6*s.*, would there not be a loss?—Certainly; but I cannot contemplate the possibility of the exchange rising to 5*s.* 6*d.* or 6*s.* per dollar, in the event of a perfectly free trade being opened to China.

5321. Are you not aware that it is stated in the official documents before this Committee, that in some of the years since 1814, the dollar has, in actual transactions, been exchanged for even 6*s.*?—I believe it has been quoted at that rate; but the exchange between Canton and England during the period of the Company's monopoly is no guide for concluding what the rate of exchange would be under the circumstances of a free trade. We have had a remarkable instance of that in respect to Indian exchanges. When the Company had a close monopoly of the trade to India, our rate of exchange was then as arbitrary at Calcutta as it is now at Canton, the rate of exchange then was within my recollection as high as 2*s.* 9*d.* the Sicca rupee, and very shortly after the trade was thrown open, and began to feel the operation of the adventures of private merchants in India and in England, it fell to 1*s.* 11*d.* and 2*s.* If the trade was thrown open to Canton I should anticipate that the exchange would be regulated by the same causes, and accordingly vibrate about the real par, being sometimes a little above, and sometimes below that standard, which, as regards dollars, is 4*s.* 3*d.*

5322. Were not the high exchanges which you speak of, 5*s.* and 6*s.*, and the high Indian exchanges at the same period, in consequence of the Bank of England being at that time not open for payment in specie, and that dollars were in the same proportion advanced in England?—That may have been one cause.

5323. Is it possible that the exchanges of China and India with England, any more than the exchanges between any one country and another, can vary beyond the expense of conveying the precious metals from one country to the other?—Certainly they never would, if the commercial intercourse between the two countries were free; but under the operation of the Company's monopoly in India, for example, the case was widely different. The Company had adopted the exchange of 2*s.* 6*d.* the Sicca rupee, for their remittances to England, to discharge interest on their loans, and for other purposes, and that had a material effect in regulating the then existing exchange; now I consider the exchange between England and India to be operated upon by precisely the same laws which regulate it with all the countries of Europe.

5324. That is by the charge of conveying the precious metals from one country to the other?—Certainly.

5325. Are you aware that an export duty was laid by the East India Company on the exportation of treasure from India to England about the year 1811 or 1812?—I believe it was the case, but I cannot at this distance of time speak from recollection alone very precisely as to the amount of the duty, or the time during which it was in operation.

5326. In point of fact, do you know that the exchange continued as high as 2*s.* 9*d.* till the year 1817 or 1818, four years after the charter?—It continued high until 1817 or 1818, that is, until it felt the full influence of a freer trade.

5327. You have referred to the effect upon the exchange by opening the trade with India; do you not think there is a great difference between the effect of opening the trade with India, and what might be the effect of the same measure with regard to China, because in India no internal regulations exist which interfere with commerce; whereas in China internal regulations proceeding from the authorities in China would so interfere that the rate of exchange would not be so acted upon as it would be in India?—I should think that the rate of exchange would be in a great measure regulated between China and England, by the operations of the traders themselves, and that altogether independent of the restrictions that might be laid on by the Chinese government, more especially when I perceive that in regard to some of the most important articles of trade now with Canton, the restrictions of the Chinese government are completely set at nought by the merchants who trade in those commodities.

5328. If your computation of 1*s.* 6*d.* per pound have reference to the whole period since 1814 and 1815, is it not clear that the private merchant who sold his tea at that price would have been left greatly out of pocket, in many years, when, for

for instance, the dollar was worth 6s. and if your computation be not intended to embrace the whole period, then do you not perceive that in your second statement, in answer 3454 in page 273, you have contrasted your assumed price of 1s. 6d. with the Company's average price of the whole period, as stated by you in the first line of the Statement in page 273, and consequently that the comparison which you have made must be fallacious in its results?—My comparison under the head "Secondly," with the Company's prices, is introduced incidentally. The actual comparison which I have rested upon, is the "first" comparison, wherein the rate of exchange in China, and the sale price of the Company in this country, are taken for one and the same period. When I was examined upon this subject on Thursday, I observed that I really could not exactly comprehend the exact connection that was endeavoured to be established between the rate of exchange in China and the sale-price in this country, because these two things are governed by very distinct causes. If a private merchant cannot get 1s. 6d. for his tea in this country he must take less, or else hold the commodity. The sale-price in this country will always be governed by the state of demand and supply. As to the rate of exchange in China, when it is quoted at 6s. I take that to be a perfectly arbitrary rate of exchange; the exchanges quoted in private letters from Canton are very frequently stated to be perfectly nominal. There is in fact no rate of exchange in China regulated by the same rules that govern the rates of exchange between the different countries of Europe; but I do conceive, and I think it will be proved, if the trade should ever be thrown open to China, that the dollar can never rise to that amount again; it will probably be confined within the limits of from 4s. to 4s. 6d., the real par being 4s. 3d. and in all probability nearer to the real par than the utmost extent of those limits; and if the trade had been thrown open for the whole of the period alluded to in this second comparison, I, for one, must be of opinion that the exchange never would have exceeded those limits; I therefore think that I was justified in introducing this second comparison in the way I have done it here, more as an incidental comparison than as a real comparison, such as that which is introduced under the first head.

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5329. You are aware that a great part of the purchases made at Canton on American account are effected by dollars sent out from this country or from America; what does that dollar cost the parties in China who send it out?—The price at which they can procure it in America, with the usual charges of exporting it to China. But the Americans, who were formerly in the habit of conveying dollars alone to China for the purpose of purchasing investments, and for the obvious reason that they could not supply themselves with funds in any other way, have now for a series of years taken also the manufactured goods of this country, which they have latterly carried in larger and larger quantities to Canton; what therefore the dollar or the tale costs them in China I cannot exactly tell.

5330. In your last examination you said that Mr. Melvill's corrected Statements were arbitrary, because they contain precisely the same sums as the charges of interest and insurance for each year; have you not done exactly the same thing in your Statement; and if such insertions invalidate Mr. Melvill's corrections, is not the conclusion inevitable that your Statements are invalidated by the same cause?—When I delivered in those Statements to the Committee I informed them that I had only official documents for the years 1820 and 1821 to refer to; having no other than those of 1820–21, I was obliged to include the charges contained in that document as an estimate in all the other Statements I delivered in; but the case was widely different with Mr. Melvill: he had all the accounts of the India House at command, consequently the means of stating the exact amount of the Company's profit for each of the periods for which those Statements were given, instead of which he has adopted for every one the same amount of charges for salaries, charges in England, with interest and insurance, which of course, in my opinion, and I should think in the opinion of every merchant, must invalidate the whole of his corrected Statements. Since those Statements were drawn out I have had an opportunity of seeing other official documents, from which all the charges on the Company's trade for one year may be more accurately collected, and I could, if the Committee desire it, deliver in a correction of former Statements for the year alluded to; one that I think would at all events be a nearer approximate to the truth, that is, to the real result than any that have yet been exhibited.

5331. In correcting your Statements, would not it be natural for Mr. Melvill to take the same years which you yourself had taken?—Certainly; but when Mr. Melvill

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came to correct errors in my Statements, which I admitted from the very beginning those Statements were liable to, I should have thought it reasonable to expect that he would have produced an actual Statement of the out-turn of the Company's trade with China, if not with India, for the years adverted to, and the more especially as no such Statement has ever yet been exhibited to the public.

5332. Although such a Statement would be very valuable, would it be a correction of your particular Statement?—If he showed the exact result of the Company's trade, and could show that there was such a profit upon the trade as he has deduced from his corrected Statement, then it would be a real and satisfactory correction of my error, instead of the fanciful or estimated one he has now given, and which, in such case, I should be most ready to acknowledge.

5333. You have expressed your belief that the deduction to be made from the tea imported by the Company for wastage and allowance must exceed two per cent; would not your opinion be changed if by official documents it should appear that you are mistaken?—Of course it would, as regards the Company's importations, if the document were complete, and certified under official responsibility.

5334. As you in your Statements assumed the gross imports of one year as the quantity all accounted for in the sales of the succeeding year, reckoning the difference as wastage, (in the amount of which you and the Company are at variance,) was it not proper, in correcting your Statements, to bring to account the difference; and should you not now say that this is explanatory of the variation between the sale quantity in your Statement, and that introduced by Mr. Melvill, as far as that difference went?—Upon my examination on Thursday last I explained very particularly the grounds on which I adopted four per cent as a moderate allowance for wastage, including what is called the allowance for draught in this country. That two per cent should cover those two heads of wastage appears to me altogether incredible; more especially as the allowance for draught, as it is called, amounts to very nearly one and a half per cent of the whole amount; and therefore to suppose that there has only been one half or two thirds per cent of real wastage upon the tea on the passage home, is a circumstance which I cannot account for; neither is it consistent with the experience of any private merchant who has traded in tea that I have consulted on this head. I may further add, that the Company allow equal, on an average, to about one half per cent on what is called the turn of the scale. These two allowances, therefore, are equal to two per cent, leaving nothing for wastage on the passage home, or until the period of its being weighed off to the buyers; a period generally of 20 months to two years.

5335. You have alluded to the allowance for draught by that term; do you not mean the allowance made by the East India Company to the retail dealers for the wastage which they may suffer in retailing their teas?—That may be the motive; but the allowance is granted to buyers at the public sales, and amounts, as I have explained, to one pound upon every chest, besides what is allowed for the turn of the scale.

5336. Do you compute that one pound for every chest would amount to one and a half per cent?—A chest of black tea weighs about 70 pounds on the average, a chest of green tea about 60 pounds; therefore one pound allowed upon those chests is equal to something more than one and a third per cent.

5337. You have included in your Statement, in page 270, in answer to question 3435, as charges, interest on the Company's own capital as well as dividend to the proprietors; are you not aware that any interest which the Company's capital may have earned must form part of the fund which the law (53 Geo. 3, c. 155, s. 57, called the Appropriation Clause) has made applicable to the charge of the dividend; and that therefore to charge the interest and the dividend is to charge the same thing twice?—I have already explained to the Committee my reason for giving in the Statements which I did upon my former examination, and which were merely prepared to ascertain whether the received opinion was correct as to the net profits of the Company's China trade being sufficient, not only to pay the interest on home bond-debts and the dividends in this country, but to aid the territorial department with occasionally large advances. From my own inspection of the official documents before the public, I was unable to draw the same conclusion; on the contrary, it appeared to me that there was but a small amount of net profit on the Company's China trade; and at that time, having no means from official documents of ascertaining the result of the India trade, I was obliged to confine myself to the profit which appeared to
result

result from the China trade. I was consequently at a loss to conceive where the Company could obtain funds for the payment of those two items, unless it were from the revenues of India; and on drawing out my Statement from the only official documents then before me, to show what the net profit on that trade was, I had reason to be confirmed in my belief. In that Statement I included, as I believe every merchant would do, interest, and precisely the same sum of interest which is charged upon the concern where the Company make up a sum under the Act of Parliament to regulate their upset prices of the teas. I took that as the charge for interest upon the transaction, although it appeared to me that a much larger sum ought to be charged for interest upon mercantile principles. I have explained to the Committee, that according to the principle laid down by Mr. Melvill himself, in his answer 4298, wherein he admits that interest on mercantile principles should be charged from the time of the first expenditure to the time when the sale proceeds of the teas are realized, that the period which these sums had to run was upwards of three years instead of 18 months, which he admits in another part of his examination to be the time for which interest has been charged; I should therefore say, that upon a fair mercantile statement of this account a much larger sum of interest is fairly debitable to it; notwithstanding which, I have only taken, as before mentioned, the sum of interest which I found in the official documents. As to its being twice charged in this account, that I presume cannot be supposed to be the case, if my position is correct, that the whole of the prime cost must have been originally borrowed from the revenues. Indeed the documents which I have had occasion to refer to this day go a great way in support of this fact; and if this sum has been so borrowed from the revenues, which revenues are now charged with the interest upon the whole of what is called the territorial debt, interest in this point of view is fairly chargeable upon this prime cost as due to the revenues, and therefore it is not a double entry, as it has nothing to do with the items of interest on the home bond-debt and dividends on stock, which are paid to other parties in this country.

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5338. If, as a merchant, you were called upon to return an account of the profit and loss in a distant adventure, and you returned that account without debiting the account for interest upon the capital employed, or without debiting it for the premium of insurance incurred, supposing you were your own underwriter, should you not conceive that such statement of profit and loss would be a fallacious one?—Perfectly so. The interest is fairly chargeable upon the amount of the prime cost; because, even if it was a portion of the capital of a private merchant, it is so much deducted from the capital that was otherwise previously beneficially employed, and therefore deprives him of the means of making that interest upon the whole amount of his capital which he otherwise would do. If that interest is returned to him at all it must be returned out of the sale proceeds of the goods; and therefore to credit it as Mr. Melvill has done in this Statement twice, is, in my opinion, an erroneous entry; at all events as regards a profit and loss account.

