



SELECT COMMITTEE OF THE HOUSE OF COMMONS. 567

EXPLANATION of the Statements marked No. 20, (A.) and (B.)

5 April 1830.

John Crawford,
Esq.

It does not appear from the reports of the merchants at the out-ports that there will be any difficulty in an open trade in tea in levying an *ad valorem* duty upon it; and the example of cotton is quoted in proof. A specific duty would, however, in all probability, be much more convenient; and the example of the United States, which has collected the revenue on this principle for forty years, seems quite conclusive. The rates assumed in the statement marked (B.) are calculated on the basis of the present *ad valorem* duties, and are assumed at a high rate, for the purpose of giving, in the first instance, ample security to the public revenue. There can be little doubt, however, but that a more moderate impost would be more productive. Even in the United States of America the duties are considered by the statesmen of that country as much too high, as may be seen by the following extract from the reports of the Secretary of the Treasury in 1827: "The use of tea has become so general throughout the United States, as to rank almost as a necessary of life. When to this we add that there is no rival production at home to be fostered by lessening the amount of its importation, the duty upon it may safely be regarded as too high. Upon some of the varieties of the article it considerably exceeds 100 per cent., and is believed to be generally above the level which a true policy points out. A moderate reduction of the duty would lead to an increased consumption of the article, to an extent that, in all probability, would in the end benefit rather than injure the revenue. Its tendency would be to enlarge our trade in exports to China; a trade of progressive value, as our cottons and other articles of home production, (aside from specie), are more and more entering into it. It would cause more of the trade in teas to centre in our own ports, the present rate of duty driving our tea-ships not unfrequently to seek their markets in Europe, not in the form of re-exportations, but in the direct voyage from China. It would also serve to diminish the risk of the United States ultimately losing any portion of a trade so valuable, through the policy and regulations of other nations."

But even with the high duty which is proposed in Sketch (B.), there will be a considerable saving to the public, as may be easily shown. The cost of the 30,269,498 lbs. of tea in 1828-29 to the public was as follows; viz.

Sale price	£ 3,527,056
Duty	3,515,312
Total.....	£ 7,042,368

By the duty proposed in the Sketch, the cost will stand thus:

Sale price	£ 2,357,047
Duty	3,702,436
Total.....	£ 6,059,483

This will produce a saving to the consumer of £982,887, which in all probability will be laid out in an additional purchase of tea; if so, it will add 12,622,360 lbs. to the present consumption, making the whole 42,891,858 lbs. Whether the price fall or rise, the public revenue, with specific duties, is sure to increase. With the augmented consumption now supposed, it would be enhanced to the extent of £1,543,913, or amount in all to £5,246,349. In a word, under the proposed plan, the consumption and revenue of the kingdom in tea would each be augmented by above 40 per cent.



EVIDENCE ON EAST-INDIA AFFAIRS:

5 April 1830.

No. 21.—AN ACCOUNT of the Amount of Duties of Customs and Excise received for the Six Years ending

John Crawford,
Esq.

ARTICLES.	1823.	1824.	1825.
	£.	£.	£.
Cloves, mace, &c.	23,324	25,393	19,063
Coffee	17,677	23,513	22,567
Sugar	190,664	282,495	304,097
Tea	3,850,558	3,865,099	4,030,439

Note.—Accounts relating to the Trade between Great Britain and the East
The duties on all the articles except tea, have

No. 22.—COMPARISON of the Duties on Coffee, Cocoa, Sugar, Spirits and Tobacco, with those on

TEA.	Duty per Cent.	COFFEE.	Duty per Cent.	COCOA.	Duty per Cent.
Bohea	96	Jamaica triage	224	West India common ...	200
Congo kind, &c.	96	Do. middling	87	Do. superior	140
Congo, common	100	Do. fine	71	Grenada ordinary	186
Congo, fine	100	Dominica, ordinary ...	124	Do. superior	140
Pekoe kind	100	Do. middling	86	Do. fine red	101
Do. Campoi do.	100	Do. fine	71	Do. superior	86
Campoi, good	100	Berbice triage	119	Berbice	186
Souchong	100	Do. middling	87	Do. superior	133
Twankay, common	100	Do. fine	72	Saint Lucia	186
Do. good	100	St. Domingo	378	Do. superior	109
Do. fine	100	La Guayra	368	Trinidad	186
Hyson kind	100	Havannah	358	Do. superior	109
Hyson Skin	100	Porto Rico	368	Caracca	197
Do. good	100	Brazil	368	Do. superior	166
Hyson, common	100	Batavia	311	Brazil	583
Do. good	100	Chiribon	320	Do. superior	500
Do. fine	100	Sumatra	350	Guayaquil	560
Young Hyson	100	Ceylon	262	Do. superior	500
Gunpowder	100	Mocha	103	Saint Domingo	—



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upon certain Goods imported from the East Indies, together with Mauritius,
5th January 1829.

5 April 1830.

John Crawford,
Esq.

1826.	1827.	1828.	Increase or Decrease per Cent. of the three last upon the three first years.	
			Increase.	Decrease.
£.	£.	£.		
20,266	27,298	26,368	9 per ct.	—
29,400	32,907	36,522	35 —	—
415,395	401,970	506,127	70 —	—
3,738,057	3,705,859	3,448,814	—	7 per ct.

-Indies, 1824—1829. Ordered by the House of Commons to be printed.
been greatly reduced within the period given in the Statement.

Tea, calculated *ad valorem* from the Quotations of the London Price-Current, of 18th March 1828.

