

R E P O R T

FROM THE

SELECT COMMITTEE OF THE HOUSE OF COMMONS

ON THE

A F F A I R S

THE EAST-INDIA COMPANY.

CHINA TRADE.

1830.

V2, List

A831-1

14236

REPORT.

[The Figures in the Margin denote the numbers of the Questions which gave rise to the Evidence upon the several points; and in the edition printed by order of the Honourable House of Commons, the numbers from 3400 to 3999 having been repeated by mistake, those numbers in the present edition are distinguished by having the letter *a* annexed to the second series, and are referred to accordingly.]

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; having from time to time reported the MINUTES of EVIDENCE, and having now closed that part of the inquiry which respects the CHINA TRADE, deem it expedient to place before the House a Summary of all the Evidence which has been taken upon that subject.

Your Committee directed their attention in the first instance to the papers relating to the finances of India, laid before the House in February last by the King's command; but having found it necessary to call for further statements, your Committee determined to proceed to an examination of the state of the trade with China, postponing, until that should be completed, their inquiry into the Company's finances.

The present report, therefore, will embrace only the CHINA TRADE; but, as in the course of it there will frequently be occasion to use the term "Board's Rates of Exchange," it may be desirable so far to refer to the first day's Minutes of Evidence, which relate exclusively to financial matters, as to explain that phrase to mean, that in the plan for the separation of the territorial and commercial accounts of the Company, framed in obedience to the Act of the 53d Geo. III. c. 155. s. 64, the Board of Commissioners for the Affairs of India (contrary to the opinion of the Court of Directors) determined to use the old rates of exchange, according to which,

4307

72. 78 82. 90 148

the Sicca Rupee is equivalent to 2s. 3d. '84.

the Madras Rupee to 2s. 3d. '408.

and the Bombay Rupee to 2s. 3d.

900.

and which as they now materially exceed either the bullion par or the market exchange, have the effect of giving to the Indian territory a great advantage from the Company's trade, independent of any direct benefit which may accrue to it from the appropriation of the surplus profits of that trade as prescribed in the 57th section of the Act of the 53d Geo. III. c. 155. It is however stated that, if that advantage had not been derived by the territory in this form, there would have been a corresponding increase of the surplus so to be appropriated.

The evidence on the CHINA TRADE may be classed under the following general heads, *viz.*

The disposition of the Chinese in respect to Foreign Trade, and the mode in which their transactions with foreigners are conducted at Canton :

The state of the British trade with China, particularly of that in tea :

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The mode in which the Company's sales of tea in England are conducted, and the effects of the laws which regulated the trade in that article upon the Company and upon the public respectively ;

The trade of the Americans and of other foreigners with China . and

The effects expected from the abolition of the Company's exclusive privilege.

Multifarious as are the topics referred to in the evidence, they may all be comprised under one or other of these divisions ; while by adopting this simple arrangement, your Committee hope to, bring before the House, without troubling it with unnecessary details, a clear and comprehensive summary of the information they have obtained, abstaining from the expression of any opinion.

DISPOSITION OF THE CHINESE IN RESPECT TO FOREIGN TRADE, AND THE MODE IN WHICH THEIR TRANSACTIONS WITH FOREIGNERS ARE CONDUCTED AT CANTON.

THE people of China are represented to be intelligent, industrious, and persevering ; and although said to be in some measure independent of foreign trade, owing to their success in agriculture and to their extensive island commerce, yet highly sensible of its value, and anxiously disposed to cultivate it. This disposition, indeed, is strikingly manifested in the Chinese settlers on the Eastern islands, whose object in emigrating is the accumulation of wealth with a view to returning into their own country, to which they have a strong attachment ; and a

297 3492a. 3670a. 3852a.
295. 371
800 922 1129. 1870.
2208
2640 2671 3424 3792
3852a
4487.
3479- 3538, 3492a.
4274 & seq.
4739.
877 3491. 3673a.

further proof of this spirit is to be found in the number of Chinese junks which frequent the various ports of the Archipelago;

369.
1358. 1413
297. 371 1315.
2641 2689.
3627. 3495a. 3852a.
177 369 426. 529
2451 2689

One witness has certainly said that the Chinese are "anti-commercial;" but this term has been explained to apply, not so much to the disposition of the people as to that of the government, whose policy, as it is stated, is adverse to foreign trade and to all foreigners, even though they are aware of the advantages derived from that intercourse. Towards the English, it is by some apprehended that there exist peculiar jealousy and distrust, arising from a knowledge of their territorial acquisitions and military achievements in India, especially those in Nepal and Ava.

173 1329 3539.

173 3787.
1285 2542. 2647.
2691

1331

805 2645

The government of China derives from the foreign trade a revenue, estimated at the most at £650,000 per annum, besides the advantage resulting from the patronage of Canton, said to be the most valuable in the empire, and to be sold by the government to the highest bidder. Hence it follows that the local authorities are greatly interested in maintaining the trade, which, from the same cause, is subjected to heavy taxes and extortions. The inhabitants also of Canton and its neighbourhood, as well as the numerous classes employed in the culture and manufacture of tea, have a deep interest in the trade, every interruption of which consequently causes great individual distress

170. 389. 1310.

70 702 4490.

170 1308 1319 & seq.

The foreign trade, which is now restricted to Canton (excepting in the case of the Spaniards, who have still access to Amoy, a privilege stated to be nearly nominal, and very rarely used) was formerly carried on in other ports, from which foreigners were gradually excluded by acts of the Chinese government. In spite of these restrictions, however, it is stated that a contraband trade, chiefly in opium, has of late been openly carried

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on (without any disturbance from the Chinese authorities) with the ports to the north-east of Canton, which are represented to be safe and excellent harbours. 444a. & seq.

Foreigners are interdicted, by Chinese regulations, from going within the walls of Canton. The place of their abode is a small suburb, and their residence there is authorized only for the period of the shipping season; but that limitation is not enforced, the Company's servants going when they please to Canton, and some private merchants residing there throughout the year. 275 to 277.

Tea, although cultivated in maritime districts, is brought chiefly to Canton through the interior, the government prohibiting it from being transported by sea in native vessels, in which, however, in spite of that prohibition, tea is conveyed in considerable quantities to the Eastern Archipelago, and even to Canton. 332. 883. 3052. 3807. 3874a. 1881 & seq. 2709. 3519. 3658. 3797. 3682a. 4462 & seq.

Foreign ships are not permitted to trade at Canton until security is given to the government for the payment of its dues; which security also involves responsibility for the good conduct, and submission to the laws, of the ship's company. The only persons whom the government accepts as such security, are the Hong merchants, formerly ten in number, but reduced by bankruptcies to seven. These, with the exception of the senior, excused upon the ground of his numerous avocations, become security for the Company's ships in turn; the whole of the Company's trade being apportioned among the seven Hong merchants in shares. 424. 478. 659. 680. 925. 423. 1004. 171. 424. 671. 686. 613. 1301.

It has been stated that the Hong merchants have occasionally manifested an unwillingness to become security for Indian and American ships, and required, as a condition of the undertaking, to be traded with exclusively; but on the other hand, evidence 424. 679. 681. 684. 691. 3041. 685.

& REPORT ON EAST-INDIA AFFAIRS FROM THE

1151. 1570. 1935. 3263. evidence has been given that no such difficulty has been experienced, and that the security merchant is selected by the trader with a view to his own interests, it being the practice to trade always in part, and generally in chief, with the merchant so selected.

171 172. 480.