5339. Should you not conceive that it is the custom, as well as the duty of any mercantile man, who becomes his own underwriter, in keeping his books, to keep an account of the profits of underwriting, or the loss of underwriting, separate entirely from the particular adventures upon which he underwrites?—That is precisely what I have already explained in commenting upon Mr. Melvill's insertion here of a credit on account of insurance. In a former examination I have stated that this sum which he has credited, 44,593*l.* for the amount saved by the Company in the mode of effecting their insurance, has no business whatever here; it should be carried to the credit of the underwriting account; and if that account exhibits a balance in favour, it is of course the underwriter's profit; but if the balance is unfavourable, as is often the case, it is then an actual loss; at all events, this credit item has no business here. I should also say the same of interest. I believe that most merchants on a large scale keep an interest-account. I know that I do; and in such a case as the one here stated, I should carry the interest gained on the transaction to the credit of interest-account; and if the interest-account exhibited a balance in favour, that balance would be a profit, but not otherwise.

5340. Should you not consider that the interest on the Company's capital was to be considered as a receipt that was to be made applicable to the charge of the dividend?—Certainly, if interest is gained in the way I have mentioned, and gained on the employment of real capital; but in the case before us interest would be chargeable, in the first instance, on the portion of capital which is employed in the China trade, since the capital would be losing so much interest during the time

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this portion of it was so employed, and if returned it must come out of the sale proceeds of the goods; it cannot be gained in any other way.

5341. You know that previously to 1813 the accounts of the Company's territory and trade were made up together; but that by the 64th section of the Act of the 53 Geo. 3, c. 155, they have since that period been separated, and are now kept quite distinct; do you not also know that the annual accounts framed upon that law of separation show a very large amount of assets belonging to the commercial branch, and is not this large amount shown at pages 61 and 62 of the Papers as to the finances of India, presented by the King's command?—I know that the Act of 1813 required a complete separation of the territorial and commercial accounts, but the public have never seen yet such statements of the commercial account as would satisfy a mercantile man as to the real result of the Company's commercial concerns. In respect to those assets which are enumerated in the voucher No. 25 of these Papers, I perceive that some of them are stated at a valuation, of which I have no means of forming an accurate opinion, they may be exactly valued, or they may be undervalued or overvalued. I therefore take these amounts to be no criterion of the Company's commercial capital, more especially as one of the items contained in it, *videlicet*, 8,142,103*l.* is there given in very vague terms, for there is a note of reference from it at the bottom of this account, which contains this remark: "This balance is subject to reduction by the amount of advances made in India from the territorial branch to the commercial branch in the Indian official year 1827–28. The documents whereby the amount of these advances is to be ascertained have not as yet been received from India, but which it is estimated may amount to 3,124,900*l.*, which will leave a balance due to the commerce of 5,017,203*l.*, including interest." This, therefore, is at best but a mere estimate. Of the remaining items of this account, if my view of the state of the Company's finances be correct, the whole or the greater part of the other items must have been furnished from the territorial revenues.

5342. Are you able to state how far the division of charges ordered at the commencement of the present charter under the heads of Political and Commercial, has been such as to charge commerce only with the charge, which as a merchant you would admit; and is not an examination of each item necessary before any person can give a correct opinion on the result of those public accounts between territory and commerce?—I have seen no such account yet that would satisfy a commercial man as to the real out-turn of the Company's commercial concerns, or whether they included all those charges which a private merchant would put upon such an account; and I have always thought it, and still think it is most highly desirable that such an account should be laid before the public, for without it all conclusions that may be drawn from accounts which have been produced are liable to error on the part of any private individual who may take the trouble to examine them.

5343. Will you look at No. 25 of the Accounts before the Committee, and state whether the results at the bottom of that account under the head of Commercial Credits at home, and afloat outward, can be depended upon as a correct account by which the actual state of the Company's affairs can be judged of?—I cannot draw any satisfactory conclusions from this Statement.

5344. Will you state the grounds of your opinion that no accurate conclusion can be formed of the accuracy of this account?—I have remarked upon one item, which is very vaguely stated in this account, *videlicet*, the sum of 8,142,103*l.* It is impossible for any body, without having the accounts of the India House before him, to judge of the entire accuracy of this item. There are other items upon which a valuation is placed; and I submit to the Committee whether it is possible for any private individual to judge of the entire accuracy of that valuation.

5345. Does not the very fact of this note, in addition to the item of 8,142,103*l.*, prove a desire on the part of the Company to give the best information to the House that it is in their power to give?—I have no doubt, from the great respectability of the Court of Directors, that they are perfectly disposed to give every information that can be desired by the Committee, and to give that information accurately; but I must repeat that that information is not yet before the public.

5346. Does not this note refer to a sum of 3,124,900*l.* which may be estimated to be paid to the commerce, and which is not pretended to be an actual statement?—Still it is only an estimate; and an estimate, I maintain, is of no kind of value in an actual cash statement.

5347. Do.

5347. Do you consider that the sum of 1,207,560 *l.*, being the value of 3 per cent reduced stock belonging to the Company, is not an actual asset in their hands? —That of course is.

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5348. Is not the cash balance an actual asset?—I presume it is.

5349. Are not the amount of goods sold not paid for actual cash statements?—That will depend upon whether they are paid for or not. They may be sold for the amount stated, but the payment is not realized.

5350. Is it the custom of the Company to part with their goods till they are paid for?—In that respect the Company's sales are conducted in a very satisfactory manner; but it often happens that goods retained in the way that the question supposes in the Company's warehouses till paid for, have never been cleared by the purchasers, and a loss has accrued upon the resale of them.

5351. Can you state whether that is not an accidental circumstance arising out of the depression of prices which has recently taken place?—It depends more upon the circumstances of the buyer at the time.

5352. Admitting, as you do, that those several items are actual cash statements, is it not reasonable to suppose that the other items are equally those which can be depended upon?—How for example can a private individual, like myself, say with precision what the value of the goods in England unsold is, or of the exports, or of almost all the other items? What can I say is the value of the ships, sloops and vessels, exclusive of those stationed abroad, and the value of the East India House and warehouses? They may produce the sums stated in these accounts, or they may not.

5353. Is not a private merchant in the habit of valuing his property per estimate?—He is; but then the private merchant will probably well know the real value of his own property, when he cannot be expected to know the value of other persons.

5354. Is not the Company, in the situation of individuals likely to know the value of their own property?—Certainly they ought to know the value of their own property, and they may have placed an accurate valuation upon it; but in respect to property of this kind, even a private individual is frequently greatly deceived by valuing it at a rate which will never be realized when it comes to be disposed of.

5355. Do you mean to say that the Company have less means of valuing their property than a private individual has?—No; but I say that I have no means of knowing whether this valuation is correct or not.

5356. Have you any reason to doubt it?—I have no means of judging.

5357. For instance: how would you understand, or how would any merchant understand this item, "value of goods unsold in England;" may it not mean either goods unsold valued at the cost-price, or goods unsold valued at the probable sale-price, or goods unsold valued with a profit upon them; or is there any means of ascertaining with certainty what is meant?—That is precisely one of the items in which I feel that my information is defective. I have no hesitation in saying, that were I to value those goods in my own hands in an account of this kind, I should value them at the invoice cost; whereas I judge, from the amount at which they are valued here, that they are rated by the East India Company at the expected sale prices.

5358. In page 208 of the Third Report of the Select Committee of the House of Commons, which sat upon Foreign Trade in 1821, it is stated that the China trade was "profitably conducted by the Company, and constituted their most plentiful resource in aiding the administration of the countries intrusted to their Government." Do you, in contradiction to the opinion stated in this Report, still maintain that it is the territory which upholds and supports the trade?—My opinion has been already given upon that head, in opposition, as it appears, to high authorities. I cannot, however, alter my opinion upon this subject, unless I have proof of my error. The opinions of other persons, any more than my own, do not amount to proof; and with all the respect I entertain for the authorities quoted at this table, I must still retain the view I have given of the Company's finances, till I can be convicted by actual proof of its being in error.

5359. You stated that, supposing the Company to have made a profit by being their own insurers, such profit has nothing to do in an account showing the adequacy, or otherwise of the Company to pay the dividends, and interest upon the bonds; are you not aware that the Act of 53 Geo. 3, c. 155, s. 57, which you upon a former occasion read to the Committee, distinctly appropriates to those and other objects the whole of the Company's profits and other receipts, and therefore that to charge, as you did, the whole amount of the premium of insurance, without re-crediting it

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as profit, would be to leave the Company in possession of what the law has directed them to appropriate?—It will be recollected by this Committee that I prepared this Statement with no other view than to show that the net profit upon the China trade was not equal to the amount of interest on the home bond-debt and the dividends on stock payable in England; and I therefore drew out the Statement in the way in which I believe every private merchant would draw out an account of profit and loss, charging it with interest and insurance, taking these two items from the only official documents then before me. If the Company, being their own underwriters, have upon that insurance made a profit, my position is, that that profit ought to be carried to the credit of their underwriting account; then, if on the balance of their underwriting account there is also a profit, that profit would come in aid of the payment of dividends, as required by Act of Parliament. The same may be said with regard to the interest. That interest, when it is made good by the return of the teas from China, ought, as I conceive, to be carried to an interest-account, and if the interest-account is profitable, that profit would also constitute an item out of which those payments, according to the Act of Parliament, should be made; but I conceive that these two items have nothing to do as credits in an account purporting to exhibit net profit; and this would be more especially the case if, as I conceive, the amount of the prime cost of the goods has been borrowed from the revenues. But an account exhibiting the real profit or profits of the Company, from whatever sources they arise, with the appropriation thereof according to law, is precisely the thing which is now wanted, which the public, in my opinion, has a right to expect, and which, if produced, would have been far more satisfactory in correcting errors or misconceptions than any thing that has yet come forth from the India House.

5360. Have you ever seen the plan prepared in 1814, under the authority of the India Board, and submitted to this House, under which a separation is made between the territorial and commercial concerns of the Company?—No, I have not seen the plan.

5361. You have remarked upon certain discrepancies in the accounts presented from the East India House, and other papers presented by order of His Majesty, which are now before this Committee, are you not aware that some of those accounts are for a period of 20 years, and others are for a period of 14 years, and that some are drawn up by the officers of the East India House, and that others are analyzed and put together by the Accountant-General of the Commissioners for the Affairs of India?—The discrepancies I have chiefly remarked in the examination of those accounts occur in the items given in for specific years; they are in some accounts stated at one amount for a particular year, and in other documents they are stated at another amount.

5362. Are you aware of the fact alluded to, that they do come from different quarters, and for different periods?—I cannot be aware of it until it is explained. When I spoke of discrepancies I alluded to such as occurred at one and the same period. It often occurs, for example, that the quantity of tea sold, and the sale-prices of those teas, are differently stated in different accounts for the same year.

5363. You have particularly alluded to the sum of 550,866 *l.*, which Mr. Melvill has inserted for freight on tea exported from Canton in 1827–28, and the sum of 647,319 *l.* stated in an official account dated the 17th March 1830, are you aware that the official statement in question comprises the freight accounts of the ships which arrived in England in 1827, and, therefore, that cannot correspond with Mr. Melvill's account of freight chargeable on tea exported from Canton in 1827; and do you not observe, in reference to No. 32, of the printed Papers, that the quantity of tea exported in 1826–27 was much larger than the quantity exported in 1827–28; that the quantity in 1826–27 was 38,567,505 pounds weight, and in 1827–28 was only 31,593,176 pounds, and does not, therefore, this difference of quantity account for the great difference in freight?—I cannot possibly account for the discrepancy in this respect, from the account before me, because no such explanation as that stated in the question is given here; the reason for that discrepancy may be the one now explained, but I would beg leave to observe in regard to Mr. Melvill's corrected statement of 1827–28, that he gives us 31,593,176 lbs. as the amount of tea exported from Canton, whilst the freight and demurrage upon that quantity being 550,866 *l.* only, is different from the amount of the freight charged in No. 19, of the Accounts and Papers delivered in to the Select Committee in 1830, which is given at 647,319 *l.*, and expressly stated to be the "freight from China to England" in that year, and to be the "actual amount" in that

that as in the other years of that account. I must, therefore, still infer that the insertion in Mr. Melvill's corrected statement is an estimate, or a discrepancy requiring to be reconciled.