SUGAR.	Duty per Cent.	Foreign and Colonial SPIRITS	Duty per Cent.	TOBACCO.	Duty per Cent.
Jamaica, fine	60	Brandy, cognac, 1st } brandy, 26-27..... }	658	Maryland, fine scrub....	758
Do. middling	71	Second ditto	794	Do. brown.....	1,028
Do. ordinary brown.	87	Superior ditto.....	750	Do. fine yellow	343
Demerara, fine	67	Bordeaux.....	900	Virginia, fine black ..	800
Do. middling	75	Hollands Geneva.....	843	Do. stripped ordinary	1,309
Do. brown	90	12 a 19 per cent. } Rum, Jamaica }	268	Kentucky, fine	900
Havannah, fine	131	Do. 20 a 22	248	Do. ordinary.....	1,600
Do. middling	143	Do. 23 a 27	226	St. Domingo.....	533
Do. brown	203	Do. 28 a 34	217	Havannah	370
Rio, brown	233	Do. superior	212	Segars, common	112
Do. white	170	Do. extra fine	192	Do. superior	64
Bahia, brown	225	Do. Leeward Is- } land, proofs..... }	408	East India.....	1,800
Do. white	180	Do. over proofs	364	Do. inferior	2,057
Mauritius	81	Demerara, 23 a 35.....	242	Virginia middling black	960
Do. low brown	112			Kentucky middling.....	1,200
Bengal fine white	102			Porto Rico.....	
Do. middling white..	108			Varinas.....	
Do. low white.....	115			Brazil	
China and Siam	188			Ukraine.....	



FIFTH

R E P O R T

FROM THE

SELECT COMMITTEE OF THE HOUSE OF COMMONS

ON THE

A F F A I R S

OF

THE EAST-INDIA COMPANY:

1830.



Jovis, 29^o die Aprilis 1830.

Lunæ, 3^o die Maij 1830.

Jovis, 6^o die Maij 1830.

Lunæ, 10^o die Maij 1830.

Martis, 11^o die Maij 1830.

Jovis, 13^o die Maij 1830.

Robert Richards, Esq. - - - - - 682



FIFTH 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 13th day of this instant May, inclusive.

13th May, 1830.



MINUTES OF EVIDENCE.

Jovis, 29^o die Aprilis 1830.

WILLIAM WARD, Esq. in the Chair.

JAMES COSMO MELVILL, Esq., Auditor of the East-India Company's Accounts, again called in, and examined.

29 April 1830.

4295. You are the Auditor of the East-India Company?—I am.

J. C. Melvill, Esq.

4296. In your situation of Auditor, have you been led to consider the mode pursued by the Company in computing the upset price of their teas?—The computation of the upset price of tea forms no part of the official duty of my department; but it devolves upon me to prepare periodically financial views of the territorial branch of the Company's affairs; and in the performance of that duty, I find it important and necessary, as far as practicable, to make myself acquainted with all the Company's arrangements of a financial nature, commercial as well as political; I will therefore endeavour to answer any questions which the Committee may be pleased to put respecting the upset price of tea.

4297. Will you explain the principle upon which the Company fix the upset price of their teas?—The Act of the 24 Geo. III. c. 38, usually called the Commutation Act, precludes the Company from putting 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 first point that the Company have to consider in carrying that law into effect is, how they are to compute the prime cost of their teas. All the Company's consignments and remittances to China are made entirely with a view to, and do in fact terminate in, supplying their treasury at Canton with funds for the provision of tea. The course of proceeding which the Company adopt each season is this: they first take a view of the state of the market, and of the probable demand for tea, and according to that view frame their indent for a quantity of tea to be brought from China sufficient to keep up a year's consumption beforehand, as required by law, and estimate the probable cost of that tea in sales. The next step is to provide the means of paying for the tea. With that view they buy cotton in India for consignment to China, which is paid for in



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J. C. McNeill, Esq.

in rupees received in reimbursement of sums disbursed in sterling, on account of that portion of the territorial charges of India which is incurred in England. They direct the supercargoes to receive dollars in China in exchange for bills upon India, which are paid in rupees, received in like manner. They purchase British manufactures for consignment to China, which are of course paid for in sterling. A very small portion, about one-sixteenth of the whole, in 1828-9, was provided by bills drawn in China upon the Company in London. The prime cost of the tea brought to England under these arrangements is the sum expended in sterling in providing the teas with which the tea was bought, including freight and charges upon the outward consignments, which are in fact remittances, and upon the homeward investment of tea.

4298. Does it also include the charge of interest?—Interest forms a necessary part of the charges. The Company, as merchants, are entitled to charge interest from the date of expending the money in making the remittances until the period when, if they were free from the restriction of the Commutation Act, they would be in the situation to sell the tea. That Act, however, restrains the Company from selling their tea immediately upon its arrival, by requiring that they should keep a considerable stock on hand; and in order that they may suffer no loss on that account, it is provided that the Company shall add to the prime cost of the tea lawful interest from the time of its arrival in Great Britain. Combining, therefore, ordinary usage, as respects interest being included in the invoice charges, with the parliamentary enactment, the upset price of the tea should include interest from the time of the first expenditure to the time when the sale proceeds of the teas are realized.

4299. You state that interest is charged from the date when the money is expended in providing funds for the purchase of the tea; is that the principle upon which you charge interest?—That is the principle which regulates the Company's charge of interest. The amount of the charge is not minutely ascertained from year to year; but I have taken out the particulars of the year 1828-9, which is that of which the Committee have had a statement of the items of the upset prices, and I have ascertained that the Company's charge for interest, although regulated upon the principle which I have explained, falls short of what it would be upon an actual computation.

4300. Will you explain upon what data you go?—The invoice charge of interest upon the outward consignments from England is six months, and I have ascertained that the proceeds of these consignments in the last year, 1828-9, were not realized for ten months upon an average. Again, the charge which the Company make of interest under the Commutation Act is for eighteen months, and I have ascertained that the average period that the tea is in warehouse here is twenty months.

4301. Can you state what proportion of the funds required for the purchase of tea in China is raised by bills in India, or by consignments of merchandize from India?—The whole portion remitted from India amounts to about two-



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thirds of the whole, including consignments of merchandize from India to China, as well as bills drawn from China upon India.