The Hong merchants form the body through which the Government of China permits the foreign trade to be carried on, allowing, however, other persons (designated in the evidence as "Outside Merchants" and "Shopmen") to trade with foreigners; but not in certain articles, such as tea, raw silk, cloths and woollens, all of which are by the Chinese edicts reserved exclusively to the Hong merchants, they being responsible for the duties of the outside merchants.

468 833 1280 1300.
2676
324. 1269 & seq 1278
1303
659. 1474.

701 937 3727

The Hong merchants are by law mutually responsible for each other, to a limited amount; but that regulation does not appear to be always enforced.

1479 and 1471

No one is responsible for the debts of the outside merchants, and traders are warned of this in official notifications.

1120 1586 1970

1120 1469 1581. 1974.
3261

The Hong merchants are stated to be fair and liberal in their conduct. A similar opinion, though with less confidence, and some qualification, has been expressed respecting the outside merchants.

181 427 623 1204.

The East-India Company deal exclusively with the Hong merchants, and are represented to be the only traders who abstain entirely from all illicit dealing. A preference has been expressed by most of the witnesses to trade with members of the Hong; but the officers of the Company's ships, and private traders, including the Americans, have frequent dealings with the outside merchants, even in tea and other prohibited articles.

323 461 558 782 924.
1101 1467 1580 2056.
2294 3258.

1581 1932. 1977 2283.
2912. 3259

From a communication made to the Court of Directors by the

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the Select Committee at Canton, dated the 29th December 1829, it appears that four of the Hong merchants were in a state of inevitable bankruptcy; and that the Hong, generally, was in such a deplorable condition as to render necessary either "a radical change of system," or an increase in the number of Hong merchants. With a view to this object, a negotiation was commenced by the Select Committee with the local authorities; and advices have recently been received, dated the 23d of February and 2d of March last, announcing that this negotiation had led to the addition of three merchants to the Hong, and to the expression of a desire on the part of the viceroy of Canton further to increase the number.

The object of the Chinese government, in their several regulations affecting foreign trade, is stated to be, that that trade should be always within their own control. This would have been more completely secured than at present, had that government accomplished a plan, proposed in 1814, under the sanction of an imperial edict, for giving to two or three of the senior Hong merchants, as the agents of the government, an absolute power to fix prices. The attempt was resisted by the Company's Supercargoes, who, after having recourse to the measure (adopted usually by the Chinese, when they have an object to attain) of stopping the trade, succeeded in defeating an arrangement which must have proved injurious to all foreigners in China.

Most of the witnesses who have been at Canton concur in stating, that business may be transacted there with greater facility and expedition than in almost any other part of the world, much of which is said to be owing to the transactions connected with each ship being all managed by the same person, the security merchant. It has been further stated, that the Hong merchants have occasionally aided the operations of commerce, by advancing money on loan to foreigners.

Smuggling

66a.
189 & seq
484.
459 486 2625 & seq
95a 1573 1963 259a
3263
3417 3765 385a.
3854a.
1966.
112a. 1605 & seq

174 480. 483. 1996.

Smuggling in various articles is carried on in China to an immense extent, and to the injury of the Hong merchants, who are never concerned in it. It takes place chiefly in the contraband article of opium, which is imported into China in country and American ships, and much of which is purchased at the Company's sales in India.

741

550. 715.

The Chinese government prohibits the use of opium upon a moral principle; but this prohibition, although frequently reiterated in imperial proclamations, is not only disregarded by the people, but also by the government officers, who appear systematically to connive at the smuggling of opium, and to derive a large profit from the bribes of the smugglers. The Company's servants in India and China are cognizant of the fact, that the opium sold at their sales is conveyed to China; but they are expressly prohibited from having any dealings whatever in that article.

174 713 719 2001 to
2005. 2526 2534 2577

3795.

291 706 709 2020.

STATE OF THE BRITISH TRADE WITH CHINA, AND PARTICULARLY OF THAT IN TEA.

705

THE trade of the United Kingdom, and of British subjects, with China, which in the aggregate largely exceeds that carried on by all other foreigners, is by law (53d Geo. 3. c. 155, sec. 2 and 8) vested in the East-India Company until April 1834; and no tea can, at any place, be put on board of a British vessel, or of any other vessel by British subjects, but by the East-India Company, or persons duly authorized by them. These privileges do not empower even the Company, either by themselves, or by license to other persons, to trade between China and places not situated either within the limits of the Company's charter, or intermediately between China and Great Britain. The Company's charter comprehends, however, for the purposes

Vide Acts of 53 Geo III. cap 155, and 54 Geo III cap. 34, and Reports of Foreign Trade Committees, ordered to be printed 7th of May 1821 and 10th of July 1821.

purposes

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poses of trade, the Cape of Good Hope (54 Geo. 3, cap. 34, sect. 3); and the Company have also permission to trade to the British colonies in America, under the 5th Geo. 4, cap. 88.

The exclusion of British shipping from the trade between China and foreign Europe, and other parts, has been very greatly complained of; and cases have been adduced in which, owing to the state of the law in this respect, foreign ships have been engaged, upon advantageous terms, by parties who were willing to employ British vessels.

The East-India Company reserve to themselves all the trade between the United Kingdom and China, excepting only a small portion allowed by way of privilege to the commanders and officers of their ships. Licenses are granted, by the Company's authority, to all Indian ships, usually denominated "Country ships," to trade between India and China, and to export from China a limited quantity of tea (stated not to exceed 400 chests in a ship), with permission to dispose of it at any intermediate port between China and the port in India to which the ship may be destined. These licenses do not include the Cape of Good Hope, the Company themselves supplying that settlement with tea, and at prices deemed high by some witnesses, notwithstanding an arrangement, made some years since by the Company, for putting up their teas for sale at the Cape at an advance, not exceeding six per cent. on the cost and charges of importation.

The licensed British trade in country ships, from India to China, has greatly increased, and is conducted by agents unconnected with the Company.

The Company's trade at Canton is managed by an establishment of Supercargoes and Writers, twenty in all, with two inspectors, whose duty it is to examine into and report upon the

272a.

qualities of all teas offered for sale to the Company. Three or four of the senior Supercargoes are annually formed into a select committee, who, under the orders of the Court of Directors, conduct the whole of the Company's affairs in China. The Select Committee possess certain powers over British subjects and country ships when in China.

280 to 283 388a.
33 G. III c. 52. & 133.
53 G. III. c. 155. s. 104

176 188. 192. 386 2450.
3825.
229. 230 386.

The influence of the Company's servants at Canton is stated to be considerable, and to have increased of late years. They are admitted to personal conferences with the Chinese authorities, who occasionally pay visits of compliment to the Factory and the Company's ships. They are the only foreigners who are permitted (and much value is attached to the privilege) to address the local government in the Chinese language. All other foreigners are obliged to use European languages, whereby the Government is enabled to put what construction it pleases upon the contents of the addresses.

193 228. 384. 488.
2604.

193 461. 554

The Company's superior influence is ascribed to the magnitude and regularity of their dealings, and to their being able to temporise, without either incurring national dishonour, or bringing ruin upon themselves.

188 372. 3360 3714.
2638 2650

Some of the witnesses have said, that neither the private British traders, nor foreigners, have derived any benefit from the Company's influence, the exercise of which has, on the contrary, excited complaints from persons interested in the country and American trade; whilst in contradiction to these notions it is maintained by others, that the country trade exists under the protection of the Company's trade, that the Company's influence has afforded a necessary and efficient counterpoise to that of the Hong, and that it has been successfully exerted in upholding the character and station of foreigners. It is stated moreover, that by the influence of the Company, searches of country ships have been prevented, and difficulties in the prosecution of their transactions

1003-1041 1690 2143.

2158. 2784. 3469.