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5364. But you are aware that one sum applies to the quantity of tea exported in 1827, and that the other is supposed to apply to the quantity of tea imported in 1827?—The sum of 550,866 *l.* for freight and demurrage is expressly stated in Mr. Melvill's statements to apply to the quantity of tea *exported* from Canton in 1827–28.

5365. The two quantities being very different in the subsequent years?—Yet the sum before mentioned is applied in this statement unquestionably to the amount or quantity of 31,593,176 lbs. of tea, and can be applied to nothing else.

5366. Are you not aware that the freights are not paid at the same time that the goods are sold, that they are occasionally paid before the goods arrive in port?—That does not alter my view of Mr. Melvill's statement, for which we have his express words.

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Robert Rickards, Esq. again called in; and Examined.

5367. HAVE you, since you delivered in your Statements of the trade to China, which have been observed upon by Mr. Melvill, had an opportunity of examining the Returns subsequently laid before this Committee, purporting to be the real charges on the China trade during the years for which your Statements were offered?—I have examined Statements to that effect, numbered 18 and 19, in the series of Accounts and Papers dated March 1830, and which contain the charges alluded to from the year 1823–4 to 1828–9 inclusive.

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5368. How far do those Returns support the accounts you have given in?—I must repeat, with reference to those Accounts and Statements, that in their present state they lead to no satisfactory conclusions; in other words, that they afford not the means of coming at the real result of the Company's trade. It is only a general conclusion that can be drawn from them; I stated as much upon my first examination; and with reference to the Statements I then and subsequently delivered in to this Committee, Mr. Melvill has since been at pains to refute my Statements by a series of what are termed Corrected Statements; and as these Corrected Statements may lead cursory observers still to suppose that the profit on the China trade is as large as it has been generally reported to be, although from my analysis of these Corrected Statements it is quite obvious that the balances they exhibit are not even an approximation to true results, I prepared subsequently, for my own satisfaction, another Statement, founded on the explanations given by Mr. Melvill and Mr. Lloyd, as to what constituted the item, prime cost, in the Company's accounts, and the result is contained in the two short Statements which I hold in my hand, and which, with the permission of the Committee, I will now deliver in. No. 1 is drawn out according to the view which I have taken of the Company's financial accounts, and as I think a merchant would draw out a regular profit and loss account of any particular transaction; the other is drawn out precisely on the principles contended for by Mr. Melvill in his Corrected Statements, in which the item of interest is altogether omitted, and only a small estimated sum of one per cent included for insurance. I have selected for those Statements the year 1827–8, and the sales of 1828–9, because in those years we have, in the official documents upon the table, a sale amount of tea corresponding with that which was imported in the preceding year, allowing only four per cent for wastage, and draught and turn of the scale, which, from the explanation I gave on my last examination before this Committee, I take to be a moderate allowance; all the other items of this account are taken from the official documents which I have particularly referred to on the face of the Account.

5369. What is the result?—The total deficiency, including the loss on the India trade, which I had not before the means of ascertaining on the authority of any official document, amounts to 999,935 *l.*, and the deficiency on No. 2, to 787,195 *l.*

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5370. Do you mean that as compared with the deficiency shown in your third Statement?—This is the deficiency on the Statement made out after the explanations given in by Mr. Melvill and Mr. Lloyd as to the items of charge which I had in my previous Statements ignorantly added to “prime cost,” but which I find now ought to be included in that heterogeneous compound.

[The Accounts referred to were delivered in and read, as follows:]

1827-8.

No. 1.—STATEMENT of the Cost and Charges on Tea exported from Canton, for the Year 1827-8, with the Sale Amount of a corresponding quantity sold at the Company's Sale in 1828-9; showing also the deficiency of profits on the Company's commercial transactions to defray the payment of the Dividends on Stock, and the Interest on the Home Bond Debt.

Cost in 1827-8 of 31,593,176 lbs. of tea exported from Canton, as per No. 32 of Papers relating to the trade with India and China, 4th June 1829 -	£.	1,981,419	Sale amount of 30,269,508 lbs. of tea in 1828-9, as per No. 41 of Papers relating to the trade with India and China, Feb. 1830, being a quantity with the allowance of about 4 per cent for wastage, equal to that purchased in 1827-8 - - -	£.	3,527,057
Freight and demurrage, as per No. 19 of “Accounts and Papers,” delivered into the Select Committee 1830 -		647,319			
Salaries and emoluments to supra-cargoes and others, as per No. 18 of do.		69,195			
Charges in England, as per 19 ditto -		205,537			
Interest, as per ditto - - -		243,234			
Insurance, as per ditto - - -		61,281			
Profit - - - - -		319,072			
	£.	3,527,057		£.	3,527,057
Interest on home bond-debts for 1828-9, as per No. 21 of Papers, &c. Feb. 1830 - - - - -		158,124	Profit brought down - - - - -		319,072
Dividends on stock, per ditto - - -		629,071	Deficiency - - - - -		468,123
	£.	787,195		£.	787,195
Deficiency brought down - - - - -		468,123			
Loss on India trade, as per No. 4 of Papers delivered in to the Select Committee, March 1830 - - - - -		531,812			
Total Deficiency - - - - -	£.	999,935			

1827-8.

No. 2.—STATEMENT of the Cost and Sales of Tea, &c., the same as the preceding Statement, but drawn out according to Mr. Melvill's view of the Account, and the principle adopted in his corrections.

Prime cost, &c. <i>Vide</i> preceding Statement - - - - -	£.	1,981,419	Sales, &c. as per preceding Statement	£.	3,527,057
Freight and demurrage - - ditto -		647,319	Deficiency - - - - -		715,234
Salaries and emoluments, &c. ditto -		69,195			
Charges in England - - - ditto -		205,537			
Insurance, (say 1 per cent) estimated -		19,814			
Loss on the India trade. <i>Vide</i> preceding Statement; - - - - -		531,812			
	£.	3,455,096			
Dividends and Interest on home bond-debt, as per preceding Statement -		787,195			
	£.	4,242,291		£.	4,242,291

5371. Are the Committee to understand that you deliver in these Statements in corroboration of the opinions you have formed, and the Statements you have previously given in?—As far as regards a general conclusion they certainly do confirm my former opinion; but I must observe upon those Statements that they appear to me, as I have always observed from the commencement, to be of little value besides.

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5372. To what Statements do you refer?—My own, and the whole of them: all the Statements that have been laid before the Committee.

5373. State the reasons why you place little value upon them?—Because, in all the official documents which I have had an opportunity of inspecting, there is no such thing as a regular mercantile account of the profit and loss on the Company's Indian or China trade, such as a respectable merchant of the city of London, or a professional accountant, would approve; and until a statement of that description is laid before the public, which I think the public have a right to expect, no satisfactory conclusion can be drawn as to the real profit, or otherwise, of the Company's trade. It is on this account, I say, that estimates, particularly such as are framed from imperfect data, must always be considered of little comparative value.

5374. The Committee are to understand that those Statements made up by you are not considered of any great importance, because the data or documents supplied by the India House do not appear to you to be full and complete?—Exactly so; they only lead to the general conclusion with which I set out upon my first examination before this Committee, that there does not appear, from any thing that has been hitherto published, a sufficiency of profit on any portion of the Company's commercial concerns to defray certain charges in this country. This conclusion is moreover strongly confirmed to my mind, and I think will be obvious to other persons, from merely reflecting on the following circumstances. Let any person acquainted with the course of mercantile affairs, and the admitted fact of an universal depression of profits ever since the close of the last war, and the difficulties which private merchants have experienced in realizing even moderate profits upon concerns carried on with the most rigorous economy; let those facts, I say, be compared with the known mode in which the Company's trade is carried on; the great establishments kept up at the India House for commercial purposes; the magnificent establishment at Canton, the equally magnificent establishments spread all over India for commercial purposes; the freights paid by the Company upon their shipping, averaging, according to one official document upon this table, 21 *l.* 10*s.* per ton, and in another between 18*l.* and 19*l.* per ton, for doing that which a private merchant would accomplish for from 8*l.* to 10*l.* per ton; and likewise the very high rate at which the Company have on all occasions paid for their goods both in India and in China; and if he can, after combining all those facts, conceive it possible for the Company to realize any thing like a profit upon their trade, he must have other ways of computing profit to any which I am acquainted with; but whether the Company realize a profit upon their trade or not is in my estimation of little comparative importance. The great question, in my opinion, to be considered upon this occasion is that which I took the liberty of impressing upon the attention of the Committee at my first examination, viz. the immense advantages which must unquestionably result to this country and to the eastern world at large, by the single act of opening the trade to Canton. We have here a question in which the great commercial interests of this country, the manufacturing interests, the shipping interests, and, by re-action, the agricultural interests, are deeply involved; and this I take to be of far greater importance than whether 200,000 *l.* or 300,000 *l.* can be made out more or less by the turning and twisting of figured statements.

5375. If all the documents submitted to Parliament, and those which you have seen that have been submitted to this Committee, of the commercial affairs of the Company, are as defective as you have stated, that no merchant can make up a satisfactory account from them to show the actual result and profit and loss from their commerce, will you state what kind of accounts should be furnished to enable the Committee correctly to ascertain what has been the state of their trade?—Exactly such an account as I have just stated in a previous answer.

5376. What sort of an account do you conceive should be made out?—It should be such an account as a merchant would draw out to show the *real* result of his own affairs.

5377. Can you give a *pro forma* account of the manner in which the account should

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should be kept?—It is impossible for me to give a *pro forma* account here. Neither should I think a *pro forma* necessary, if the accounts at the India House are kept as mercantile books ought to be. From such books there can be no difficulty, I should think, of preparing such an account as would satisfy the public, containing the actual outgoings of the Company on one side, with their receipts on the other—a fair statement, in short, of mercantile transactions, prepared in mercantile form and on mercantile principles, such as any merchants are accustomed to prepare of all *bonâ fide* transactions.

5378. You are aware that by the 57th clause of the Act of 53 Geo. 3, it is directed that the profits on commerce should be applied for certain purposes, the last being that all surplus should go in reduction of the principal of the debt in India. Are you able, from the accounts before the Committee, to show whether any surplus has been handed over to pay territorial debt agreeably to the Act?—In Account No. 23, of the Papers relating to the Finances of India, page 49, there is a *Memorandum* at the foot of that account, in the following words:—“Amount set apart from surplus commercial profits for the liquidation of debt subsequent to the 1st of May 1814, and not deemed repayable by the territory.” This however is but a simple memorandum or assertion; there is nothing that I can find in these official documents to show whence that surplus commercial profit arises; and this is another of the many instances which constantly meet us of the defective or imperfect state of these accounts. I observe also, in respect to that profit so set apart, that in the year 1824 it is stated at 4,754,903*l.* the same sum is continued through the years 1825 and 1826, whence I conclude that there could be no surplus profits, real or estimated, in those years. In the following year 1827, the amount is stated at 4,758,853*l.* being a small advance on the preceding years of 3,950*l.*, whereas in the annual accounts laid before Parliament, the increase of 1827 over 1826, is stated only at 124*l.* or 125*l.* This again is one of the many discrepancies which we find in these accounts, which may be capable of reconciliation by the officers of the India House, but which it is impossible for an individual to account for from any explanations that are here given; and therefore it is that I say that those accounts, as now presented to the public, do not exhibit so satisfactory a result as the public have a right to expect. Neither can any such precise result be drawn or compiled from the imperfect information they contain.

Mr. James Layton, called in; and Examined.

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5379. WHAT is your profession?—I am a tea-broker.

5380. It is your business as a tea-broker to purchase teas at the East India Company's sales for the wholesale tea-dealers of this country?—Certainly.

5381. In that business you are in the habit, at every sale of tea, of examining minutely the qualities of the different parcels?—I am.

5382. Were you called upon to value some samples of teas which were brought from abroad?—Yes.

5383. Where did you value them?—At my own counting-house.

5384. From whom did you receive them?—I received them from Mr. Jones; they were sent to me; I believe they came from the Board of Control.

5385. They were sent to your office for examination?—They were.

5386. Did you examine them in company with any other tea-brokers?—No; by myself only.

5387. Did you give your opinion without any concert with any other person?—No; we met afterwards and compared notes, and gave a valuation of prices in conjunction with several others; there were about a dozen more; there were many of those teas imported by the foreign companies. I look upon it that we have no such tea comes to the Company's sale, because the bulk of the teas that we have consists chiefly of the general qualities of Bohea and Congo tea, which form the chief consumption of this country.