J. C. Melvill, Esq.

4302. That proportion which has been raised by being remitted from India being raised in dollars in exchange for rupees, how is the sterling value of the rupees calculated?—At the intrinsic par of the rupee, computing the value of fine silver at the old mint standard of 5*s.* 2*d.* an ounce.

4303. But there is at present no such standard in silver?—I am perfectly aware of that circumstance. The standard in this country being gold, there is no such standard as 5 *s.* 2*d.*; nor can there, I apprehend, be any accurate standard for silver, but the market-price, in a country where the standard is gold.

4304. What is the market-price of silver at present?—4*s.* 11*d.* an ounce.

4305. The market value appears then to be 3*d.* per ounce less than the amount observed in the Company's calculations, has not there been an over-valuation in your computation of the tale to that extent?—If the Committee were to restrict their view to the two or three last years, undoubtedly there would appear to have been an over-valuation of the tale in that respect; but in former years of the present charter the market price of silver considerably exceeded the old mint standard of 5*s.* 2*d.*, and I have ascertained 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.

4306. Then, from your statement, it would appear that upon an average of years there has not been any over-valuation of the tale by the system the Company have observed of bringing the rupees into dollars?—That is what I meant to say; and I would beg leave to add, that the Board of Control, acting upon the authority given to them by Parliament, compel the Company to credit the Indian territory with the rupee at more than 12 per cent. above the old standard of 5*s.* 2*d.*, which valuation being one to which the Company as advised are bound by law to submit, they would have been perfectly justified in applying to their transactions with China.

4307. That being the case, how do you account for their not having proportionately increased the upset price of tea?—The Company have never acquiesced in the rates of exchange prescribed by the Board, but have persevered up to the present time in earnestly remonstrating against the observance of those rates, and in entreating a revision of them. The China accounts are not legally within the control of the Board; and therefore, although the Company must submit to the loss by this exchange, yet they have been unwilling to give the least sanction to the rates by introducing them into the valuation of the tale in computing the cost of tea, the more especially as, if they had done so, it would have had the effect, which I trust I may be permitted to say the Company always deprecate, of raising the upset price of tea.

4308. Do not the Company adopt a different mode of valuing the tale in their



their account of profit and loss from that which you have explained with reference to the upset price of tea?—Yes. In their profit and loss accounts they adopt the fixed rate of 6s. 8d. as a medium rate; and the Committee will see that the Company are compelled to use a different rate in this account, as the effect of the Board's rates must be adjusted in the profit and loss. With respect to this old rate of 6s. 8d., I find that it was recognized in the year 1781, in a paper appended to the Ninth Report of a Select Committee of the House of Commons on East-India Affairs, being a Report from a Committee of East-India Proprietors, adopted by the General Court, which, with the permission of the Committee, as it explains the view which was then taken of what constituted *prime cost*, I will take the liberty of reading: "With respect to merchandize sent out from England to India, and merchandize returned home from thence, the produce must vary according to the market abroad and at home, and according to the ideal value affixed to foreign currency, but can only affect the Company, or be decided, on the following position; for instance, suppose £100 laid out in broad-cloth in England sells in Bengal for 1,200 current rupees; if on this occasion the exchange be reckoned at 2s. per current rupee, the profit is 20 per cent.; if 2s. 3d., the profit is 35 per cent.; again, if the produce of 1,200 current rupees be laid out in muslins, and these, when brought to England, sell for £150, the produce of the operation, reckoning at 2s. the current rupee, will be 1,500 current rupees, or an apparent profit of 25 per cent.; at 2s. 3d. the current rupee will be 1,333 $\frac{1}{3}$, or an apparent profit of only 13 $\frac{1}{3}$ per cent. But the real profit to the Company in England, by comparison of first costs, will be 50 per cent., which is the only point that can be established, let the discussion be carried on ever so long, except that the higher the exchange in India the greater the apparent profit there, and the reverse in England; so that, for the purpose of the present calculation, your Committee have adopted the Company's valuation; viz. tale 6s. 8d." The Committee will observe, that this latter principle of comparing first costs is that which the Company now adopt. The paper which I have read was before Parliament a short time previously to the passing of the Commutation Act; the clause in which affecting the question of prime cost was proposed by the Company in the very terms in which it is enacted.

4309. Can you state to the Committee what has been the average cost of the tale to the Company since 1814, upon the principle which you have been explaining?—The average cost of the tale to the Company since 1814-15, upon the principle which I have explained, has been 6s. 7-502d.

4310. What has been the average rate per tale since 1814 at which bills have been drawn upon the Company in England from Canton?—The average rate per tale at which the Company have been drawn upon from Canton since 1814-15 is 6s. 8-77d. The Committee will see that if that principle had been observed, the charge of interest in the computation would be for twelve months less than that included in the Company's calculation, because bills of exchange would comprise the interest for that period; but, on the other

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other hand, the Company's calculation includes charges that would be incurred if supplies were obtained by bills. Adjusting both sides of the calculation, I find that the rate at which the tale would have been computed in the upset price of tea, if the bill of exchange rate had been the principle of computation, would have been 6*s.* 8·949*d.* decimals.

4311. Do you not consider that it is the ordinary usage to value the coin of a foreign country expended in the purchase of consignments to England in sterling at the current rate of exchange?—I am perfectly aware that such is the usual practice; the principle, indeed, seems quite clear. In ordinary cases it very frequently happens that the cargo abroad is purchased with funds raised by bills of exchange, and the cost of those goods in sterling would, in such a case, be the sterling amount of the bills; but the adoption of any such system by the Company in their present circumstances, even were it practicable, would defeat the financial provisions of the Legislature in respect of India. If the Company were to buy their teas by means of bills upon themselves, they would have to pay those bills out of the proceeds of the teas, and then there would not be funds for the territorial charges of India.