218 826. 1264 & seq.

1290 & seq 1466 3041.

3755 & seq 3861a

295 458 467. 626.

3041 3046 3080

416. 1301 2613 3041.

226 3042

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actions removed ; that exactions and combinations have been checked and resisted ; and that foreign trade, in general, has been greatly benefited by means of that influence, the objects for which the Company have had to contend being for the most part of common interest to all nations.

Difference of opinion exists among the witnesses, as to whether the same degree of influence as is now possessed by the Company in China, could be maintained by a British Consul unconnected with trade. Some assert, that the Chinese are not prepared to recognize *foreign dignities* (in proof of which their refusal to acknowledge the authority of a British Admiral, in 1808, has been adduced), and that they respect the Company solely on account of their large commerce ; and on the other hand it has been asserted as strongly, that equal if not superior respect would be paid to a political functionary delegated by the crown.

The Company do not grant licenses authorizing British subjects out of their service to reside in China ; but a small number, acting for the most part as consuls for foreign nations, are resident there, and carry on extensive transactions of trade and of agency.

The main object of the Company's trade with China is the provision of tea for the consumption of the United Kingdom, under the regulations of the Act of the 24th Geo. 3, c. 38, usually called "The Commutation Act," which require that the Company "shall from time to time send orders for the purchase of such quantities of tea, and provide sufficient ships to import the same, as, being added to the stock in their warehouses and to the quantities ordered and not arrived, shall amount to a sufficient supply for the keeping a stock at least equal to one year's consumption, according to the sales of the last preceding year, always beforehand."

Vide Appendix to Lords' Report upon Foreign Trade; printed by Commons in 1821, pages 304, 306 & 307. Tea purchased by the Company in conformity with this enactment, used formerly to be paid for principally by bullion exported from England; and it would appear that the Americans still effect their purchases in China more readily with dollars than through the medium of merchandize.

349. 4297 The Company now provide their funds at Canton by sales there of the produce and manufactures of Great Britain, exported by them from hence; and by sales of the produce of India taken from thence to China, either by the Company and their officers, or by private traders, who readily exchange a portion of the sale proceeds for the Company's bills on India. A very small proportion of funds is raised by bills upon England, which, when drawn, are at the current exchange.

4166. 4297.
2428 4005

2944 4769 to 4771 The Company's purchases in England for exports to China, consisting principally of cloths and woollens, are made by tender and contract, the conditions of which, framed with a view to obtain the goods in a perfect state, and considered by some witnesses to be necessary for that purpose, are said by others to be so strict as to deter some manufacturers from making an offer, and to compel those who do (the number of which, however, is given in evidence to be large) to demand high prices, as a compensation for the risk of rejection of their goods.

3148 4780 & 4781
3387 4848
2945 2956 3111.

3114
3007 3115.

2254 to 2260. 2875. "The goods rejected are often purchased at reduced prices, and exported in some instances, as it appears, to China by the Americans. Although the Company occasionally take goods not equal to contract, at an abatement of price, yet it is alleged that a public body cannot so conveniently depart from written contracts as a private merchant, and that consequently the effect of the Company's contracts is to obtain a perfect investment at too dear a price. Evidence on the other hand is given to prove, that in consequence of the arrangements of the Company, they are supplied with goods upon better terms than private

2950 3129 3386 4754
4830 4853 4855
3119 4852.

2959 3180. 3384 & seq

4773 4793. 4834. 4867

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private merchants would be, supposing the quality of the goods to be the same. It has also been stated, in favour of the Company's cloths and woollens, that goods exported to China by the Americans (some of which are stated to have been of inferior kind) have been packed in the same form, and stamped with a mark closely resembling that of the Company, which is a passport, it is said, for goods from Canton into the interior, and this without the intermediate examination to which goods not bearing that mark are subject.

2247, 2253, 2262, to
2265 2268 2285 3372
& seq. 4759 4764.

206. 391. 2897.
207 392.

The exports by the Company of the manufactures of Great Britain, notwithstanding their desire to increase the consumption of them in China, have fallen off in value during the present charter; and in some articles, though not in the aggregate, there has been a decrease in quantity, owing to a reduction of sale prices at Canton, caused, it is said, by considerable importations by the Americans. The decrease in the Company's exports has been chiefly in woollens.

182. 815 9991. 4817
5123
Vide Papers ordered to be
printed 4th June 1829,
No 2, and Return of the
Foreign Trade ordered by
the Lords to be printed,
11th May 1830, No. 3.

505. 1945. 1458
5128.

Some witnesses allege that these importations by the Americans have been unprofitable; whilst others state that they have yielded a fair profit, and they infer from the continuance of this branch of the American trade that such must have been the result of the transactions; though again, it has on the other hand been said, that if the Americans had found it really profitable to take British manufactures to China, they would have still further augmented such exports instead of taking specie.

180 219 307 510.
1442 2681
1857 & seq 2853 3255.

3390. 3630 3806a.
510. 1442.

It is said that some articles of British manufacture, particularly camlets, are smuggled into China, to evade high duties, levied as a protection to the native manufacturers; that the demand in China for British manufactures is limited by the restriction of the trade to one port; and that although woollen clothing is extensively used in the cold season, yet the chief demand for it is in the northern parts of China, the access to which,

664. 1442 1790 to 1796.
2009. 2820.

644
2819.
878 1701. 4470.

183. 358. 388. 1451. 2805.

470. 1357. 4778 & 4779. which, for bulky goods, owing to the distance and to heavy transit duties, is difficult and expensive. Were it not for these impediments, it is imagined that the consumption of British manufactures in China might be greatly increased.

358. 3546.
302 1242. 1437. 5124.
180. 299 387 504 1440. 4326 & 4327.
182. 507 4327 5128

The late reductions in the home price of British manufactures will, it is expected, have enabled the Company to realize a profit upon their exports during the last two years; but upon the whole, their exports of those manufactures have occasioned loss. Notwithstanding the loss stated to have been so incurred, the Company have continued this trade, influenced, as is declared, by a desire to promote the interests of the manufacturers, and of the growers of British wool, and by a conviction that their conduct in this respect was in accordance with a policy prescribed in charters and legislative enactments.

344 1243 1816 2137
3842a
2040. 2285. 2810
3689. 3702a.
342 573
621. 642.
205. 362. 408 508
574 616. 3799a
205. 342

It used to be the practice of the Company to barter British manufactures for teas; and from some parts of the evidence it would seem that this, to a certain extent, is still practically the case, not only with the Company, but also with private traders. Other witnesses, however, acquainted with the Company's mode of transacting business at Canton, have stated that the system of barter has been altogether abandoned by them; that the prices of teas and of woollens have no reference to each other; and that the goods imported by the Company from England are disposed of at money prices, regulated by the market prices, and annually adjusted with the Hong merchants. But these merchants are said to be unwilling purchasers, and to be induced to take the goods only in consideration of the advantage resulting to them from the Company's large purchases of tea; and moreover, it is given in evidence, that the Hong merchants induce the persons who bring the tea to market to take the goods in part payment.

The produce of India exported to China consists principally of

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of raw cotton and opium. The trade in the former article is conducted PARTLY by the Company, who are said formerly to have taken the cotton in kind, to the injury of the cultivators, and now to buy the cotton dear, and to lose by it; but in reply it is observed, that the trade in cotton would be profitable were it not for the freight, and this freight being a portion of that payable on the ships which import the teas, would be incurred, even if no cotton were sent to China; PARTLY the trade in cotton is conducted by the commanders of the Company's ships, who are compelled to buy it from the Company and to pay the cost into the treasury at Canton, at the intrinsic value; computing the price of silver at the old standard of 5s. 2d. an ounce; and PARTLY by private merchants, whose trade in cotton formerly yielded considerable profit, but which has latterly much fallen off, owing to the cotton of India having experienced an increased competition with that grown in China.