5388. Did the other brokers examine them with you?—No, each examined them separately by their own samples; there were samples sent to ten or a dozen different houses.

5389. For the purpose of afterwards fixing on prices, did you afterwards meet together?—We met together and compared prices, and gave the result of that to the gentlemen who sent the samples.

5390. Was the result an average?—Yes, an average, as nearly as we could put it, of what they would have sold for at the Company's sales.

5391. Was

5391. Was there much difference of opinion between you?—There was; in the finer sort of teas especially.

5392. Were there in the Congos and Boheas?—No, very little; hardly any at all; merely fractional parts.

5393. Were the samples of sufficient size to enable you to judge fairly of them?—Certainly.

5394. Were the prices you have affixed to the teas prices which you thought similar teas would sell at at the Company's sale, or were they prices that they would sell at in the wholesale shops?—We have no idea what they sell at at the wholesale shops, for they vary so much by 1 s. per pound; but we fixed it at the price at which we supposed, had they been put up by the East India Company at their sale, they would have reached, subject of course to the variation whether there is more or less of the finer quality.

5395. With respect to the teas of more general consumption, more particularly the Congo and Bohea, was the price that you estimated them at with reference to the last sale-price of the Company, or with reference to the actual market-price at the time?—We were obliged to reckon them at the price we supposed they would sell at; there were several of those qualities of tea that the East India Company do not import on their own account, but which are generally brought over by their officers, who have a private trade, as it is called, which is a liberty to bring home such and such qualities; but we cannot answer for their qualities to compare them with the Company's teas. The East India Company's teas are always clean teas, and well examined before they come to this country, which the others are not, for their trade is by barter. In general you cannot expect an officer who goes out to bring the dollars; but they receive so many chests of tea as they may purchase by barter. Of the price we know nothing.

5396. Were you told, when those samples were delivered to you, from whence they came?—No; we were summoned by Mr. Jones to come and see them at the Board of Control Office; the number was so great it was impossible to form an opinion of them there; each of the brokers had the samples sent, and tasted them, as well as examined them by the appearance.

5397. Were you told from what part of the world they came?—We knew not from whence they came; the paper states them to be from the Continent of Europe, but does not state from what countries.

5398. As to the teas of general consumption, particularly the Bohea, Congo, the Hyson, and the Twankay, setting aside any of the teas of which little is imported, were they teas of the qualities used for general consumption, and, upon the whole, of good fair quality?—Except the Twankay tea I think they were; that was inferior to what the Company usually have. The Bohea tea was rather inferior, to the extent of 1 d. or 1 ½ d. per pound; but that is a tea not used, or very rarely, in London; that goes generally into the country, where they are obliged to sell it at a lower price, particularly to the manufacturers.

5399. Was the Congo a fair quality?—It was not so clean as the Company's teas.

5400. What do you mean by not so clean as the Company's teas?—It had a particular taste, showing that it was not altogether so well selected.

5401. Some of the Congo is put as high as 2 s. 6 d. a pound; have you much of the Company's Congo that sells at so high a price?—There is some of the Company's Congo that sells as high as 3 s.

5402. Is the quality put here at 2 s. 6 d. a pound not a good quality?—It is a good quality of tea valued at 2 s. 6 d. a pound; but wherever samples have been taken, and have come from a distance, they depreciate, and also from the tea being in paper.

5403. Is it your opinion that the samples have not quite so fair a chance as if they had been drawn fresh from the chests in the Company's warehouses?—Decidedly not.

5404. Did the manner of sending them put them to some disadvantage?—Yes, particularly in the smell, which is a great thing we go by, as well as taste. Many of those that are called Congo were a Souchong kind of tea, which, by the names they gave them, they would not bear with ours.

5405. Were the green teas that came from New York of a good quality?—I do not know from whence they came, only the samples were taken from which we were to form our opinion.

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5406. Were the green-teas of a fair quality?—Some of them were, and some were very indifferent.

5407. How long had those samples been taken out of the chest before you saw them?—That I cannot say; I never saw the chests nor the packages.

5408. The prices of your valuation are of course what are called the short prices, that is without the duty?—Yes, because we always buy and sell by the short price.

5409. Upon the whole were the Congos and Boheas of a quality that would find ready sale in this country?—Yes, they were sufficiently fine for sale; any tea that is clean and decent will always find a sale; for what is not sold in London the dealers will send to manufacturing places, and if the price is but congenial they will take anything, if it really is tea.

5410. Do you consider that the tea which is sold at the Company's sales is much adulterated in the tea-dealers' shops in London?—Not in London; I do not think there is any adulteration in tea; they mix the Bohea, which sells at the Company's sales at about 1 s. 5 d. to 1 s. 6 d. with Congo teas, because the duty is so heavy the people in the country cannot afford to give it. It is the fashion now to have every thing at a low price, and that pervades every thing, on the supposition, I suppose, that the people get too much profit; but they drink such tea there as I would not drink.

5411. Did you ever look at the quality of tea sold in country towns and villages?—Yes.

5412. Do you consider it very much adulterated?—I consider it so much inferior, that if I go out I always like to take my tea with me; if I were going out of town, I mean.

5413. Is the adulteration there merely a mixture of inferior teas, or is it that some ingredients are mixed which are not teas at all?—I really cannot tell what it is composed of, and I defy any person to say what it consists of; it is like the coffee, which is sometimes mixed with what is, I suppose, ground beans.

5414. If a mixed sample of tea were presented to you you could point out the portion of the different qualities, could you not?—That is rather difficult; I could no more tell than I could as to a pipe of wine, whether it was all of the right kind. I could tell whether it was good if I tasted it.

5415. Could not you tell whether there was any part which was not tea?—At times I might. I presume the question alludes to the mixture of adulterated leaves which took place some time ago.

5416. In your opinion is not there a good deal sold in remote parts of the country as tea, which is not tea at all?—Yes, I conceive there is; what I have tasted in considerable towns that they call tea, which is very bad; there has been black tea coloured and passed off as green tea when the price was very high—persons have been fined for so adulterating.

5417. Do not you consider that that disposition to adulterate arises very much from the people in the country not being able to get real tea at a reasonable price?—By no means, they may have it at a reasonable price; when a man sells six or a dozen chests in London he would be ashamed to do that, and he would be subjected to penalties; but in some parts of the country I think they will do those things: a country dealer is the most unfortunate being, living almost in a country shop. When there was a quantity imported from the Continent, when the East India Company had not sufficient after the Commutation Act, there was the greatest importation of rubbish that ever was exhibited in this country.

5418. From whence did it come?—From Holland chiefly.

5419. Is there a sufficiency of the low-priced teas put up at the sales?—I think that 1,200,000 pounds of the common Boheas is sold every sale, or as nearly as possible.

5420. Is there as much as the consumption will take?—Quite so; in fact we refuse tea almost at every sale. An observation has been made, from Scotland, principally, that the East India Company did not put up enough, but as soon as they put up more, they found fault directly, because it lowered the prices of their stock in hand.

5421. Do you mean to say that tea is refused at the upset price of the Company?—Yes.

5422. And that of qualities in ordinary consumption?—Yes; it has sometimes been bought at a higher price; the Company is bound by charter to put up their teas

teas at the price it stands them in; the advance price is supposed to be their profit; but when they do not fetch the upset price, at the following sale they are put up without a price, and fetch as much as they can by competition.

5423. Where they are put up at the upset price, are there any of the teas of ordinary consumption, such as Congos, ever refused at the upset price?—Yes, there were, last sale.

5424. Were they refused for quality, or for redundance of quantity?—Partly from both.

5425. How comes it that you, as a broker, pay any advance upon the upset price of the Company for any tea, where you are sure of getting some at the upset price itself, if the Company put up a sufficient quantity to lower the price down to the upset price?—The fact is, we buy the better sort, and refuse the inferior qualities, if there is too much put up. I look upon the interest of the Company and the trade to be one and the same thing. If they put up a larger quantity than the consumption would carry off, then if that tea is put up next sale, and bought, the price of it only serves to lower the price of the other; the redundancy of the quantity will occasion that.

5426. If the Company were in the habit of putting up so much of any certain quality as that it should be rejected for redundancy, would it not necessarily follow that the teas of that quality must sell at the upset price?—The other teas would be refused, of course, if they put up the same quality, and they have refused some of them; they would not buy any more than were wanted for consumption, for the sale is four times a year, and we seldom have an advance of a penny a pound, though the prompt is only the 29th of this month; any teas may be purchased at this time at the cost-price, except the common Boheas, which have had a little run upon them, or only at an advance of a penny a pound.

5427. Generally speaking, the price at which they are sold is considerably above the upset price, is it not?—Yes, all teas must be above the upset price, unless where they have been refused at the former sale.

5428. If there was so much put up that a portion of it was refused, must it not follow that that portion so refused might have been bought by the trade at the upset price?—Supposing they had, and the consumption would not take it off, it would only remain on hand, and lower the price the succeeding sale; it would not answer the purpose of any one to purchase more than he required.

5429. Would it not answer the purpose of any one if there always remains a portion which could at the close of the sale be got at the upset price, to purchase at that price?—They cannot buy that again at the upset price which is once refused; but at the succeeding sale they have the advantage of having that which has been refused at the upset price put up without a price, and they may purchase it at whatever it will fetch.

5430. Is it not the interest of the tea-dealer who buys the tea that the price should not considerably fall in the market?—I do not think the tea-dealers have much interest about it: if one could get tea a farthing a pound cheaper, he would do so. The squabble is as great as if they were to give away the tea instead of selling it.

5431. Is there any combination or agreement among the brokers as to the manner in which they shall conduct their purchases at the sale?—None at all. We hear one man say, I want six lots, and another, I want 10 lots; but they cannot obtain them by asking for them.

5432. Do you consider the quality of the tea to be deteriorated by keeping?—Not if it is kept in a dry place; black teas are sometimes the better for it, but green teas suffer. I look upon it that in consequence of the mode of gathering it in China the bloom on the Hyson and green teas falls off, and there is a rankness of taste comes upon it; in consequence, if it is kept a twelvemonth, I should say, that is very inferior to one purchased at the last sale of the Company, though of the self-same description. The same with gunpowders, that are described under the denomination of old, that has an unpleasant flavour.

5433. The black teas are not injured by keeping?—No, not at all, if they are kept in a proper place, and in good lead.

5434. You do not consider that if the Company's teas were sold immediately on their arrival they would be sold at higher prices?—No, not in black teas; but in green teas they would.

5435. Does tea gain or lose in weight by keeping?—I believe it gains, but it is

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so trifling; in a chest of 84 or 85 lbs. it may gain a pound, but it must lose sometimes. But we always buy and sell by the Company's weights. If they gave us more tea than we have paid for, we should sell at the same; we sell by the warrant, and the person judges of the article himself.

5436. Does the tea imported by the privileged trade sell so high as the Company's?—Very seldom; it is only when they import such tea as Gunpowder tea, and such teas as the Company do not import, or there are scarcely any sold in the Company's sales, but the Congos and Hyson teas are reckoned far superior to those imported by the private trade officers, and fetch a higher price; we sometimes give as high as 5*s.* 6*d.* to 6*s.* a pound for Company's, while it is a rare thing for the private trade teas to make more than 3*s.* 10*d.* to 4*s.*

5437. How happens it that the Company's teas in their books are never marked as very good, or very fine, or superfine?—It has been left off since the Commutation Act.

5438. No teas are so marked now?—No; the trade taste the quality, and judge of them, as they take samples for themselves, and where they agree they suppose they are right.

5439. Do you mean to say that none of the teas that come to private individuals are superior to many of those sold by the Company?—Supposing a person has a relation at Canton, he sends a present of a box of tea, which he obtains from the Hong merchant, and he gets it as a particular sort of thing, like a friend sending from Oporto a particular pipe of wine, but that is not a thing to be regarded in the market.

5440. The Company do not sell such teas as those?—That is a thing which is quite out of the way; it is something choice, and out of the way, like fine fruit from a gentleman's own garden.

5441. Are you of opinion, that if the Company were to import some teas of lower qualities than they at present import, they would be suitable for the consumption of the poorer classes of people?—I think they might; but that it would be very great impolicy for them to do so; that they would hurt the trade at large if they did so; the low Bohea tea now is sufficiently low for consumption.

5442. What is the lowest price at which Bohea tea sells?—1*s.* 5*d.*; it is put up at that, therefore one farthing per pound above that will purchase it; but it is mixed with other tea; it is then put down at the price at which they want to retail it; it is written up in London at 3*s.* a pound in various shops, sometimes at 3*s.* 4*d.*; that stands them in 2*s.* 10*d.*; the duty they pay is 96 per cent upon that, and 100 per cent on all above 2*s.* per pound.