4312. Will you explain to the Committee what is the nature and the amount of those territorial charges?—They comprise the reimbursement to the public of that portion of the expenditure of Great Britain which is incurred in respect of His Majesty's troops serving in India. They also embrace the furlough and retired allowances of officers in the Company's army, the cost of territorial stores sent to India, political freight and demurrage, and also a portion of the interest of the Indian debt. The aggregate of those several charges may be stated to amount, upon the average, to £3,000,000 per annum, which is remitted by the Company principally through their India and China trade; and the Indian territory has the important benefit of effecting this remittance at advantageous rates of exchange.

4313. In what mode does the territory obtain this advantage?—The territory obtains this advantage by remitting the three millions annually at the Board rates of exchange, 2*s.* 3·84*d.* per sicca rupee.

4314. Can you state to the Committee what proportion of the remittance is effected through the China trade?—At present about one million sterling per annum. It has been, and it continues to be, the policy of the Company to increase the remittances through that mode.

4315. At what rate do the Company credit the Indian territory with the sums so remitted?—At 2*s.* 3·84*d.* the sicca rupee.

4316. Instead of 1*s.* 11*d.*, for the reasons you have stated?—1*s.* 11*d.* is, I believe, the market rate now.

4317. Can you state to the Committee what is the present rate of exchange in India for bills upon England?—The last quotation I have seen is 1*s.* 11*d.* per sicca rupee.

4318. You



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4318. You have stated that this remittance is at 2s. 3d. instead of 1s. 11d. Is that 2s. 3d. put upon the tea in computing the upset price?—No; the computation of that part of the remittance from India, which affects the upset price of tea, is made, as I have already explained, at the old mint standard of 5s. 2d., which values the rupee at about 2s. 0½d. 29 April 1830.
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4319. Still would it not appear, according to the computation of the rupee being valued at 2s. 0½d., whilst in Bengal the exchange is 1s. 11d., that it is taken at 1½d. beyond the real worth in Bengal of the rupee?—But the Company, for the reasons I have already given, cannot extend their drafts upon themselves from Bengal without defeating the Act of Parliament in respect of the Indian charges, and the cost of the Company placing their rupees in Bengal under the system prescribed by the Act much more than accounts for that difference.

4320. Can you state to the Committee at what rate, upon the average, since 1814, the Company have placed the tale in China by means of bills upon India?—5s. 10·04d.

4321. Can you also state at what rate by consignments of merchandize from India?—6s. 7·36d.

4322. It would then appear that the consignments of merchandize have been a much less profitable mode of remittance than that of bills; how do you account for the Company having continued to adopt that mode?—The rate I have mentioned for merchandize of 6s. 7·36d. includes freight, which, had the funds been raised by bills, must have been charged upon the tea; omitting freight, the cost of the tale by consignments of merchandize from India to China is reduced to 5s. 7·76d.

4323. Then you mean to state that the upset price has been rather kept down than otherwise by the practice of the Company in sending merchandize from India to China?—Clearly so; and encouragement has at the same time been given by the Company to the trade in an important article of Indian produce.

4324. Can you state at what rate the tale has been placed in China by consignments of British manufactures?—At 7s. 0·49d.

4325. You take the average since 1814?—Since 1814; the rate would be lower if we took an average for a smaller period of years.

4326. Then you are of opinion that the most disadvantageous mode which the Company can adopt of providing funds for the purchase of teas is by sending British manufactures?—I think that must be admitted.

4327. That being the case, can you explain why the Company have continued to adopt that mode, that being so disadvantageous?—The Committee must of course be aware that the Company have always from policy been desirous of exporting the produce and manufactures of Great Britain to places to which they have an exclusive privilege of trading, and I believe I may say that the Company have felt themselves under something of a moral



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moral obligation to do so. This policy has at different times been not only sanctioned but enjoined in the charters granted to the Company and in legislative enactments. At the period of the last renewal of the charter, the trade with India being then opened, of course the Company ceased to feel it *obligatory* upon them then to send British manufactures to India, although they determined not to cease doing so until it should become absolutely necessary; but as they had the exclusive privilege of trading to China, they felt the force of the old obligation still binding upon them, as relating to exports to that country; and it was well understood between the King's ministers in 1813, and the representatives of the Company, that these exports to China were to be continued. I may add, that when in 1826 the Company found it necessary, from the state of the trade, materially to restrict exports of British manufactures to India, Mr. Williams Wynn, then President of the Indian Board, remonstrated against that determination; and as that related to exports to India, I think the Company were entitled to conclude that the remonstrance would have been much more decided if it had had reference to exports to China. But independently of the policy which has actuated these exports of British produce and manufactures, it by no means appears to me that the tale has been valued more highly than it would have been if all the funds for buying tea had been provided in either of the other modes; for I cannot imagine that the Company could have materially increased their supplies of cotton to India, or their demand upon the Canton market for money in exchange for bills, without immediately either lessening the value of the cotton in China, or raising the exchange for the bills. I would further state, that in a concern of so much magnitude and importance as that of the Company's in China, it is necessary that they should be secure against the possible failure of funds there, which might be the consequence of their having recourse to only one method of remittance. The Company act upon a system; and I would submit that one good test by which that system might be tried would be, whether the valuation of the tale, by all the combined methods which the Company have pursued, is or is not as good for the public as if the Company had supplied their treasury by consignments of bullion.

4328. Are you able to state to the Committee what, upon the average since 1814, would have been the cost of the tale, if the consignments had been entirely in bullion?—6*s.* 6*d.* 278*d.*, which, by the addition of the charges now included in the valuation of the tale produced by consignments of merchandize to China, would be increased to 6*s.* 10*d.* 490*d.*, which is 2*l.* 988*d.* in excess of the cost, at which, by the Company's combined operations, the tale has been placed in China.

4329. Can you explain upon what grounds you make this valuation which you have just given to the Committee?—I take the average market price of dollar silver in London in each year since 1814-15; I add nine months' interest, at the rate borne by the Company's bond debt in England, insurance
at



at the market rate, and one per cent. for brokerage, shipping expenses, and freight. 29 April 1830.