The trade in opium, which is altogether contraband, has been largely extended of late years, and is conducted by private merchants, British and American. The opium is readily disposed of in China; and the returns of merchandize from China to India not being proportioned to the value of the opium, many of the ships go back in ballast, taking their sale proceeds either in bills on India, or in specie, the exportation of which requires a license from the Chinese authorities. This permission is granted occasionally for dollars, but never for native silver, usually called sycee. Both are, however, constantly exported by private traders to India, in spite of the prohibition; and the whole export of silver by different parties has in some years considerably overbalanced the importation of dollars.

By these several methods of placing funds in China, in addition to drafts upon England, the tale (a nominal or imaginary money

money in China, estimated by Americans as bearing the proportion of 133 dollars to 100 taels) has cost the Company very nearly 6*s.* 8*d.* upon an average of *all the years* since 1814-15; but in this cost, as is to be observed, are moreover *included* the freight and actual charges upon the outward consignments, and a portion besides of the charges of the establishment in China; and the loss, by the *Board's rates* of exchange (referred to and explained in the early part of this report) is *included*, so far as the Indian part of the transaction is concerned. But on the other hand, this profit and loss computation of 6*s.* 8*d.* the tael does not include interest upon the Company's capital, and insurance from sea risk. Interest and insurance are *omitted*, upon the principle, as is stated, that neither the one nor the other are actual outgoings. It has been mentioned in evidence, that the rate of 6*s.* 8*d.* per tael is that which has for a long period been used in the profit and loss accounts of the Company's China trade, and has also been recognized by the several Parliamentary Committees which at different times have had to investigate the Company's affairs.

The Company's exports from China are now confined to tea, the trade in which has considerably increased since 1814. The Company have discontinued the exports of nankeens and silk, which latter article in its raw state appears to have been sent in some quantities to Singapore, and from thence brought to England in private trade.

Tea is grown and used throughout China. Those species which are suited for the European and American markets are stated to be produced in five provinces; but doubts, as it appears in evidence, are entertained, whether the quantity of *fine* teas required for those markets could be materially augmented, an opinion being also given that an increased demand would for a time cause a rise of price. Supposing the quantity

4909 & 4910. 5088.

4394

4398.

4375 4913

4888

746 546

747.

749. 750

1395 1400 2091 2701.

3693 to 3696a 3733a.
2041391. 3692a 3695a.
208. 356 778. 1098.
2490. 3703a.

quantity

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quantity could be augmented, previous arrangements would be necessary to obtain it, the tea plant requiring at least two or three years to come to maturity. A sudden supply of an increased demand, especially for green tea, would, it is said, be of a deteriorated quality. In cases, however, where they have found that the demand was increasing, they have made their provision accordingly, though some difficulty has occasionally been experienced by traders in obtaining all they wanted.

A large proportion of the Company's black teas is bought by previous contract with the Hong merchants, who form corresponding engagements, with the cultivators, to whom the Hong merchants make pecuniary advances. The practice of making advances to the Hong was formerly used by the Company; but it is now abandoned, from finding that it often entailed an obligation to receive the tea, whatever its quality might prove; and also from a desire to lessen the amount of the Company's risks in China. The method of previous contract is considered by some witnesses to be well calculated to effect a regular supply, and of good quality; but on the other hand an opinion has been expressed, that the tea might be bought more advantageously by watching the state of the market.

The prices of all the Company's teas are settled, after an examination of their respective qualities, by a *descending scale*, fixed many years since; but subject to change in the event of alterations in the market price, the Canton market for teas being said to be a fluctuating one. It is however alleged that the market price is regulated by the Company; and instances are adduced of their not only having successfully resisted combinations of the tea merchants to raise their prices, but also of their having, in the year 1825, effected a material reduction in the market prices of contract teas.

186 199 409. 930 1412
2490. 3044 3577

The Company appear to have the pre-emption of most of the black teas, of which they are by far the largest purchasers ; but they have not the pre-emption of the green, of which the Americans are the largest purchasers. This advantage in the market is stated to depend upon the extent of the respective dealings.

199 380. 930. 1412. 1599.
1817 2135 2142 2596.
2740 3051

Many of the witnesses concur in saying, that owing to the extent of the Company's purchases, to their system of contract, and to their great regularity, they buy the teas, particularly the black, at comparative advantages. Instances have been mentioned of teas intended for the Company having been sold by the Hong merchants to other parties at an advance of price. One witness indeed is of opinion that the Company pay higher prices than private traders ; and it is said, that by waiting until the Company's season is over, teas are purchased more cheaply than by the Company during the season ; but it is in this mode that the Company themselves buy their winter teas.

1600 & seq

3271 5179 to 5181
2740.

1218 to 1223.

3402

382. 416

Difference of opinion exists at Canton regarding the effect of the Company's transactions upon prices in China ; some maintaining that it is to keep down prices ; and others that it is of an opposite character.

THE MODE IN WHICH THE COMPANY'S SALES OF TEA IN ENGLAND ARE CONDUCTED, AND THE EFFECTS OF THE LAWS WHICH REGULATE THE TRADE IN THAT ARTICLE UPON THE COMPANY, AND UPON THE PUBLIC RESPECTIVELY

THE Act of the 24th. Geo. III. cap. 38, provides that there shall be at least four sales in every year, at which there shall be put

put up such quantities of tea as shall be judged equal to the demand; that the tea so put up shall be sold without reserve to the highest bidder, provided an advance of one penny per pound shall be bid upon the prices at which the same shall be put up, and that it shall not be lawful for the Company "to put up their tea for sale at any prices which shall upon the whole of the teas so put up at any one sale exceed the PRIME COST thereof, with the FREIGHT and CHARGES of importation, together with lawful INTEREST from the time of the arrival of such tea in Great Britain, and the common premium of INSURANCE, as a compensation for the sea risk incurred thereon."

The quantity of tea sold by the Company has greatly increased since 1814. The average of three years 1814-15 to 1816-17, was 25,028,243 lbs., and the average of the three years 1826-27 to 1828-29, was 28,017,238 lbs. It has been stated that the principle to which the Company look in determining what quantity to offer for sale, is the amount of deliveries and the quantities sold at the previous sale. The average sale proceeds of the larger quantity in the last three years, amounted to no more than £3,376,773, while that of the smaller quantity in the three first years of the present Charter was £4,003,838.

Papers as to Trade with India and China, ordered to be printed 4th June 1829, No 33.

4941.

4368 4941. 4947 & seq. 4943 5065
Papers as to Trade with India and China, ordered to be printed 4th June 1829, No 33.

The supply is said to have more than kept pace with the demand. Considerable quantities offered have occasionally been withdrawn, in consequence of no advance having been bid on the upset price. Some complaint was indeed made some years since, on the part of the Scotch dealers, that the Company did not put up enough; but it is stated, that when the Company augmented their supply, the same dealers complained of the increase, owing to their interest being affected by

411. 4366 & seq. 5420. 5428. 5555

5420 5453

29' REPORT ON EAST-INDIA AFFAIRS FROM 'THE'

5455

a reduction in the value of their stock in hand, the amount of which, however, is said to be generally very small.

From the Act which has been quoted, it will be observed that there are five component parts in the computation of the upset price of tea; *viz.*

Prime Cost,
Freight,
Charges,
Interest, and
Insurance.

To these it will be desirable, for the purpose of fully investigating an important part of the subject, to advert separately.