5443. What does that sell at in the retail shops?—From 3*s.* to 3*s.* 4*d.*

5444. Do not you think that if instead of 3*s.* 4*d.*, good Bohea tea could be sold in the country at 2*s.* for instance, that would materially increase the consumption?—I recollect perfectly well when the Commutation Act was passed, and then the price of tea was lowered very considerably, being subject to only twelve and a half per cent duty, and the public at that time were so displeased with the quality of the tea, though they had the self-same tea they would have had before, the Company took it all back at the same cost; the people would not drink the tea; they said it was bad, and some were even fools enough to go to houses I could mention where they might have good Hyson tea, which stood them in 5*s.* a pound, and pay 12*s.*, 14*s.* and 16*s.* a pound, because they said it could not be good if offered at those low prices; and to this very day the best consumers of tea in this country, for the good of the tea-dealers, are the servants at your own houses, for they drink black tea at 6*s.* and 8*s.* a pound, when you may drink it, in many instances, at a shilling or two a pound less.

5445. In the instances you refer to, the people concluded that the tea could not be good because it was cheap?—Yes; and if the Company imported lower priced teas, they would find fault with the very article they were in the habit of consuming, because it was at a much lower price.

5446. So that if by the reduction of duty the teas were sold at a much lower price, you think they would refuse to take them?—Yes; they would not drink the lower teas. I am convinced that was the effect which occurred at that time.

5447. Was the tea you speak of that which was so bad which came from the Continent?—No; the tea I have seen on the Continent was a strange sort of mixture, it was bought of what are called the outside dealers in China; they sent over stuff which is not tea; it is prohibited now, but they only fine the officer for bringing it over; a good deal of that was what was called Caper tea.

5448. You

5448. You referred to some bad tea which came from the Continent; in what year was that?—I think about the year 1786 or 1787.

5449. How came it to be imported into this country?—The consumption was so great in consequence of the taking off such a mass of duty as was then attached to it; they paid 1*s.* a pound, and 25 per cent upon the cost-price; the two duties were added together, and 15 per cent added to that. There was not a tenth part sold by the East India Company at that time which there is now.

5450. That was imported in consequence of the East India Company not having a sufficient supply?—Yes, because they used to smuggle it; there was hardly a tea-dealer's house at that time but was under the necessity either of doing that or shutting up his shop.

5451. Do you conceive there is much smuggled tea in the trade now?—I think very little; there is a little perhaps at a few of the outports, but if there is, it is only the fine Gunpowder tea; they make that answer, but by the time they have hawked it about the country it is very much the worse for it.

5452. Previous to the lowering the duty, during the great smuggling taking place, was not the best tea in the market the smuggled tea?—That I cannot say; I do not think it was; it was brought in bags from the Continent by the smugglers, and hawked about the streets in various ways; but they used to buy the Company's teas to mix with it.

5453. You have stated, that where a larger quantity than usual was put up by the Company complaint was made; by whom was that complaint made?—By the Scotch buyers; they happened to have a surplus quantity at that very moment.

5454. Supposing the tea-dealers generally to have a stock of tea on hand, it would not be for their interest that the teas at the Company's sales should sell at a lower price than at which they have purchased their own?—They would refrain from purchasing when they have got a stock in hand, for they can only take a certain portion, and they are obliged to pay the duty at the time they pay for the tea.

5455. Therefore they are interested in the price not falling?—It is their interest if they have got a stock in hand; but where there are so many hundreds of them, they none of them keep a stock; they only buy what they conceive will be their consumption from sale to sale, for they would have to pay a large sum beforehand for the duty; the sales come so frequently, and they are delivered so early from the sale, that no person keeps a stock on hand; the remnant at the end of every sale is, I apprehend, very small in the dealers hands.

5456. Are you at all acquainted with the foreign trade in tea?—I have been on the Continent, and have looked at their foreign tea-trade, and was very much surprised at seeing how little they understand of the matter. I went to Antwerp on purpose, and they took a chest of tea, and bored a small hole, and they took the sample out on a bare board, and said, "there is some fine tea for you."

5457. What should you say is the general quality of tea they bring?—It is chiefly the Congo tea.

5458. And of an inferior description?—Yes.

5459. What is the comparative quality of the tea sold by the Company, and the samples you have examined?—I think that some of those samples of tea were picked qualities of tea, superior.

5460. The question refers to the Congos and Boheas?—Those are not so good as others; I suppose the fine Pekoes and others come from Russia; that they were overland teas.

5461. Are you acquainted with the description of teas called Souchong, imported into America?—I know the quality of that tea, but I do not know what are imported into America; we used to ship to America in general rather an inferior sort of tea; we never sent fine Souchong teas; very few people will take very fine Souchong teas, unless it is gentlemen who have a fine taste in this country.

5462. Did you ever drink tea made abroad?—Yes.

5463. What is your opinion of it as to quality, comparatively with that drank in this country?—That it is much inferior in quality.

5464. At what places did you drink it?—It was in Holland, at Antwerp, and round about; the teas were then inferior decidedly to ours; we went over and took tea with us, and tried their tea; I did it from curiosity; I found it very inferior, and very much neglected.

5465. At what time were you there?—I was there in the year 1814.

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5466. You have not been abroad since that period?—No.

5467. Have you had any opportunity of ascertaining the quality of teas there at a later period?—I understand they have taken a greater quantity of fine Hyson in Paris of late, but that that is chiefly owing to the number of English there.

5468. You will therefore infer that the demand for the better tea has produced a supply of the article on the Continent?—Where Englishmen go, I think it has.

5469. Are you aware that up to the years 1814 and 1815 there was very little tea sent to the Continent of Europe?—Very little; there had been no encouragement.

5470. Are you aware that there is a considerable increase in the import of tea on the Continent of Europe since that period?—Yes.

5471. The price of tea in Holland is lower than the price here, is it not; the short price?—I understand it is that they can find no sale for a great deal they have there. There was a great deal of money lost by their first importation.

5472. Do you conceive the difference of price is commensurate with the deterioration of quality?—In some instances it is.

5473. Supposing the tea-trade to be thrown open like any other trade, would it be for your interest as a broker, or not?—I have a very great doubt which way it would operate. I cannot give an answer to that question.

5474. A good deal of tea, probably, would be sold at Liverpool and the out-ports?—Yes; I suppose that it would be taken about the streets in barrows as other things are, and that then people would not take it at all.

5475. You think it is possible it might be to your injury, because people would leave off drinking it?—That would be, no doubt, to the injury of the dealers and the brokers.

5476. Did not you say that the reduction of price in 1786, from the reduction of duty, was the cause of importation from abroad?—It was obliged to be brought, because the Company had only two sales in a year, and they sold much less than they do now.

5477. Did they sell less tea at the period of that importation from abroad than they did before or after?—They sold a great deal more afterwards; but they had cleared the Company's warehouses of all the tea.

5478. What caused the Company's warehouses to be cleared?—The demand, which produced a scarcity.

5479. Was that the effect of increased consumption?—No; they sent over to the Continent to buy teas.

5480. What occasioned the scarcity?—Not having the quantity by them at the time. Directly the Commutation Act of the year 1784 passed, when they reduced it to 12½ per cent, so many turned tea-dealers; where there were 1,000 tea-dealers there were immediately 20,000.

5481. Did not that reduction of duty extend the demand?—Yes, because the stock held by those persons was excessive. If you have 100 or 1,000 shops, every one must have a portion of stock in their ready for sale, and there must be a surplus quantity on their hands, and there must be 10 times the number provided. There were 1,000 instead of 100, and there are now 60,000 or 70,000 tea-dealers altogether in England. This can be known from the Excise.

5482. The taking off the duty at that time produced a very much increased demand in this country?—Yes, it did; but the tea was brought from the Continent which used to be smuggled in, and the India Company were obliged to buy that tea to supply their sales.

5483. Was it not the case before the passing of the Commutation Act that the consumption of England in tea was in a very important degree supplied by smuggled tea?—I suppose three fourths were smuggled in.

5484. As the demand increased from the lowering of the duty, and as the lowering of the duty checked the smuggling altogether, would it not necessarily follow that the demand upon the Continent for tea arose from that circumstance?—Certainly, because the tea that they imported found its way into this country.

5485. The smuggled tea came in from the Continent previously?—Yes; three fourths of it was smuggled before that.

5486. Suppose the duty now was lowered to 12½ per cent, as it was by the Commutation Act, and that the Company were to reduce their charges so as to put the upset price 30 per cent lower, would that increase the consumption of tea in this country or not?—It would increase the consumption, no doubt.

5487. You

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5487. You think that any thing that lowers the price would increase the demand?—Yes; but if the Government were to lower the duty, it would have a greater effect than the Company lowering the prices; but that effect would be, that the prices would be better for the finer qualities, for they do not bear an equivalent to the lower qualities.

5488. Supposing the Company were to lower their prices 25 per cent, the reduction of prices to the consumer would be more than double that amount at the present rate of duty?—Certainly it would.

5489. Would not the lowering of the price by the Company have a greater effect than the mere lowering the duty by Government?—It would come to the same point whether the Government or the Company lowered it.

5490. You are of opinion that lowering the price would increase the consumption?—Yes.

5491. What is the ordinary advance upon the upset price at the Company's sales?—The Congo teas, which they put up at 1 s. 8 d. per pound, sell at about 2 s. 1 d.; on the average to 2 s. 2 d.; that is the principal profit, in my opinion, which the Company get upon their tea.

5492. The average increase upon the Congo teas at that price may be taken at about 5 d. to 6 d.?—Yes; but that is only on a portion of them; for when they put up tea at 2 s. 1 d., it frequently fetches only a farthing more, or is in some instances refused.

5493. Do you know whether any of the brokers who attended at the Board of Control saw the tea in the chests in which it came over?—I understood that two or three of them did.

5494. How long had you the samples before you examined them?—Ten days.

5495. Did not the brokers say that they thought they should be able to examine the teas better if they took them home?—Yes, at their houses.

5496. At the time they made their request, they did not, of course, feel that the tea would be at all deteriorated by being taken out of the chest?—No.

5497. Are you aware of what difference there has been in the price of tea put up at the Company's sales; what fall there has been in those prices in your recollection?—Very trifling in point of price; I do not suppose there has been 2 d. or 3 d. a pound within the last 10 years..

5498. Do you recollect farther back?—I do not, without referring to the sale-books; but I do not think there has been any material reduction since the Commutation Act.

5499. Is the trade in the habit at all of remonstrating with the Company as to the quantity of tea they put up at a sale.?—No.

5500. Are they never consulted?—Sometimes the clerk asks the question, but we never consider it of any consequence what answer we give, for we do not think it has any effect.

5501. The trade never expresses an opinion that the quantity is too great or too small?—Yes, that they are overloaded with tea; they come there with long faces, as they do in other places, but they are never much attended to.

[The Account referred to by the witness was delivered in and read, as follows:]

SAMPLES of TEA from the Continent of Europe and America.

No.	No.	No.	No.
1. Bohea.	19. Young Hyson.	37. Souchon.	55. Young Hyson.
2. Ditto.	20. Ditto.	38. Ditto.	56. Imperial.
3. Congo.	21. Hyson.	39. Pecco.	57. Ditto.
4. Ditto.	22. Ditto.	40. Ditto.	58. Ditto.
5. Campoi.	23. Ditto.	41. Songlo.	59. Gunpowder.
6. Ditto.	24. Imperial.	42. Ditto.	60. Ditto.
7. Souchong.	25. Gunpowder.	43. Ditto.	61. Ditto.
8. Ditto.	26. Ditto.	44. Tonkay.	62. Hyson skin.
9. Ditto.	27. Bohea.	45. Ditto.	63. Songlo.
10. Pecco.	28. Ditto.	46. Ditto.	64. Hyson.
11. Ditto.	29. Congo.	47. Hyson skin.	65. Imperial.
12. Ditto.	30. Ditto.	48. Ditto.	66. Gunpowder
13. Hyson skin.	31. Ditto.	49. Ditto.	(Poudre à Canon.)
14. Ditto.	32. Kampoo.	50. Hyson.	67. Bohea.
15. Ditto.	33. Ditto.	51. Ditto.	68. Kempoy.
16. Twankay.	34. Ditto.	52. Ditto.	69. Souchon.
17. Ditto.	35. Souchon.	53. Young Hyson.	70. Ditto.
18. Ditto.	36. Ditto.	54. Ditto.	71. Pecco.