4330. What is the amount of the insurance?—It has varied; it was four per cent. in the early years; and that which the Company now adopt is three per cent. *J. C. Melvill, Esq.*

4331. Do you take that calculation from facts?—From the rate of sea insurance adjudged every year by the mercantile committee at the India House.

4332. Is that upon bullion?—The Company not being in the habit of exporting bullion, the Committee do not fix a separate rate for bullion. I have taken the rate for merchandize. The rate for bullion is, I believe, less; but the difference will not affect the principle of the calculation I have now submitted. It would make a small alteration in the degree.

4333. It has been stated in evidence to the Committee, that a very large sum, amounting to two millions sterling, might be obtained in exchange for bills upon England. Do you think, to that extent, it would be possible so to obtain money in exchange upon England?—Any opinion I can give upon that point must be formed from a perusal of the official despatches of the Company's Select Committee in China; and from what they have at different times reported of the state of the money market at Canton, I must be permitted to entertain very great doubts whether so large a sum as two millions sterling could be raised by bills upon England in any one year, and I am quite convinced that it could not be done consecutively from year to year; were it otherwise, the rate of exchange would be so enhanced by the demand as to make the tale much more expensive than under the present system. Besides, if the Company were known to depend on that mode of supply, they would be at the mercy of a few merchants at Canton, who would have it in their power to combine and dictate the rate of exchange, which inconvenience is not merely speculative; it is one which the Company's servants in China have sometimes mentioned in reference to their limited demands for money in exchange for bills. I would again remind the Committee, that the Company cannot grant the bills, or rather if they were to grant them the law would be defeated.

4334. Will you explain in what manner the law would be defeated?—I refer especially to the 56th section of the Act of the 53d, which enacts, that a sum equal to the actual payments made from the commercial funds at home, on account of territorial charges in the year preceding, shall in each and every year be issued in India for the purpose of the said Company's China or India investment. The Company must pay the demands upon them on account of the Indian territory, and they could not pay those demands if they drew those bills.

4335. Do you think it would be imprudent to risk the non-provision of funds at Canton, which would be the case if the exchange at Canton was exclusively relied on?—I do.



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4336. Are you aware that the Canton price-current states the rate for bills upon England?—There is such a quotation in the Canton price-current, but I never heard of a corresponding quotation in the London price-current. It appears to me that bills are generally created by exports of produce; and in this case the Company, who are the great exporters from China to Europe, cannot, as I have explained, grant the bills.

4337. Do you mean to say that there is no regular exchange between China and England?—Bills have certainly been drawn to some extent. The Company draw a small amount. The supercargoes, whose salaries are payable in England, occasionally draw. There must be ship bills; and I have seen it stated in evidence before this Committee, that the Americans have lately raised funds in China in that mode, though, if they continue to do so, instead of importing dollars, the exchange will soon be affected.

4338. Do not you think that the probability would be, that there would be a more regular exchange between England and China, if it were not for the Company's monopoly, and if a free trade existed between this country and China?—I think it must be admitted that if the trade were free, there would be a regular exchange between this country and China, as there is between this country and India. The parties who engaged in that free trade would not be under any obligation to make it a channel of remittance from India, which the Company are compelled to do. If free traders to China were able, through the demand in India for remittance to Europe, to buy their teas with funds obtained more cheaply than the Company now obtain them, all such advantage would be derived at the expense of India, because, unless the connection of this country with India were dissolved, India would still have to transfer that large amount of capital, estimated at £4,000,000 sterling per annum, (three-fourths, of which is now brought by the Company at a favourable exchange,) which must be transferred in some way through trade, although it is wholly distinct from commercial returns. It appears to me that this circumstance presents a formidable obstacle to the growth of a profitable export trade from this country either to India or to China, and explains the difficulty (which I see stated in the evidence given to this Committee) of effecting returns for the exports of manufactured goods to India.

4339. You have stated before, that the average amount of remittance from India, charged to be paid in England for stores, half-pay, and so on, amounts to £3,000,000; how do you reconcile that with your statement now, that a remittance of £4,000,000 would be necessary?—£3,000,000 is the government remittance; in addition to that there is an accumulation of private fortunes, and there are the allowances for families in England of persons resident in India, which I estimate at £1,000,000.

4340. On what data do you give that opinion, as to those items amounting on an average to £1,000,000 sterling?—I have no other data than the opinions recorded upon the proceedings of the Court of Directors, by persons who are supposed to be most conversant with Indian subjects.

4341. Are



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4341. Are there any recorded opinions at different times on that subject in the proceedings sent from India?—I do not remember to have seen any such calculations recorded upon the Indian proceedings. There are some, I think, upon the proceedings of the Court of Directors.

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4342. Do you think the rate of exchange in China is or is not a criterion to be depended upon in computing the prime cost of the teas?—It seems to me, that to value the tale upon any such principle, would be to assume, first, that the Company might draw bills, which if they had drawn, would have defeated the operation of the law in respect of the charges of India; and secondly, that if they had done so, they could have obtained £2,000,000 as cheaply as £200,000.

4343. You give that opinion as applied to the existing state of things?—Yes.

4344. Do you conceive that the Legislature, in speaking of prime cost, could not have intended such a mode of computation?—I have great reluctance in presuming to give an opinion upon that point. Independently of my statement, that the clause in the Commutation Act was prepared by the Court of Directors, who, a short time previously to preparing it, had themselves expressed a view of what constituted *prime cost*, accordant with the principle now adopted, and which was before Parliament when the Act was passed, it strikes me that the Legislature, in speaking of prime cost, must have meant a computation founded upon fact, which the rate of exchange would not in this case show. Besides, if the Committee will be pleased to refer to the Acts of the 13 Geo. III. c. 64, 19 Geo. III. c. 61, 20 Geo. III. c. 56, 21 Geo. III. c. 65, they will find that about the time when the Commutation Act was in progress, Parliament was in the habit of controlling and in some cases absolutely prohibiting the Company from accepting bills of exchange. I would also venture to suggest one other point deserving of some attention: if Parliament intended that the calculation of prime cost should invariably be governed by the rate of exchange, they would not have authorized interest from the time of the arrival of the tea in England; because bills being drawn at six months' sight, there would have been in that case a double allowance of interest for the period the bill had to run after the arrival of the tea.