PRIME COST.

3994. 4149. 4164 4297

The Company, according to the evidence given, consider all their consignments and remittances to China as made solely with a view to the provision of funds for the purchase of tea. They therefore compute the PRIME COST of the tea at the sums expended in making those consignments and remittances, adding the CHARGES on the outward consignments, including INSURANCE; and also adding INTEREST from the first date of expenditure in respect to such consignments until that of the arrival of the tea in England. In this computation (which your Committee have deemed it necessary clearly to explain) the Company do not observe the BOARD'S RATES of exchange, but the rates they have thought fit to adopt are founded on the old Mint standard of 5s. 2d. an ounce, which, although much less than the Board's valuation, considerably exceeds the market price of silver; but it has been stated to your Committee, that upon an average of *all the years* since 1814-15, there is only a fractional difference between the value of the rupee at the market price and at the old standard.

4236 & seq. 4298 4883

343. 4175.

3994 4244 to 4246

4302 4306 & 4307.
4887

4305 4306. 4887

In

In the computation of the upset price, the Board's rates have not been used, because the Company, disapproving of these rates, would not afford to them any avoidable sanction, and because also the observance of them would have had the effect, which it is said the Company always deprecate, of enhancing the upset price; but in the computation of profit and loss, the Board's rates are necessarily observed, as the loss to the commerce which they occasion must be so brought to account. Interest and Insurance (as before shewn) form a part of the prime cost of the tea, inasmuch as the Company employ their capital, and risk their property in importing it, but they do not enter into their statement of profit and loss, because the Company, trading upon their own capital, consider that there is no actual outgoing of interest, and because, as being their own underwriters, there is no charge for sea risk beyond actual losses, which alone are therefore charged to profit and loss.

It has been suggested, that the more proper criterion for ascertaining the prime cost of tea, or indeed of any other article, would be the sterling value in exchange upon England at the *market price* at which bills may have been negotiated in the foreign country in the year of purchase, and, with regard to the market rate of exchange at Canton, an opinion is expressed, that if the trade were thrown open, the exchange would considerably fall, a like result having taken place in Bengal when the Company's exclusive privilege of trade to India was put an end to. The cost to the Company of the Tale, in their computation of the upset price of the teas, has amounted, upon an average of *all the years* since 1814-15, to 6s. 7d. 502. If the bill of exchange rate had been the principle of computation, it would have averaged for *the same period* 6s. 8d. 949 per tale. Restricting the comparison to the year 1828-29, the upset price valuation was 6s. 4d. 624, as is shewn in an account made up at the East India House; and it has been stated, that in that year bills upon

5250. 5321

3413

3979a

upon England were drawn from Canton on private merchants at rates even lower than 4s. the dollar, which is equivalent to 5s. 6d. $\frac{2}{3}$ per tale; and that, if the monopoly did not exist, the rate would not upon an average exceed 4s. 3d. the dollar; some thinking that it would be even lower.

4344. 4347

4166. 4311. 4342 4344.

4312.

In reply it has been remarked, that the method adopted by the Company is in conformity with the laws prescribed to them by Parliament, that a computation of prime cost, founded on the rate of exchange prevalent at Canton upon London, would not be a proper criterion, as the Company cannot raise all their funds by bills upon themselves in England, without defeating the arrangement under which the proceeds of their imports are in part appropriated to payments for the territorial government of India, amounting, upon an average, to three millions sterling a year.

4301

Profit and Loss Account
of the Tea Trade in
1828-29, laid before the
Committee, May 1830,
No. 24

The sum so paid in England is reimbursed to the commercial branch in India, the effect of that arrangement being, to make the China trade, to the extent of two-thirds of the funds employed in buying teas, a trade of remittance for the Indian territory. The commercial branch makes this remittance at the Board's rates, the gain by which to India, compared with the market rates, amounted, in 1828-29, from the tea trade alone, to £169,174.

4978

759 2436. 4969 & 4970.

4310.

4328.

It has been further stated, in reference to the comparison between the value of the tale in the upset price computation in 1828-29, and its value in that year at the market exchange, that the Company's proceedings should be measured by the results, not of any one year, but of a series of years; that since 1814-15, the exchange at Canton upon London has fluctuated from 6s. to 4s. the dollar: and that the tale has, by the Company's combined operations, been more cheaply valued, taking the average of the present charter, than it would have been if computed at the

SELECT COMMITTEE OF THE HOUSE OF COMMONS. 25

the rate at which bullion could have been sent to China, or at 4310
 that at which bills appear to have been drawn in the same
 period; that, obliged as the Company are by law (24 Geo. 3,
 c. 38) to provide a regular supply of tea, they could not risk a 4010a 4333 5146
 dependence on such a money market as Canton for all their
 funds (other persons, however, contending that the supply would 3976a
 be certain); that if they did so, they would be subjected to the 4333
 combinations of persons having the disposal of the available
 funds in China, and that a great rise in the rate of exchange
 must have followed any attempt to negotiate bills on England to 4179. 4327 5043 5051
 an extent proportioned to the Company's demand for funds. 5144 5231

A statement has been submitted, tending to shew that the 4294.
 prime cost of the teas sold in the United States of America is
 less than the Company's.

FREIGHT.

The freight included in the upset price of the Company's tea 4248.
 is an average computation per pound of that which they have
 actually incurred in respect to the tea put up, all *political* freight 3994a
 and demurrage being carried to the debit of the territorial ac- 1415 2097 2175 2241.
 count. It has been said by several of the witnesses, and in- 3941 3803a & seq
 stances have been mentioned in support of their statement, that 3896a & seq 4663 & seq.
 the Company's rates of freight are high, compared with those
 which private merchants pay; but this, on the other hand, has 4372 4709 & seq
 been attributed to the operation of the law (58 Geo. III. c. 83,
 s. 2, in which former similar enactments were consolidated)
 under which the Company build ships, for the China trade, on
 contract for six voyages, applicable to warfare as well as trade, 3955 4372 4384. 4388.
 and it has been stated that most of such ships now in the ser-
 vice were contracted for in seasons of high prices: that the rates
 of freight are gradually decreasing; but that the Company's 3961 4386. 4696
 vessels, employed as they are in the conveyance of troops on
 distant voyages, must be equipped, even during peace, more
 expensively

expensively than would be required for a mere commercial purpose. The charge for freight of tea imported in the Company's ships has amounted to about 4½d. for black, and 5½d. for green tea; and it has been stated that it could now be imported in private trade for 5d. per lb. or even lower. An account however, has been laid before your Committee, for the purpose of showing that through the gradual reduction of the Company's freight, their charge will not eventually exceed 2^d 57 dec. for black tea and 3^d 21 dec. for green tea.

The Company derive, as is given in evidence, an advantage in the employment of large ships, from the mode of levying the port charges at Canton, which are in some respects less in proportion for a large than for a small vessel; and it has been said that the large ships stow more rapidly and safely than the small, and carry more in proportion to their tonnage. The latter part of this statement has been controverted.

The ships which the Company engage to convey teas to Canada are of a smaller description than those employed in the regular service. The Americans are said to have found by experience that the cheapest and best ships for employment in the India and China trade, are those of about 400 tons.

It has been declared in evidence, that if the Company were unfettered by law, and were not compelled to make their ships applicable to political services, their freights would be as low as those of private merchants.

CHARGES.

The charges are only those on the *homeward* investment; those on the *outward* consignments being, as already observed, included in the computation of the tale as the prime cost.

These

4205

3989a.

No 38 5629.

373 1710 1834. 1945
2223 & 2224 2238
3900a

1385 1387 2230 2357

3922
1832 3868 to 3871
3901a

377 434 & 436.