(continued)

Mr. <i>James Layton.</i>	No. 72. Black-flower tea.	No. 80. Hyson.	No. 88. Pouchong.	No. 96. Hyson skin.
	73. Ditto.	81. Young Hyson.	89. Ditto.	97. Young Hyson.
20 May 1830.	74. Black family tea.	82. Ditto.	90. Gunpowder.	98. Tonkay Hyson.
	75. Ditto.	83. Hyson skin.	91. Ditto.	99. Hyson.
	76. Green tea.	84. Ditto.	92. Tonkay Hyson.	100. Ditto.
	77. Ditto.	85. Souchong.	93. Souchong.	101. Ditto.
	78. Hyson.	86. Ditto.	94. Ditto.	102. Ditto.
	79. Ditto.	87. Ditto.	95. Hyson skin.	103. Ditto.

William James Thompson, Esq. called in; and Examined.

W. J. Thompson,
Esq.

5502. YOU are a tea-broker?—I am.

5503. Your business is to purchase at the Company's sale for account of the wholesale dealers in tea, is it not?—It is, for the dealers generally, both wholesale and retail.

5504. Were you called upon to examine certain samples of tea by the Board of Control?—Yes.

5505. Did you examine them at the Board of Control, or where?—At the Board of Control. The brokers who were appointed, with the exception of one, attended, and we were shown into two rooms, where the packages were. They were opened in our presence; and among us, dividing ourselves into parties, we put up the whole 103 samples, ten from each package; they were, with the lapse of one day, sent to our houses, where they were examined by each of us separately.

5506. You took that tea out of the chests at the Board of Control, and made it up into parcels to be sent to your own houses?—We took out of such packages as were chests, such as were boxes, such as were tin cases, such as were paper parcels; for they were in various packages.

5507. Were there many of them in paper parcels?—The greater part were in chests, boxes, and tin cases; not a very large part in chests, but there were some in paper parcels. I could state what they were by my memorandum.

5508. Do you consider that the samples of the teas of more general consumption, the Congos, Boheas and Hysons, were in a state to enable you fairly to judge of their quality?—Two or three of the samples were somewhat injured; they had a musty smell and a musty taste.

5509. Do you mean, arising from the manner in which the samples had been treated, or do you suppose that bad taste and smell attached to the article in its former state?—I should suppose that mustiness arose from adventitious circumstances subsequently to its shipment in China, but whether from the original package I cannot say.

5510. Did you suppose it to arise from the manner in which the sample had been kept?—In the Bohea and Congo I did not find any; in the Campoy I did, and in the Pekoe I did: they were in paper parcels.

5511. Upon examination did the brokers agree pretty well among themselves as to the value, or was there much difference of opinion?—There was on some samples difference of opinion, but those were samples not much in general use.

5512. There was not much difference of opinion upon the samples of teas of ordinary consumption?—With the exception of two or three samples there was not; not more than two or three.

5513. Speaking of the teas of more general consumption, were they samples of good merchantable teas?—They were.

5514. Were they of such teas as would have sold readily in this country to a large extent?—Yes; and that our prices will show, as compared with the Company's.

5515. Were they upon the whole better or worse than teas of the same description of the East India Company?—Very similar to the teas we have been accustomed to have in England by the Company's own importation, and the importation of the officers in the privilege the Company permitted them to have.

5516. If those teas had been presented to you at the Company's sale you would not have thought them either better or worse than the ordinary qualities offered for sale by the East India Company?—Just so.

5517. You were not told where the samples came from?—It was understood that we were not to know; and, therefore, we did not inquire from whence the samples were brought.

5518. Did

5518. Did you know what the cost-price of the teas was at the places from whence the tea was sent before you made your valuation?—No; nor have I ever heard it.

J. J. Thompson,
Esq.
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5519. Do you think the tea in this country is to any extent adulterated in the retail shops?—I think it is not.

5520. Did you ever examine the teas that were sold in the small country towns and villages in England?—No, I have not had opportunity; my residence has been in London for nearly 20 years.

5521. Do the teas deteriorate much by age?—I consider that the common black teas are improved by keeping, if they are kept in a proper place.

5522. By keeping two years?—Yes; I should say so decidedly, that the common sort of teas the East India Company import are better liked by the public than they would if quite fresh; they used not to be; they are now.

5523. What is the quality of tea imported by the private trade?—Generally inferior to the Company's; some teas are better, but very seldom.

5524. They generally sell at proportionably less prices?—They do.

5525. You are not at all acquainted with the foreign market for tea?—No, I have seen samples of tea from abroad, but not very generally.

5526. Does that opinion of yours respecting the commoner kinds of tea being improved by keeping, apply to the very finest sorts of tea?—I mean to speak of black tea, because green teas become worse often by keeping; the Hyson teas do; the black teas lose some of their finer properties by being kept; but they get stronger, and we have an increased demand in this country for strong teas.

5527. Do you apply that to the green teas?—No, the black only.

5528. Do you conceive that the green is improved by keeping?—Common green tea I do not think is much altered; the Hyson tea will become deteriorated.

5529. The preservation of tea depends very much upon the place and manner in which it is kept, does it not?—Yes.

5530. Have you seen the Company's tea warehouses?—Yes, I have.

5531. Do you think them very well adapted to the preservation of tea?—Yes; the cellars are not, the warehouses are.

5532. Is the tea kept in cellars?—When the Company's warehouses have been very full, the teas have been put into the cellars, and we had at the last March sale some teas which I have reason to think had been put into the cellars. I thought so from the smell. I inquired, and was informed they had been put there on being first imported, till they could be put above.

5533. Do you think that common Bohea tea improves by keeping; is it not the case that if it has been kept more than one or two years, it sells for less?—I should not be inclined to think that. I should think it would sell at rather a higher price, because it would be stronger.

5534. The private trade teas are sold immediately on their arrival in this country?—As soon as they can be; that the officers may have their accounts closed.

5535. Do they sell at a higher price in consequence of being fresher?—No, but the quality is not so good as the Company's in general.

5536. It appears on looking at the brokers book that there is no tea of a higher quality than good middling; and that the kinds called good, very good, and superfine, do not appear to be mentioned in this account; can you account for that?—Those terms are now very much out of use; they were adopted very many years ago; and when the Company importing a parcel of teas had in one break or chop two or three qualities, they were frequently obliged to take out chests that were very inferior, and perhaps mixed with leaves that were not altogether tea; but of late years the Company have, I suppose from their good regulations, avoided that, and we have no occasion to use the higher marks, so that they have sunk into disuse; but we differ in our use of the technical terms from their common acceptation; what we call middling, persons in general would call fine, and so on; our terms are too low for the real qualities.

5537. Since what time has the alteration taken place in the marking?—I have been a broker now for 24 or 25 years, and we have not used them since I have been a broker; we hardly ever use higher than good middling; we do now and then use the word good for some of the Company's best, perhaps two chops of Hyson.

5538. Supposing teas of lower quality than the lowest now put up offered for sale, do you think there would be a considerable demand for those teas?—Yes, of the Congos.

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Esq.

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5539. Have you any reason to believe there is any quantity of what is called tea sold by the retailers in this country, which is not tea in reality?—I think there is not any considerable quantity; there may be attempts to make an adulterated article, but not to any great extent.

5540. Do you think there are other vegetable substances mixed with the tea to any extent?—I think not.

5541. There is an impression that ash leaves and sloe leaves are mixed, do you think that that is done to any extent?—I do not mean to say that it is not done, because it was stated in the Excise a few years ago, that they had discovered it to be prevalent, but I do not think that that goes to any extent.

5542. You are aware that before the Commutation that was carried to a great extent?—So I am informed, but that was before my time.

5543. Are not the lower priced teas mixed to a considerable extent with the higher priced?—As a broker I cannot speak to that.

5544. Are you of opinion that if the price was considerably lower the demand would be greatly increased?—I think it would be increased.

5545. To a considerable degree?—I cannot indeed say; for the use of coffee is increasing; though to what extent it is increasing I cannot speak.

5546. Do you think the consumption of coffee has beat out the consumption of tea to any extent in the country?—I do not think it has beaten it out; but I see by the returns that the consumption of coffee is increasing, while the consumption of tea, I believe, is not increasing, if it be not retrograding.

5547. Supposing the reduction in the price of tea equal to that of coffee, should you be sanguine that the consumption would increase in any thing like the same proportion?—I should rather look to the event than offer an opinion upon that.

5548. There has been a considerable reduction in the price of coffee?—There has.

5549. And not a similar reduction in the prices of tea?—Not to the same proportion, perhaps; but there has been a considerable reduction in the prices of tea.

5550. Can you state in what proportion?—If I go back as far as 20 years, looking to my commencement in life, in Twankay teas, it is one third; in Congo teas it is one third within 20 years.

5551. How is it in Bohea teas?—That has varied less than the Congo and the Twankay.

5552. At the Company's sales there is very little of the tea which does not sell above the upset price, is there?—Sometimes we have had during the last year at two or three of the Company's sales, tea which has not sold at the upset price; at the last March sale the whole of the black tea put up did sell.

5553. At any considerable advance on the upset price?—The average, I should think, but I have not looked at it, from a penny to a penny halfpenny per pound on the common contract teas.

5554. Do you consider that the upset price has much to do with the sale price?—Yes, decidedly it has to do with it; because if the upset price were to be lowered from the system the Company pursue with regard to the quantity they offer at each quarterly sale, the trade would give but a small advance upon that upset price.

5555. Does not the price mainly depend on the quantity put up for sale?—The price does depend upon the quantity put up for sale; but we have found that the Company have uniformly given quantities of tea equal to the expected consumption. The trade have considered that the Company being well informed have taken care to do so.

5556. Does the trade consider that the Company make a judicious decision as to the quantity put up at the sale?—That I cannot say; there is a difference of opinion prevailing.

5557. What is your own opinion?—My own is rather a mixed opinion; I should rather conceive the Company have a view to their own profit in the quantity of tea they put up, and that they do not overdo the trade.

5558. You conceive that they do regulate their quantity with a view to the amount of profit they expect to derive from it?—Yes; at the same time that I conceive they do regulate the quantity so as to be fully equal to the demand they expect, and that they calculate by former experience.

5559. You do not think that the trade has much to complain of from the manner

manner in which the Company regulate the quantity put up for sale?—I should think not.

W. J. Thompson,
Esq.

5560. Can you state when the fall in the price of tea you have spoken of commenced?—I think it commenced from about the year 1814, from about the time of the renewal of the Company's charter; that it has been gradually declining from about that time.

20 May 1836.

5561. State any facts from your papers which will establish that fact?—I should think the East India Company keep an account of the average prices which would show that.

5562. Do not you imagine that the fall in price has been much greater since 1827 than it was previously to 1823?—Yes, I know that from recollection, but I think there is a fall since 1814.

5563. Do the brokers charge a commission on the purchases they make?—Yes, that is their only means of support.

Lunæ, 24^o die Maii, 1830.

Patrick Kelly, LL. D. called in; and Examined.

5564. YOU have been directed by the Committee of the House of Lords to prepare a calculation of the results of the statements which have been made of the prices of tea which have been laid before that Committee?—I have.

P. Kelly, LL. D.

24 May 1830.

5565. Can you furnish this Committee with a copy of the same?—I can; but the calculations are not quite ready.

5566. Will you have the goodness to explain, by a note on the paper, whether the duty is deducted or included in the prices, and on what principle the rates of exchange between the foreign and the British are computed?—I will.

5567. You are the author of the *Universal Cambist*, are you not?—I am.

5568. When the Court of Directors ordered standard weights from different parts of India to be sent to you in order to complete that work, did you receive any standards from China?—No, nor could I learn that any had been ever received in this country.

5569. Will you state on what data you have made the calculations which appear respecting the weights of China in your *Cambist*?—From written authorities, chiefly German, French and English, and their statements were found to agree with great exactness; but I have had a further corroboration of their accuracy by means of attested standards, which have been lately transmitted to England by Mr. Reeves, the East India Company's Tea Inspector at Canton, and they are now in the possession of Mr. Goodhall, the Superintendent of the Company's tea warehouses in London.