4345. You have stated your opinion that it would be impossible to draw two millions' worth of bills from Canton upon England for consecutive years; does not the amount of bills, which it is possible to draw from one country to another, depend upon the extent of the commercial transactions between those countries?—Undoubtedly.

4346. Then supposing there to be an extension of commerce between England and China, would it be impossible that a larger amount of bills could be drawn from Canton upon England than is now drawn?—The opinion which I have expressed has reference to the present period and to present circumstances. I am not prepared to say that the trade could be



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profitably increased; but of course if it could, the means of remittance would be increased.

4347. Then the difficulty of drawing an additional sum by bills from Canton upon England arises partly out of the present state of the law as affecting the commerce between the two countries?—From the present state of the law, rendering it obligatory upon the Company to apply the proceeds of their teas to the Indian charges.

4348. In answer to a former question, you stated, that in calculating the prime cost of the tea, you included freight, insurance, and interest on the outward investment; do you also include any mercantile profit on that investment?—I thought I had explained to the Committee, that we took on the one side what we expended in sterling, and on the other side what that expenditure produced to us, and that gives the value of the tale. Of course, if there is a difference forming profit or forming loss, it would come into the computation of the advantage or disadvantage of the several modes of remittance to China.

4349. In taking that expenditure you charge the amount of interest and the amount of freight; do you also credit that account with a certain rate of profit which you think you should make upon the sale?—No, we take the actual result of the transaction.

4350. So that in that case, supposing there is a loss, that loss is charged upon the price of the teas?—It affects the value of the tale.

4351. Are you aware that there is every year a very large export of silver, foreign and native, from China to India, and that this money may be had by the Company for bills on England or India to any extent?—I am aware that there is a considerable export of bullion to India; but I am not aware that money may be had for bills on England or India to any extent.

4352. You mean to say that you have no means of ascertaining whether money may be had by the Company for bills on India or England to any extent?—So far as my recollection serves me, I think that when there has been a large amount of bullion sent from Canton to India, the supercargoes have occasionally felt great difficulty in negotiating bills upon the Court for a considerable sum.

4353. But not bills upon India?—I am not aware that they have felt much difficulty in negotiating bills upon India.

4354. In what way has that difficulty arisen; has it arisen in their not obtaining bills at the exchange they have opened the treasury at, or have they advertised for tenders of bills and not obtained them?—Having opened the treasury at a fixed rate of exchange, they have, so far as I can remember, been compelled to raise the rate, and after all not succeeded in obtaining so much as they wished.

4355. Did not that arise from their raising the exchange after perhaps the bullion had been sent away?—It probably arose in a great measure from the depressed state of the money market in India, and of the opium trade
at



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at Canton. There can be little doubt they might have increased the supply if they had offered extravagant rates.

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4356. Can you state at what period that took place, and what was the rate of exchange originally offered, and the rate of exchange to which the Company's factory advanced their bid afterwards, and for what sum it was? —I am not prepared at present with these particulars; but I will obtain them for the information of the Committee.

4357. Are you aware that the Americans have ever met with any difficulty in using their credits on England?—I never heard till lately that they had adopted that method.

4358. Since they have done so have you heard of any difficulty?—I have seen nothing upon that subject but what is recorded in the evidence given to this Committee.

4359. It has been stated in evidence to this Committee, that the public could be supplied with the same quantity of teas as are sold at the Company's sales for the sum of £1,500,000 less than the Company receive; do you agree to that, or can you give any reasons for differing from that calculation? —I trust that in answering that question I may be allowed to premise, that as the calculations upon that subject which have been submitted to this Committee have reference to a trade in tea altogether different from that which the law has prescribed for the conduct of the East-India Company, the result of those calculations must be totally fallacious when viewed as a test of the past management of a public trust; and if the result of the calculations in question be intended as a hypothetical view of the future, it strikes me that it can be of little value, unless it be determined by Parliament that the system under which the Company now administer their combined trust may be dispensed with. Independent, however, of these considerations, it appears to me, upon an examination of the calculations, that one fallacy attends most of them. Mr. Bates,* Mr. Thornley,† and Mr. Rickards‡ (in his second statement), take the valuation of the tale according to the rate of exchange at the period of unusual depression; making the tale, according to Mr. Bates (page 502, quest. 3955a), 5s. 5½d.; according to Mr. Thornley (page 404, quest. 3413a), 5s. 6½d.; and according to Mr. Rickards (page 412, quest. 3454a), 5s. 6½d. These rates are all lower than any at which the Company have been drawn upon, and they are also lower than any which I have seen quoted. I hold in my hand the Canton price-current of April 1829, (and which is the latest period to which a rate could be applied to the transactions to which these calculations refer), which quotes the exchange upon London from 4s. to 4s. 2d. the dollar; whilst these gentlemen compute the tale by a supposed *late* rate of exchange, they compute the Company's

* Page 502 Question 3955a.

— 505 — 3989a.

† Page 404 — 3413a.

‡ Page 412 — 3454a.

Second Statement, page 413.