3310.

4373

SELECT COMMITTEE OF THE HOUSE OF COMMONS. 27

These charges comprehend the expenses of landing, housing, 4232.
 warehouse rent, and preparing for sale ; also the commission of
 the Supercargoes, which is at the rate of two per cent. on the
 net sale amount of the teas, deducting charges, and is not paid 348. 350.
 until two years after shipment in China. The commission on 351.
 the *outward* consignments, comprised under the head of prime 344.
 cost, is at the rate of nearly two per cent. upon the sales in
 China and England. The rate of commission on the transac- 366. 961. 989-1033. 1105-
 tions of private traders and Americans in China appears to 1717 et seq. 1957-
 fluctuate from five to two and a half per cent., a single com- 1780, 1781.
 mission being charged on the outward and homeward invest- 2544. 2587. 3709. 3789.
 ments.

INTEREST.

It will be seen that to the prime cost, according to the Com- 4298 and 4300.
 pany's mode of computing it, is *added interest from the time of*
the provision of the Funds in China, up to that of the arrival of the
 tea in England, when the Company would be in the situation to
 sell it, were it not for that provision in the Act of the 24th Geo. 3,
 c. 38, which requires them to keep a stock at least equal to one
 year's consumption always beforehand ; coupled with that pro-
 vision, is an authority to the Company to include in the upset *Account, No. 2, p. 542.*
 price of the tea "lawful interest from the time of the arrival of 4232.
 such tea in Great Britain." The Company's practice under this 4253.
 enactment is, to charge an interest at the rate of five per cent.
 per annum for eighteen months, so that (combining the ordi- 4299.
 nary usage of the Company as respects interest being included
 in the invoice charges with the Parliamentary enactment) the
 upset price of the tea includes interest from the time of the first
 expenditure in making remittances to China, until eighteen
 months after the arrival of the tea in England, that period of eigh-
 teen months being stated to be the shortest average period that
 the tea can remain on hand ; the Company's ships all arriving 4392. 4886.

E

at

230 439^a 4937 to 4999,
5099

at a particular time of the year, and the Act, as construed by the Company, requiring that the minimum stock on hand should not at any period fall below a quantity equal to twelve months consumption.

1051 1095

The keeping the article for so long a time produces deterioration in the green teas, and that is also considered in America and in Holland to be the case with black teas; but the evidence of the tea brokers is, that if black teas are kept in warehouses, and not in cellars, as is said to have been sometimes the case, they improve by keeping, and becoming stronger, are better liked by the public.

1051 1172. 3585^a.

543^a & seq 5521 & seq^a

5526

INSURANCE.

5132.

The Company are their own Under-writers, or, to speak more correctly, they do not insure at all; and being empowered by law to charge in the upset price of tea "the common premium of insurance, as a compensation for sea risk," they annually fix a rate stated to be in reference to the market rate. The rate now used by the Company is three per cent.; and it appears in the evidence, that that is not more than the rate usually paid for the property of the owner and officers embarked in a *Company's* ship; though the rate for a *private* ship going direct is lower.

4206. 4331.

2100 2242 2414 3314
3316 3996 3601^a
5129

3314: 8982.

It was observed above, that the Company's ships are liable to circuitous voyages and deviations for political services, and this is considered to involve greater risk. The losses actually sustained by the Company at sea, since 1814-15, are stated by them not to have exceeded three-fourths per cent.

5130.

The tea that is put up to sale must by 24 Geo. 3, c. 38, be sold to the best bidder, provided there be an advance of one penny

penny per pound; and the Company offer to sell it, if the advance be no more than one farthing per pound. In cases where no advance is offered, the tea is put up at the next sale without any price being affixed to it, and sold for what it will fetch.

It has generally happened that the sale price has considerably exceeded the price at which the Company offered to sell the tea, the difference being, of course, all profit to the Company, who have also a further profit from their insurance account, and from the employment of the capital used in the tea trade, at an interest of five per cent. per annum. Insurance and interest at that rate being, as already observed, comprised in the upset price. The profit, thus obtained, has of late very greatly declined, and it is stated not to have exceeded in the last year six per cent. on the capital employed, exclusive however of interest, and of the gain (as already explained) from the insurance account.

Notwithstanding the diminution in the Company's profit, has been stated, that the fall in the price of their tea, although very considerable, has not equalled the fall in the prices of other articles of trade. On the other hand it has been observed, that the rise in the price of tea, during the period of high prices, was not so great as in that of some other commodities, and that the trade in tea has by the Company's system been kept more steady than other commercial undertakings.

Several statements have been submitted in evidence, with a view of showing that the Company's exclusive right to supply tea entails a very heavy tax upon the public, amounting, in the view of one witness, to £1,500,000; of another, to £1,727,934; and of a third, to £2,588,499, of which latter sum, however, one half is acknowledged to be duty paid to the State. But

50 EVIDENCE ON EAST-INDIA AFFAIRS FROM THE

4359-

those statements have been objected to and controverted, upon the grounds that they have reference to a trade conducted differently from that which the Legislature has prescribed to the Company; that the calculations are in some respects arithmetically wrong, that they are all fallacious, inasmuch as they assume the rate of exchange in one year, and the prices paid to the Company in another; and that in some of them the prices of tea in China are stated lower than the tea could be purchased for, without risking deterioration of quality.

4360.

4359-

4900. 4903 5086.

Vide Profit and Loss of the China Trade, ordered to be printed 17th June 1830.

It has at the same time been admitted, that the Company's profit from the trade is very considerable. From a statement which has been laid before your Committee, of the profit and loss of the China trade for the last fifteen years, it would appear that the Company's profit upon imports from China in that period, *including interest and insurance*, has aggregated £15,414,414; which if the mercantile instead of the Board's rates of exchange had been observed, would have been increased to £16,971,316. This is inclusive of the profit and the loss upon exports from England, and from India to China; the results of these transactions, according to the Company's mode of computation, as before explained, being accounted for in the prime cost at which the imports from China are valued.

5875-

It is said that these profits have afforded to the Company the means not only to pay the dividend upon the East-India stock, and the interest of the bond debt (the latter of which however, it is contended, should not be charged on the commerce of the Company), but also of materially aiding the finances of the Indian territory, which are said to be in such a situation as to render that assistance necessary.

4359-

4376.

4899 to 4903

Contrary to this view of the case, one witness has submitted statements

statements for the purpose of proving, that the profits of the tea trade to the Company are not sufficient to meet the charges of the dividend, on East-India stock, and of the interest on the bond debt; and that the deficiency, which he supposes to exist, is supplied by territorial revenue, notwithstanding that it appears by the accounts laid before Parliament, that that revenue has upon the whole, since 1814-15, fallen far short of the territorial charges.

3435a 3764a & seq.
5370

3770a 5263 & seq.
5278 5303-5307.
Papers relating to the
Finances of India, Fe-
bruary 1830, p. 15.

The ground of this witness's computation is, that the Company have no commercial capital, although it has been stated that the commercial assets are calculated to amount to £21,731,869 the particulars of which are given in one of the accounts. The same witness has said, that interest should be charged as an actual outgoing (and not as a profit) in a statement of the results of tea trade to the Company; and he has also said, that the whole of the insurance should be included in the charges upon the trade; and that a much larger allowance should be made for wastage than that of two per cent. which the Company deduct on that account.

5262. 5337.

4914.

Papers relating to the
Finances of India, Fe-
bruary 1830, pp 61 & 62.
5337.

5262. 5359.

4375 5333 & 5334.