5570. Then what do you now consider the real weights of China; and explain to the Committee how they are divided?—The tale is generally considered the unit, 16 of which make the catty, and 100 catties the pecul. The tale is subdivided into 10 mace, 100 candareens, and 1,000 cash, and according to recent experiments verified at the London Mint it equals 580 grains troy, which is only one fifth of a grain more than the statement in the *Cambist*. The catty and pecul are of course in proportion; but there is a discrepancy in commercial practice in the computation of the pecul, which ought to be noticed. It is reckoned to weigh $133\frac{1}{3}$ lbs. avoirdupois, but its true weight is 132 lbs. 9 oz. It is stated in old books at the India House to weigh $132\frac{2}{3}$ lbs., and this addition of $\frac{2}{3}$ lb. has no doubt been adopted for the convenience of calculation, for thus 3 peculs are reckoned to make 400 lbs., 3 catties, 4 lbs., and 3 tales 4 ounces avoirdupois. It may likewise diminish labour to observe, that 24 tales answer exactly to 29 ounces troy.

5571. How are accounts kept in China?—In tales of 10 mace, 100 candareens, and 1,000 cash.

5572. What are the coins of China?—I believe they have no national coins, except cash, which are of base metal, and of variable value. Foreign coins, however,

P. Kelly, LL. D. occasionally circulate, especially Spanish dollars, which are sometimes cut into small proportions for change. The tales, mace and candareens are of course monies of account, and vary in their value according to circumstances.

24 May 1830.

5573. What is the sterling value of a tale weight of silver in British silver, in dollar silver, and in pure silver?—The tale weight of British standard silver at 5*s.* 2*d.* per oz. is worth 74 $\frac{2}{8}$ *d.* sterling, and of dollar silver 72 $\frac{2}{8}$ *d.* sterling. The same weight of pure silver is worth 80 $\frac{2}{8}$ *d.* sterling, which is nearly the estimated value of the money tale in the books of the East India Company, and was probably the origin of such valuation.

5574. What is the present value of the rupees of Calcutta, Madras and Bombay, at 5*s.* 2*d.* per oz. British standard?—The Sicca rupee of Calcutta is worth 24 $\frac{3}{8}$ $\frac{3}{8}$ *d.* sterling. The rupees of Madras and Bombay are each worth 23 $\frac{1}{8}$ $\frac{1}{8}$ *d.* pence sterling; and therefore the pound sterling equals 9 $\frac{6}{8}$ $\frac{6}{8}$ of the former, and 10 $\frac{2}{8}$ $\frac{2}{8}$ of the latter.

Jovis, 3^o die Junii, 1830.

Mr. John Truelock, Surveyor of Tea Warehouses in the Excise, and Mr. William Wybrow, Registrar of Tea Sales in the Excise, called in; and Examined.

Mr. J. Truelock,
and
Mr. W. Wybrow.

3 June 1830.

5575. HAVE the goodness to state the manner in which the East India Company's tea-ships are unladen, and the teas deposited in the tea warehouses?—(Mr. Truelock.) When they are first brought into the East India Docks notice is given by the Company to the principal officer of excise of their intention to unload those teas. We then despatch a warehousekeeper down for that purpose; he sees each chest individually unloaded. There is a person appointed to attend our mark, and a number is cut, I believe, by the Company; but that does not come under my notice. There are also two clerks belonging to the Company attend at the same time at the side of the vessel in the dock. They are then placed in a covered caravan, locked by two locks, one of the excise and another of the Company, and sent up to the East India warehouses. There are also two tickets sent by the same van in a box locked. When they arrive at the warehouse they are received by the revenue officers and the servants of the Company, who deposit them in the warehouses. That officer is called a Locker; he remains in each warehouse-yard.

5576. What do those officers do?—They unlock the van, having a duplicate key of the box in which the key is sent from the docks enabling them to open the vans; they then deposit the teas in the warehouses, and examine to see that they correspond with the tickets placed in the box at the side for their information. They then return one of the tickets to show that they have received the tea safe. The other is sent to the Excise Office, to be entered in a book kept for that purpose. It is entered by two different officers, a locker and a warehousekeeper, in books kept for that purpose.

5577. Do the excise charge the Company, on this paper sent in, with the amount of tea landed?—We do not weigh them at the landing.

5578. In what mode is the tare of the chest ascertained before it is put up for sale?—That is ascertained by emptying a certain quantity of them; they are picked out of the different breaks and beds as they come home in the ships. Probably it is a variety of quantities which are opened; 30 or 40 chests may be opened, or five; it depends on circumstances. It is not a regular number that is examined; generally in proportion to the number taken by chance from among them.

5579. Does the registrar of tea take an account of the prices at which the tea is sold, and is the charge made on the Company accordingly?—(Mr. Wybrow.) Yes.

5580. What is the practice of registering the tea-sales with a view to ascertaining the price at which the public are entitled to the duty?—We receive catalogues with the number of each chest printed, from the Company; we have those ruled, in order, to mark the prices and lines for the account, and from those prices taken at the sale, duty is charged. If a lot of tea is put up at a certain price by the Company, when there is any advance on that price, even a farthing a pound, the lot is peremptorily

peremptorily sold; if they do not bid beyond the putting-up price the lot is refused, and it is put by, and brought forward at a subsequent time without price.

5581. At what periods are the sales of the Company?—In March, June, September and December; there is a quarterly sale.

5582. Does any other list come under your inspection beyond that you receive from the East India Company?—No; there are two catalogues, one kept by the accountant of excise, and another by me; they are both furnished by the East India Company.

5583. After each day's sale are the prices compared by the different persons who have made the account of them, the registrar for tea-sales, the accountant, and the auctioneer?—They are.

5584. At the end of the sale is the same process pursued?—At the end of the sale there is a compare between the excise accountant and myself, and the duty is charged on the account taken by us.

5585. Are the teas weighed by the excise at the landing, or is the practice similar to that in respect of other merchandize?—(Mr. Truelock.) They are not weighed on the landing, but after they are put up for sale.

5586. Is the Government satisfied with the weights as taken at the East India Company's warehouses?—I never heard anything to the contrary. We consider the duty perfectly secure, being under our own lock; we make up every ship separately, and keep every ship's account completely separate.

5587. Do you mean to say that the chests are unloaded agreeably to the manifest?—Yes; if there is any variation we notice it.

5588. The whole of the labour is performed by the Company's officers?—Yes.

5589. And without charge to the public?—Yes.

5590. Is it not the officers duty to see that the cargoes turn out agreeably to the manifest sent home with the ship?—That is the case.

5591. At what time, as far as you have information, is the duty collected by the Company paid to the Crown?—(Mr. Wybrow.) In about a fortnight after the prompt day.

5592. Have you any means of knowing whether there is any charge to the public in respect of that?—There is none whatever, that I am aware of.

5593. Are you solely employed about the tea?—(Mr. Truelock.) Yes.

5594. Are you paid by the Company, or by the Government?—By the King.

5595. Have you no other duty to perform?—None but tea; we have nothing under our charge but tea.

5596. What is the total expense of the tea establishment in London?—There are about 82 of us employed, and the whole expense is under 10,000 £.

5597. Are those 82 persons employed in the receipt of the tea into the Company's warehouses, and the discharge of it?—Yes, they are.

5598. Are they required also to look into the stocks of the dealers?—No, not at all; those officers land the teas at the docks also.

5599. Are not officers of customs and excise put on board the Company's ships from China and India for the protection of the revenue, in the same manner as they are put on board other merchantmen?—I have no doubt of that; but it does not come under our department.

5600. Do you not know that officers of customs and excise attend also at the East India Docks, and the East India House, for the protection of the revenue, as they attend at any other docks?—I have no doubt of that; but I cannot speak to it.

5601. You know the fact, as far as the excise are concerned?—Yes; we have officers attending there during the time that the ships are being unloaded, not at other times.

5602. Are not the officers of the excise employed to protect the revenue arising from tea in the same manner as they are employed to protect the revenue arising from tobacco, spirits, or any other article of import?—Yes, I apprehend it is the same.

5603. (To Mr. Wybrow.)—It is in your department to know the amount paid to the Crown for excise-duty?—I think it is about 3,300,000 £.

5604. The whole of the charge to the public in the excise department is about 10,000 £?—I must refer to Mr. Truelock for that.

(Mr. Truelock.)—That is without the establishment of the stocking officers. I am not aware of the expense of the establishment for superintending the dealers' stocks.

Mr. J. Truelock,
and
Mr. W. Wybrow.

3 June 1830.

5605. Do you know any other amount of duty collected at so moderate a charge?—I do not feel competent to answer that question.

5606. Have you any means of knowing what per-centage the duty on tea was collected in Ireland?—No, I am not aware of that.

5607. There is no other expense connected with your department in superintending tea, except that incurred in London?—No, I am not aware of anything further than this establishment.

5608. (To Mr. Wybrow.)—Have you not known the duty amount to more than 3,300,000*l.*?—Yes; I merely state that as the average sum.

5609. The duty on tea has decreased of late years?—I am not prepared to state that; but I think it has rather decreased.

5610. Is there any superintendence of custom-house officers upon the India ships after they arrive in the river?—(Mr. Truelock.)—I believe there is an officer put in to take them up the river, what is called a tidesman, but I cannot speak positively to that; they are generally brought up by the custom-house officers till the excise take charge of them, and the custom-house officers remain in charge till the ship is discharged.

5611. Where does the custom-house officer come on board the ship?—In the Downs, or Gravesend.

5612. What detriment do you apprehend would arise to the revenue if the duty on tea was collected in the same manner as the duty on other articles, instead of being collected at the India warehouses, as it is?—I cannot answer that question, it would depend on so many circumstances.

5613. Would it be productive of loss, or not?—I apprehend that there cannot be any doubt of that.

5614. The qualities of teas are very different, are they not?—Very different.

5615. What is the practice as to the sale?—They are laid open, and the brokers take an ounce, if they please, out of each chest, returning an ounce of the same quality, which they bring with them; they have a little tin measure for the purpose, therefore there cannot be any thing of consequence taken.

5616. The quality is very various?—Certainly; the prices prove the different qualities.

5617. Do you know how long it is since the collection of the duty on tea has been placed under the excise?—I cannot say; I have been there 35 years, and it has been so ever since I have been in the excise; the customs had a small duty as well, but now it is entirely under the excise.

5618. Do you consider that there is a greater convenience in levying a duty *ad valorem* than a duty of so much a pound?—I should think, with respect to tea, it is now collected very concisely, and with very little trouble, and every person must know what the duty should be to a farthing; I do not know how it might be if it was altered; I think there must be a great increase of business of every description.

5619. Supposing the trade was thrown open, do you think the same system which is pursued in London might be followed in the out-ports?—I cannot say; it depends on whether they have the same conveniences; we have docks and warehouses which are very secure here; if they have the same places of security, it might be done, but it would be attended certainly with great additional trouble.

5620. Do you think there is any mode of collecting duty on teas so effectual and so likely to prevent fraud as the collection of the duty in the manner in which it is by the produce of the public sale?—It is impossible there should be.

5621. Have you any information of the extent of smuggling?—We know of smuggling only from the seizures; they are very trifling.

5622. What experience have you had in the collection of other branches of revenue?—None whatever; I speak of the tea only.

5623. The answers you give are merely with respect to tea?—Yes.

5624. And that confined to the port of London?—Yes.

5625. Have you had any opportunity of judging how far the tea might be landed safely at Liverpool?—None whatever; I consider the thing as satisfactorily done at present.

5626. What smuggling of tea have you ever known?—That does not come under our department; the seizures are made by the custom-house officers if there is any deficiency; we have no seizing deputation, but that is with the customs.

5627. You know that custom-house officers are put on board the ships?—Yes, I know that to be the fact.

Joshua Bates, Esquire, again called in; and further Examined.

5628. HAVE you seen the observations made by Mr. Melvill upon the evidence given by you before this Committee on a former occasion?—I have. *Joshua Bates, Esq.*

5629. Will you state to the Committee how far you consider those observations of Mr. Melvill upon your evidence to be conclusive or not?—There are some slight errors in my evidence, which, with the permission of the Committee I will correct; and in doing that will make those observations that occur to me upon the evidence of Mr. Melvill. 3 June 1830.