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Company's charge for tea at the prices realized in periods during most of which the exchange value of the tale was infinitely higher. I think the Committee will see that, in order to make a fair comparison, the valuation of the tale, and the price of the tea, should have reference to the same periods. Besides this general objection to all these computations, I find that with respect to that submitted by Mr. Bates, he is mistaken arithmetically. Mr. Bates (page 505, quest. 3989a), selects contract congo tea, estimates its price in China at 29 tales per pecul, and states its cost in sterling at $13\frac{1}{2}d.$ a lb. Now, after making the deduction which Mr. Bates allows and states that he has himself made for wastage, and reckoning the tale at the lowest rate of exchange which has been assumed, viz. $5s. 5\frac{1}{2}d.$ the cost in sterling, instead of being $13\frac{1}{2}d.$ is $14\frac{1}{2}d.$, to which adding $3d.$ per lb. for freight, $7\frac{1}{2}$ per cent. for charges, and 10 per cent. for profit, those being the rates stated by Mr. Bates, the price per pound is $20.03d.$ instead of $18.86d.$ The whole quantity of tea sold by the Company in 1829-30, was 27,455,063 lbs. weight. If that quantity of contract congo, the tea selected by Mr. Bates, were sold at the price assumed by Mr. Bates, as now corrected, it would produce £2,291,353

And at the average price realized for such teas at the Company's sales in 1829-30..... 3,238,781

The difference being 947,428

Which is, even upon Mr. Bates's data, one-third less than the amount which he has stated is overpaid by the public under the present system. Of this sum of £947,428, £350,280 results from the biddings at the Company's sales beyond the price at which the Company offered to sell the tea; so that the real excess of the Company's charge beyond that assumed by Mr. Bates is reduced to £597,148, whereof one-third is ascribable to the difference in exchange, and most of the remainder to the items of freight and interest, the Company's charges of which are necessarily in excess of those which a private merchant would incur, owing to the laws which regulate their shipping, and make it obligatory upon them to have a large stock of tea on hand. Perhaps it is unnecessary for me to trouble the Committee with any similar details respecting the calculations upon this subject by Mr. Thornley and Mr. Rickards, many of the objections just stated being equally applicable to them. Mr. Thornley states the excess of charge to the public for tea to be £1,727,934. This is in 1828-9. Applying the same principles to 1829-30, the excess in that year, according to Mr. Thornley's data, is £1,680,478; but Mr. Thornley assumes the average sale price realized by the Company upon all descriptions of tea at $2s. 8.06d.$ per pound, whereas in 1829-30 it was only $2s. 2.55d.$ The difference between these two sums on 27,455,063 lbs., the quantity sold, is £630,322. So that Mr. Thornley's excess of charge is brought down one-third below his estimate. It will be further observed that Mr. Thornley has made no allowance whatever for interest on the capital employed, or for wastage. Mr. Rickards computes the prime cost for the tea in the coin of China very far below what is taken either by Mr.



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Mr. Bates or Mr. Thornley, and so far below what is actually paid by the Company, that I cannot imagine that the Company could have obtained teas at the prices computed by Mr. Rickards (page 413, quest. 3454a) without a deterioration in quality. Mr. Rickards attempts to show the cost to the public under the present system to be much greater than that implied in the computations of either of the other gentlemen; but this arises from Mr. Rickards having included what he conceives to be excess of tea duty paid to the State.

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4360. In examining Mr. Rickards's statement, have you found that he has fallen into the same error as Mr. Thornley, and computed the reduction of 6d. in the pound in his estimate?—Mr. Rickards has taken the average for a number of years; but he falls into the same error as Mr. Bates and Mr. Thornley, of taking the rate of exchange in one year, and the prices in another.

4361. Have you seen a price-current of Canton of June 1829, in which the exchange is stated at 3s. 11d.?—I have seen only the price-current of April 1829, in which it is stated at from 4s. to 4s. 2d.

4362. You have stated that an error runs through the calculation of those gentlemen, inasmuch as they have taken the lowest rate of exchange, applying it to the price for the whole period. Are you not aware that Mr. Bates's calculation is only founded upon one year, during which he states that the average rate of exchange was that which he took?—So far as respects the exchange, but not as respects the prices realized by the Company for the tea.

4363. Are you aware that Mr. Bates states in his evidence, when he takes the last sale price at 2s. 7d., "that is the price obtained at the last sale of the East-India Company?"—Yes, but that is not the fact; the average price was 2s. 4d. 312 decimals, instead of 2s. 7d. as taken by Mr. Bates.

4364. Will you be good enough to give in a statement of your calculation, by which you make the price of tea in 1829 come out to 14½d. instead of 13½d.?—My calculation is simply this: a pecul of tea, 133½ lbs., losing two and a half per cent. by wastage, purchased for 29 tales, each tale being worth 5s. 5½d., costs 14½d. per lb.

4365. You have said that the average sale price received last year was 2s. 4d., and in correcting Mr. Thornley's computation you state it at 2s. 2d.?—Mr. Bates's evidence applies to *congo* tea, Mr. Thornley's applies to *all* descriptions of tea; that accounts for the difference between those two prices.

4366. From Mr. Bates's calculations you have deducted a sum of about £350,000, as excess obtained by the Company in the sale of tea in the price at which they put up their teas; do not you consider that as a profit by the Company?—Undoubtedly it is profit; but my distinction is this, it is not what they demanded, it is the result of a fair competition in a market abundantly supplied.

4367. Will



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4367. Will you explain what you mean by a fair competition?—I mean that any one may go and bid for the teas.

4368. That is according to the supply which the Company put into the market?—I will explain how the Company manage their supply. Previously to making the tea declaration every quarter, they look at the amount of the deliveries during the previous quarter; they look also at the quantities sold in the previous sales, and they always put up at the sale a larger quantity than the average amount of the deliveries at the previous sales of the year, increasing the quantities of those sorts of tea from which there appears to have been the greatest demand; that is also the principle which governs the Company's orders to China for tea. The Committee are also perhaps aware that, as a proof of the market being abundantly supplied, very large quantities have been rejected.

4369. That is to say, left unsold at the upset price?—Exactly.

4370. Are the dollars that arrive here from China so inferior in quality that they are necessarily melted, and sold as silver, being unfit for use as dollars?—I have heard that that is the case, but I have not had an opportunity of ascertaining it officially. I am not aware, within my experience, of the Company's having brought dollars from China to England.