The whole of the calculations of this witness has been controverted upon the ground that if the interest and insurance be charged, they must appear again on the credit side of an account professing to shew the amount of the funds applicable to the dividend, and to the interest upon the bond debt, the Legislature having (53d Geo. 3, c. 155, s. 57), declared that *all the profits and other receipts* of the Company in England shall be appropriated to those and other specified purposes. Should the interest upon the capital, and the profit of the insurance account be charged and not re-credited, it is affirmed that *all the receipts* would not be appropriated as the above quoted Act directs, and that the Company would be left in possession of those amounts. An official document has also

4375. 4913.

4202

been

been produced, to show that the Company's expenditure for allowance and wastage does not exceed two per cent.

As this part of the subject will fall within the scope of the inquiry which your Committee are now making into the Company's finances, they think it unnecessary further to enlarge upon it in this place; contenting themselves with referring the House to the evidence which has been given in elucidation of the discordant statements; and from which it will be seen, that the opinion of the Company's trade deriving aid from the territorial revenue is at variance with that expressed by the Select Committee on Foreign Trade, in 1821, towards the close of their third Report.

3421a & seq. 3764a & seq.
4375 & seq. 4907 & seq.
5178 & seq. 5263 & seq.
5367 & seq.

5275 5358

4294a

1254 3279. 3409.

1811

674 & 1675 3540a.

It has been stated that the price of tea to the consumer in Great Britain is higher than that at which it is sold on the continent of Europe and in America, after deducting the duty; and although a mere comparison of prices quoted for the several denominations of tea affords no just criterion, there being various kinds classed under the same denomination, yet examples have been adduced to show that where the quality has been equal, the prices have been higher in England than elsewhere. This is further proved, as respects several of the sorts of tea (though not all), by the prices affixed by the London tea-brokers to teas purchased on the Continent and in America, by order of the India Board, for the express purpose of making such comparison.

5135

354. 3568a

It would indeed seem that the prices paid to the Company for their teas must be higher than those at which tea is sold in other countries, the Company relying, as it appears, upon the profits of the tea trade, to enable them to fulfil the obligations which Parliament, has imposed upon them in their twofold political

SELECT COMMITTEE OF THE HOUSE OF COMMONS. 33

political and commercial character; while foreigners, on the contrary, have no such obligations.

The revenue to the Crown from tea is produced by an *ad valorem* duty. There are numerous prices of the different kinds of tea, which are ascertained at the Company's sales, so that the duty chargeable in each case is determined without difficulty.

The average amount of this revenue is stated to be about £3,300,000 annually. It is most economically collected by the Company, who pay it over quarterly, a fortnight after they receive it, and the whole of the charge incurred by the Crown for an establishment to check and superintend this branch of the Excise in London, is stated to amount to less than £10,000 annually, exclusive of the establishment for tending the dealers' stocks.

TRADE OF THE AMERICANS AND OF OTHER FOREIGNERS
WITH CHINA.

THE Russians are said to be excluded from Canton in consequence of the privilege they enjoy of trading with China overland. Of the other European nations, those which have been mentioned as continuing to resort to Canton, are, the French, the Dutch, the Swedes and Danes, and the Austrians, but the trade of all these is comparatively trifling. The most important of them is the Dutch trade, which used to be conducted by a Company with exclusive privileges, but is now thrown open.

There is, however, a Netherlands Association, of modern formation, by which the Dutch China Trade is principally conducted,

3608a.

3564 & 3565a.

3570a.

1669 & 1670 3627a.
3629a.

3611a & seq.

3597a

955

268. 523

325 & seq.

197 325. 519. 941 1668
1745 & 1746. 1820 to
1823

1667.

198 330 906. 956 & 967.
1823. 3251 & seq.

328 & 329.

197

539 994 1025 1109

1443 1558 5647.
Return of Foreign Trade
with China, ordered by
the Lords to be printed,
11th May 1830.

921 1027. 1468

1191 3236.

ducted, and which appears to have been established with the hope of promoting the sale in China of Belgian manufactures. In that object the Netherlands Association failed; and its returns in tea have caused a loss, it is said, of twenty-five per cent. on the capital employed. This Association is restricted from exporting British manufactures to China. Although the Dutch trade (as before observed) is principally carried on through the Netherlands Association, no such restriction as to British manufactures is imposed upon Dutch private traders, who, however, in consequence of heavy losses occasioned by competition with the Americans, are stated to have in a great measure abandoned the trade since 1825.

This trade of the Dutch has been carried on in ships of from 400 to 500 tons, and is conducted by resident agents in China, where there are two supercargoes and a consul. It does not appear that of late years the Dutch have experienced any difficulties in the transaction of business at Canton.

The Americans used to conduct an extensive carrying trade from China to Holland and other parts; but this has considerably fallen off, owing to the Dutch and other nations importing direct for their own use. It has been stated, however, that the Americans can still compete with the Dutch in their own market.

The aggregate of the American trade with China has increased since 1814; but latterly there has been a falling-off. Their exports consist principally of dollars, which, even since they began to take British manufactures to Canton, have formed two-thirds of the total exported. The imports into America from China are chiefly teas and manufactured silks. The latter article is said to yield the best return, though that has not always been the case.

Their

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Their tea trade was formerly very profitable; but, in consequence of overtrading, encouraged by a system adopted in the United States, of giving to the importers of tea a year's credit for the duties, it subsequently became a losing one. The American trade with China seems also to have suffered from the establishment (by authority of the Act of the 5 Geo. IV. cap. 88) of the trade of the Company from China to Canada, which settlement was previously supplied in a great measure with tea smuggled from the United States.

1685 1689, 1747 3202.
3229, 3411 3413 & seq
330. 394. 905 1054
1078. 1646 3252 & seq
541 907 1056.
906-915 1088
1746 1754 & 1755

That part of the American trade which relates to India and China, is stated not to labour under greater depression than any other trade of the United States. and opinions have been expressed, that if conducted upon correct principles, and brought within proper limits, the American trade with China might still be profitable.

1083, 1749 & 1750.
1180 & 1181.
1133, 1748.

The Americans are said to navigate their ships at a less expense, not only than the Company, but than British merchants in general. Some of the American vessels are chartered by various persons in shares, each of whom may and often does send a supercargo; but this is not done in all cases. Instances have been mentioned of the transactions of a voyage having been wholly, and without difficulty, managed in China by the commander of the ship; but the more frequent practice is to employ a resident agent, it being thought that the business is better arranged with the Chinese by persons of established confidence, than by strangers.

3330
1031. 1037 1759
1564 1910
964 & 965.

The American consul at Canton acts as agent for those who choose to employ him; and there are several American merchants who reside in China.

450-1734-

The Americans are well treated in China. Their trade is said to be popular there, in consequence of the large importation of

1123, 1692 & 1693 1853

dollars; and it has been interrupted only once since 1814. The cause of the interruption was an accidental homicide of a Chinese by an Italian seaman of an American ship. He was given up to the local authorities; by their order he was put to death, and then the trade was resumed.

202. 552 556 936 1728
& seq. 1847.

EFFECTS EXPECTED FROM THE ABOLITION OF THE COMPANY'S EXCLUSIVE PRIVILEGE

2206 & 2207

383. 2638

178 295 338. 383 401
829 841 & seq. 2449
2601. 2638.
3499a

1886 & seq. 2707 3526

332. 353 355 874 883.
3052

423 559.