On my first examination my answer to interrogatory 3430 should have been, that the freight was included in the 25 per cent gross profit, which would leave from 5 to 10 per cent net profit, according to the description of tea composing the cargo. On my second examination, in answering interrogatory 3989, in order to save the time of the Committee I gave from memory the sterling price of a pound of Congo tea; on revising my evidence I found I had committed an error, which I corrected, giving the true cost of tea at 29 tale, exchange, 3 s. 11 d. 14 d. a. 19. From this I deducted, for 14 months interest from the date to the maturity of the bills, 5 per cent, or 70, leaving the cash cost at Canton 13 d. a. 49. As to wastage, there can be none on tea. I had supposed interrogatories 3987 and 3988 related to the difference in net weight here, and in China arising from different allowances, which I was aware varied in different markets. On inquiry I found that the Company's purchases and sales were by real-tare, throwing up to the buyer the half pounds, and sometimes the odd pounds, which allowances I thought more than compensated by the gain in weight, which is invariable on tea brought to a moist climate. Mr. Lloyd states the real difference in net weight to be 2 per cent. He is probably right; but I do not think it worth while to disturb my figures, as I have overrated the freight very much. I had supposed that for so large an amount of tonnage many ships must go out in ballast; but Canton forms so natural a link in the chain of commercial operations with India, that a great portion of the tonnage would come from Bengal and Bombay to Canton, and would not cost over 2 d. per lb.; and from experience, since my last examination, I am convinced that 2 1/4 d. and 2 1/2 d. per lb. is high enough to fix the freight for the present time, or any time within three years. Mr. Melvill states that the exchange is taken at too favourable a rate, and that the Company have not been drawn on at that rate: he has not stated at what rate the Company were drawn on. By the statement of Mr. Lloyd it appears that more than 4,000,000 of tales of the 6,000,000 required for the year 1828–29 were derived from bills on Bengal, and the sale of British manufactures, near 2,000,000 being for bills on Bengal. The official valuation prevents my getting at the rate of exchange at which these bills were drawn; but I have here a Canton prices-current of the 20th February, which gives it at

	202
of March	200
and of April	202

If 202 Sicca rupees, per 100 dils., be taken as the probable rate at which the Company negotiated their bills, the exchange at Calcutta being at 1 s. 10 1/4 d. the exchange in London would have been established at a fraction under 3 s. 10 d. Bills in Calcutta are drawn at 30 days sight from Canton; the interest gained would therefore compensate for the expense of passing the operation through Bengal. Mr. Melvill states that the Company have sold in 1829–30 only 27,455,063 lbs. of tea; but in the general account of imports and exports I find the quantity of tea retained for consumption, deducting exports to colonies, &c. in 1828, was 29,305,757, to this should be added upwards of 200,000 exported to the colonies, making 29 1/2 millions, which corresponds with Paper No. 38, signed T. G. Lloyd, by which it appears that the quantity sold in 1826 was

1826	29,409,251 lbs.
1827	30,327,169
1828	29,982,080

This amount includes the private trade, which, as now carried on in teas, is only a branch of the monopoly. Taking 29 1/2 millions, therefore, as the present consumption of those that are compelled to obtain their supply through the Company, and the difference between the price at which I have stated the tea could be sold, and yield a profit, if free, and the Company's sale price, which is 12 1/3 s., the total difference for the year 1829–30 would be 1,492,208 l. Since my last examination I have procured from Holland a sample of the tea which cost 29 tale, and also of that which sold at 3/1 1/2 and 2/7 at the last sale of the Company; in my judgment, the Company's highest priced tea has the preference in quality, but

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that which sold at 2/7 is barely equal to the sample from Holland. Mr. Melvill states that the average cost of the Company's Congo tea, 1828-9, was 29 taels and a fraction. The Committee will understand that he probably speaks in the language of the India House, which means that the cost of the tea in taels, the expenses of the factory, loss on adventures in cotton, &c. &c. all added together, make that cost; for I cannot bring myself to believe that the Company's agents, who are clever men, would have bought Congo tea at the prime cost, on the average (in the common acceptance of the term prime cost,) of 29 taels and a fraction, when the highest contract price was 29 to private traders, and teas of nearly equal quality were 60/1 at tael 18 in April, and the general prices-current quote it from 15 to 20 taels, with a heavy stock from December to that time. I never intended to state that the Company gained the sum of a million and a half, and can readily believe what Mr. Melvill states in regard to that.

5630. At what did the tea, which you state cost 29 taels, sell in Holland?—In Holland it will not fetch the cost at present. I beg to state that I have with me the prices-current to which I have referred.

5631. Do any other observations occur to you upon Mr. Melvill's remarks upon your evidence?—I have no other observations to make.

5632. Do those prices-current which you have produced now support the accuracy of the statement already given to the Committee as to the prices?—They do. January 1829 Congo tea is quoted 18 to 20 taels per pecul, and February the 20th from 15 to 18, with this remark, "There is said to be left over 40,000 chests of Congo and Souchong, exclusive of the Company's winter teas; the prices are likely to be very low hereafter." March the 17th 1829 the price had fallen to 15 to 17 taels. April the 6th Congo tea is quoted at 15 taels. I have quoted it at 15 to 18, because I know that very good Congo tea was bought at those prices.

5633. It would appear from your evidence that you rather think the Company buy their tea dearer than the private dealers?—The amount of what I have stated is, that I think the statement of Mr. Melvill embraces items which are not usually brought into the prime cost of tea; that therefore, according to my mode of estimating the cost of tea, he is incorrect.

5634. You observe that Mr. Melvill states that the Company pay at the rate of 29 taels and a fraction for their tea; and from the price-current to which you have referred, it appears that the highest was to be had in the month of March at 18 taels?—I did not state that contract tea was to be had at that price. Mr. Melvill states that the average price of Congo tea was 29 and a fraction; I state that I cannot believe that the Company's agents, who are clever men, have purchased Congo tea, of the qualities generally shipped, at the average prime cost, in the common acceptance of the term, of 29 taels and a fraction, when the highest contract price was 29 taels; and the inferior qualities and the winter teas, not bought on contract, would reduce that average much below the price of 29.

5635. Have you not read from the price-current that the price of winter teas was 18 taels, and in April reduced to 15 taels?—I have.

5636. Are you not aware that in the winter shipping is entirely over at that time?—I am not aware that it is, because I have seen invoices of teas at that period.

5637. Are you not aware that the Company are very large and extensive purchasers of teas?—I believe the Company make their purchases in a great degree by contract, which contracts must be entered into during previous or early parts of the year, and that the shipments are made in December; but that considerable portions of tea are purchased by the Company's agents in the market, perhaps 50,000 or 60,000 chests, at prices much lower. I have taken the highest price at 29; even the contract prices go down, according to the quality, to 23 taels; I think I cannot therefore believe that the average purchase-price of the Company's teas can be 29 and a fraction.

5638. Are you not aware, that after the best articles have been taken out of the market the refuse only remain, that may be had at a much inferior price?—I am quite aware of that.

5639. Does it not appear, that if the Americans purchase teas at 14 taels, those who have purchased at 29 have purchased dear?—I should say that 29 taels may be a very fair contract price, but the contract price for the different qualities of contract teas go down below 29 taels. I have stated that in the month of April Congo tea, of No. 2 contract quality, cost but 18.

5640. Is

5640. Is that the Company's contract?—It is the same thing; the Company have not the exclusive privilege of contracting. *Joshua Bates, Esq.*

5641. What is Number 2 quality?—It is a quality below the first. *2 June 1830.*

5642. Is it better or worse than what may be called the average quality?—I should think rather better; Congo tea should be of very good quality at 29.

5643. At what time of the year was that?—The purchase was made in April 1829. The contract was entered into in the early part of the year, but the tea was shipped in December 1828.

5644. By whom was that contract made?—That contract was made by a correspondent of our house.

5645. Do private merchants make contracts as well as the Company for tea?—They do, and would oftener do so if they found it more profitable; but I apprehend they feel it more advisable to deal in the middling descriptions of tea.

5646. On reference to answers to questions 3251 to 3256, it appears that you have averred that it is very difficult to make even a par-remittance in teas; are the Committee not therefore to infer that the outward consignments have been profitable?—I should conceive so. *Pp. 220, 221.*

5647. Have the goodness to turn to the account of the 30th of April 1830, ordered to be printed 11th of May 1830, is it not the fact that since the Americans have taken manufactures from England, about two thirds of their imports have been in specie?—I should think it very possible that might be the case.

5648. In that case, where was the profit to arise from to satisfy the merchants against the loss on absence of gain in the tea investments?—That part of the business relates to America entirely, and the profits alone on tea and silks form the inducement to operate. The expeditions to Canton from the United States are undertaken by a variety of persons; one man will put in 5,000 dollars, another 2,000, and so on, making up the capital for a cargo of tea; those persons have not extensive credit abroad, and they have no knowledge of trade in British manufactures, it is only the more extensive dealers who have made themselves acquainted with that, and have continued to operate in it.

5649. You were never in China?—Never.

5650. You say the reason they sent dollars is, that they are without credit; how do they get credit?—The man who would send a few thousand dollars is unknown in the mercantile world; he may have no knowledge of British manufactures, and very little to do with England.

5651. Do you think that persons who have money could not buy goods if it was an advantageous thing?—They are ignorant of the trade in goods; they know nothing about it; and it would require a double capital to send goods, the sales of which are sometimes slow.

5652. Do you mean in the great shipping ports of America?—Yes, and even in London, where it is carried on, but few persons understand it; I mean the details.

5653. Do you think that if the traders of London found it more advantageous to send goods than bullion, they would not adopt that mode?—They would, but it would take some time for them to understand it, so as to conduct it successfully.

5654. Do you speak of manufactured goods?—Of manufactured goods. The persons who send out small sums of money may have no correspondents in London; they would have to deposit their money, and they prefer, in order to have less trouble, to send their silver; but that course, like the course to Bengal, was formerly very necessary. I think now it is not; and it is changing every day, and bills and credits are supplying the place of dollars.

5655. Upon the former occasion you stated that you could supply tea at two thirds the cost price the Company's trade supply it at?—I stated that I would supply the consumer of tea at one third less than the Company's sale-prices, and I calculated on its giving a very great profit; I meant one third of the price at which the tea is sold at the Company's sales.

5656. Are you aware that prospectively the Company is likely to supply tea costing $2\frac{1}{2}d.$ per pound for its carriage home?—I am not aware of that. I am aware that the freight ought not to be more than that in 1834; and it appears from the paper shown to me, that the rate of freight will be that; I should think that probably competition might carry it a little lower, but not much.

5657. Will you refer to the paper now shown to you, and state whether you are aware that the Company's freights are likely to be as low as 12 *l.* per ton in the

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year 1834 [*an estimate of future freight being shown to the witness*]—I see by this paper that 11 *l.* 19 *s.* 11 *d.* is put down as the freight of 20 ships in 1834; but I do not know the object for which this is made up.

5658. If such be the fact, would not your computation be an excessive one, of the comparative cost of two thirds?—I only made that offer for the present time; I do not know what it might be at a future time; the Company might reduce their prices by bringing more tea to market; they might reduce it to a price at which no one would be willing to compete; but I merely remarked, as a proof of the sincerity of my opinion, that I should be willing to contract to supply the tea at two thirds of the Company's present sale prices.

5659. And that you compute that those prices would still give you what you call a fair commercial profit?—I was not without an employer in making the offer. I knew where I should get commission out of it.

5660. How much would your employer get?—He calculated on making a considerable sum.

5661. In making this calculation, that you can furnish tea to the English market at one third less than the Company, at what rate per cent do you reckon that you can purchase your tea cheaper in China than the Company do?—I cannot say if it would be bought any cheaper; persons on the spot differ as to the mode of buying. I am inclined to think it would be bought rather cheaper.

5662. Can you give any thing like a proportion?—I cannot.

5663. In your calculation have you reckoned the tea as purchased in China at the same rate at which the Company purchase?—My calculation was, that in the present improved way of carrying on trade, saving the immense expense of those large ships, and the small expense of the London, St. Catherine's and other docks, in comparison with the present mode of managing tea, with the high price obtained by means of monopoly, would give a very large profit to the person who should import them on the present improved mode of doing things, that a person unfettered by any Act of Parliament, not having purchased large warehouses or docks to carry it on, would carry it on at a much less charge than the Company now do.

5664. And not being obliged to keep a stock?—Not being obliged to keep a stock; and he would spread his shipments from Canton over a greater portion of the year than the Company do.

5665. How much per cent advance upon the prime cost of teas would remunerate the private trader?—That depends on the quality of the teas. I stated to the Committee that 25 per cent upon a cargo of teas to the Continent, but those cargoes comprise a greater portion of fine teas; that would not be enough on teas to England. I should say he must carry it as high as 35 per cent; that would leave a net commercial profit of 10 per cent, out of which the agent in Canton would be paid, and the merchant here would take the remainder.

5666. Would an advance of 25 per cent on the prime cost leave a net profit of 10 per cent?—On the finer qualities it would, for the expense of freight does not bear the same proportion on them; the finer the quality the less percentage of gross profit may give the same result.

5667. Would you contract to supply tea for the consumer for the next five years for two thirds of the price the Company will be likely to supply at, according to the documents on the table?—I could not make a contract which was to depend on another party; I think that would be hardly safe.

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