THE opening of the trade between Great Britain and China would not, it is thought, cause any alteration in the policy of the Chinese government towards foreigners, unless the revenue should fall off from an increase of smuggling by free traders, or unless there should be from private disputes more frequent collisions between Europeans and Chinese. In either of these contingencies, apprehensions are entertained that the trade might be entirely interdicted. But, on the other hand, it is said that such a fatal result would be averted, either by the sense which the Chinese government entertains of the value of the trade, or by the influence of the population of Canton, and of the tea districts, which are deeply interested in its continuance. If the trade were interdicted, tea, it is thought, might be brought to Sincapore, and other places accessible to the British traders, in Chinese junks; but such a commerce is stated to be contrary at present to the laws of China; and much doubt is felt, whether, by the means of such insecure vessels as the junks are represented to be, tea could be obtained in sufficient quantities for the English market.

It is said that the interest of the Hong merchants, in a pecuniary point of view, would be promoted by an open trade, as an increase in the number of purchasers of tea would afford an opportunity

opportunity for commanding high prices. In spite, however, of such expected advantage, the Hong merchants, from an apprehension of increased risk and responsibility, are represented to be against any change. On the other hand, it is stated that the Americans and other foreigners, dealing freely as private traders, have not experienced any combination against them on the part of the Hong merchants.

1153 & seq. 1875. 2684.
& 2685 3346.

In order to derive advantage from a free trade between Great Britain and China, it would be necessary, as some think, that the monopoly of the Hong merchants should cease, and that a commercial treaty, upon mutually liberal principles, should be formed between the two countries. It is, however, apprehended that the Chinese would not be induced to enter into such a treaty by any other than coercive means, and these it is fancied might be easily and successfully used.

839 3043 3065. 3072.
3498a

3065 & seq 3498a

Many of the witnesses are strongly impressed with the belief, that a very large increase in the consumption of British manufactures would be the consequence of opening the trade. Private merchants, they say, can push a commerce much better than a company; and new wants and desires would be created by the never-ceasing efforts of individual enterprise and speculation. These witnesses refer, not only to the fact, of the Americans having of late made exports of British manufactures to China, but they also refer to the result of opening the trade with India, followed as that measure unquestionably was by an immense increase in the exports from this country.

2146 2180 2183 2184.
2686. 2852. 2922.
3368 3395. 3449.
3644. 3810a 3817.
3932a

3095. 3494a

In opposition to these views, it is said that the small proportion of the American exports of British manufactures, relatively with bullion, coupled with the fact, that the officers of the Company's ships, having no freight to pay, have not increased their exports, ought to be considered as proof that

387. 507 510. 539 629.
632. 822 1442 1461.
2185 2307 2469 2685

4338. 4892 & seq the consumption has not, as yet, been found susceptible of any material augmentation. It is further stated, that a formidable obstacle to the growth of a profitable export trade from Great Britain to China, arises from the obligation under which India is placed of annually effecting a large remittance to England, and which remittance is now advantageously made by the Company through the medium of Chinese produce. It is likewise observed, that the extended use of British manufactures in India has been promoted by fiscal regulations, which the British government had the power there to make, but which it could not effect in China.

644 5093

644. 1498. 3570

1141. 2489. 2798. 3045. With respect to the price of tea, it is thought that the first effect of an increased demand in China, consequent upon the opening of the trade, would be materially to raise the price there; though indeed this effect (unless the Hong should be enabled to dictate prices) might be expected gradually to subside.

3469a

2095 2741 It is said that the charges of bringing the tea to England and selling it, would be much less in a free trade than they are at present, and therefore that tea would be afforded to the consumer at a lower rate. In answer to this it is remarked, that most of the Company's charges are controlled by law; that these might be reduced if the law were altered; and that what the Company get in shape of profit, is necessary, with the obligations imposed upon them, to enable them to administer the government of India. According to this view, whatever the consumer of tea might gain by a reduction of the rate of profit to the importer, would either be at a sacrifice to India, not now in a situation to bear it, or must be made up by the people of England; besides which it has been observed, that the ability of the private traders to furnish tea cheaper than the Company, would depend upon the effect which an open trade might have upon prices at Canton.

2167 3584

4311 4334 4372. 4373 4939 5099

5135

4338 4898 & seq

4905 & 4906

SELECT COMMITTEE OF THE HOUSE OF COMMONS. 39

One great advantage expected to result from an open trade with China, is the facility which it would give to private merchants to effect returns from India, in which great difficulty is now experienced. It is said that the Company partake largely of this inconvenience, and that owing to the pressure of the demand for the government remittances, it has become necessary to make the China trade a principal channel of effecting them. Deprived of this channel, India would be obliged to remit through the private trade, by which (should remittances to so large an amount be practicable) a loss would be sustained equal to the difference between the rupee valued at the Board's rates, and at the current exchange.

3488a. 3505a 3879a &
3880a 3932a
4338. 4347, 4897 5089
& seq

If the trade were opened, the Company would still possess the power of trading with China, and it is thought by some that their capital and influence might enable them to trade more successfully than private merchants. But it is said that this competition might be mutually injurious, without the country's being benefitted by an extension of her commerce, and that the Company's profits, if they had competitors, would be so reduced as to prevent them from ministering to the financial aid of the Indian territory.

Your Committee have thus endeavoured to give a fair and impartial summary of the evidence on the China trade which has been brought before them.

Whether this object shall have been faithfully and satisfactorily effected, will appear to the House by a careful perusal and examination of the whole evidence itself; but it will not fail to be borne in mind, that in the midst of such multifarious and conflicting statements as that evidence contains, and restrained as your Committee have been (both by what was expressed

expressed in the House, and by their own sense of what, at the present period, would be either prudent or just) to a plain unbiassed narrative of their proceedings, it has not been in the power of your Committee to offer such observations and to enter upon such discrimination of the evidence, as might be a guide to the House in the decisions hereafter to be made. Your Committee have, on the contrary, done their utmost to guard against the appearance of a leaning on the one side or on the other.

Their observations, your Committee have felt, ought not, by any inference of their own, to convey opinions which may have been taken up; but, in the execution of the important duty committed to their charge, while from necessity some valuable information may be left unnoticed, they have studiously endeavoured, by classification and arrangement, to bring the most material parts of the Evidence into view, and thus to facilitate to the House the means of acquiring for itself an accurate knowledge of its real tendency and result.

8th July 1830.

SCHEDULE of the ACTS, PAPERS, and ACCOUNTS, referred
to in the preceding REPORT.

ACTS—24 Geo. III. c. 38.—usually called the *Commutation Act*.
53 Geo. III. c. 155.
54 Geo. III. c. 34
58 Geo. III. c. 83
5 Geo. IV. c. 88

MINUTES of EVIDENCE taken before the Select Committee, from
the 15th February to the 3d of June 1830.—No. 514.

PAPERS relative to the TRADE with *India* and *China*; Ordered to be
printed the 4th of June 1829.—No. 285.

PAPERS relating to the FINANCES of *India*, and the Trade of *India*
and *China*; Presented by his Majesty's command, February 1830.—
No. 22

REPORT of the SELECT COMMITTEE of the HOUSE of LORDS, relative
to the TRADE with the *East-Indies* and *China*; Ordered to be printed
7th of May 1821.—No. 476.

THIRD REPORT of the SELECT COMMITTEE of the HOUSE of COM-
MONS ON FOREIGN TRADE; Ordered to be printed 10th of July 1821.
—No. 746.

ACCOUNT of the PROFIT and LOSS of the COMPANY'S TEA TRADE
with *China*; for the year 1828-29

RETURN of the FOREIGN TRADE with *China*; Ordered, by THE
LORDS, to be printed 11th of May 1830; and

STATEMENT of all the COMMERCIAL RECEIPTS and CHARGES of the
COMPANY since 1814-15; delivered to the Committee on the 17th
June 1830.