4371. If that is the case, does not it follow that any person computing the dollar at Canton at 3s. 11d. should take into his consideration the inferiority of the quality?—Undoubtedly; the value of the dollar in exchange must be affected by the quantity of silver contained in it.

4372. Do you think that the Company might conduct the trade at a lower rate of freight than what appears to be the freight paid for the East-India Company's ships?—The Company take up their ships under the provisions of an Act of the Legislature. I allude to the 39th Geo. III. c. 89, the provisions of which were re-enacted in 1818, in an Act carried through by the late Mr. Canning, when President of the India Board. The Act provides, that the Company in contracting for ships shall make it a condition of the contract that those ships shall be applicable to trade and to warfare. The Act also requires that the Company shall take up the ships for a certain number of voyages, and although that may be an arrangement which, generally speaking, is at least as beneficial to the contractor as to the Company, yet when it happens, as it has done to the Company, that contracts have been entered into in periods of high prices, followed by periods of unusually low prices, it is quite clear that the Company's shipping system must suffer in comparison with that of the private merchant; that is the case at present. The existing contracts for the ships now in the service were most of them entered into six and seven years ago. That the Company can engage ships, if they act solely as merchants, as cheaply as individuals, is evinced in the fact that, when under the authority which that Act gives them, they have taken up ships for only one voyage, they have got them quite as cheap as a merchant could. The difference in the rate of freight between the average period



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period, when the Company made the contracts for large ships now in the service and the present time, cannot be less than 18 or 20 per cent.

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4373. Do you mean to state that if it were not for the contract the East-India Company would freight to India as cheap as a private trader?—If the Company were unfettered by law, and were not compelled to make their ships applicable to political services, I have no doubt that they would engage them upon as good terms as individuals.

4374. When it has happened that there has been a great rise in price instead of a depression, did they make an allowance to the contractors?—That was done by a special Act of Parliament; and I believe the late Mr. Canning, who carried that bill through, took occasion distinctly to guard against its being construed into any thing like a precedent.

4375. In the early part of your evidence you alluded to the assistance rendered to the Indian territory by the China trade, are you aware that it has been given in evidence before this Committee, that after paying the interest on the bond-debt, and paying the dividend to the proprietor, that trade has been a loss to the Company instead of a profit?—I have had an opportunity of examining the statements delivered in to this Committee by Mr. Rickards, with a view of showing that the profits of the tea trade have not been sufficient to meet the charge of the interest upon the Company's bond-debt, and the dividends to the proprietors; and I am prepared now to prove to the Committee that Mr. Rickards's statements involve errors and omissions, which, when corrected, leave a credit to the amount of £956,361 for the first of his statements, being that for 1820-21; of £1,127,696 for the second of his statements, being that for 1814-15; of £659,167 for the third of his statements, being that for 1827-8; and of £873,174 for the fourth of his statements, being that of an average of years since 1814-15. These errors are caused by an excessive charge for wastage, by including the India as well as the China freight, by including as charges several items already included in the invoice amount, by considering the interest on the Company's own capital as an actual outgoing, and by considering all the sea insurance as an outgoing; whereas the Company being their own insurers, have themselves, after charging insurance, the profit of that account. If the Committee wish it, I am prepared with those four statements of Mr. Rickards, together with those statements as I have ventured to correct them, and will, if desired, deliver these statements in, one opposed to the other, as a part of my evidence.

[The witness delivered in the same, which are as follow:]



29 April 1830.

J. C. Melvill, Esq.

MR. RICKARDS'S FIRST STATEMENT.

PROFIT AND LOSS, CHINA TRADE.

Page 409 - 3435a.

	£.		£.
Cost of teas, as per No. 32 of Papers relative to the India and China Trade, 4th June 1829; 28,545,960lbs. (year 1820-21)	1,874,840	Sale amount of tea sold in 1821-2, as per No. 33 of Papers of 4th June 1829; 25,492,001lbs.	3,566,642
Freight and demurrage for the year 1820-21, as per No. 31	796,540		
Charges in China and England, as per No. 6 of Accounts relating to Tea Trade, &c. of the East-India Company, 14th May 1824:			
Salaries, emoluments, &c. 1820-21.....	95,653		
Expenses in China....	54,735		
Do. in England..	173,520		
Interest.....	236,287		
Insurance.....	58,654		
	618,849		
Interest on bonds, 1820-21.....	162,938		
Dividends on stock.....	632,251		
	4,085,418		
		Deficiency after paying interest on bond-debts and dividends, both which are, by the Act 53 Geo. III., s. 27, chargeable on commercial profits.....	518,776
			4,085,418



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29 April 1830.

J. C. Melvill, Esq.

MR. RICKARDS'S FIRST STATEMENT,

As Corrected by Mr. Melvill.

Cost of teas as per No. 32, viz.	£.	Sale of the quantity, per contra, viz	£.
28,545,960 lbs.....	1,874,840	27,975,041 lbs. (sale weight)	3,914,049
Freight and demurrage.....	536,740	To be re-credited as above explained :	
Charges : Canton Salaries.....	£ 82,114	Amount of interest earned on the Company's own capital.....	£. 236,287
Do. England	173,520	Amount saved by them in the mode of effecting their insurance.....	44,593
Interest.....	236,287		
Insurance.....	58,654		
	550,575		
Interest on the bond debt	162,938		
Dividends on stock	632,251		
	3,757,344		
Surplus.....	437,585		280,880
	£ 4,194,929		£ 4,194,929

	£.
Surplus.....	437,585
Instead of a deficiency of.....	518,776
Difference.....	956,361



29 April 1830.

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MR. RICKARDS'S SECOND STATEMENT (No. 1.—29th March 1830.)

PROFIT AND LOSS ON THE CHINA TRADE.

Page 474 - 376a.

Imports.....1814-15.

Sales.....1815-16.

Cost of 26,195,144 lbs. of tea exported by the East-India Company from Canton to England in 1814-15, as per No. 32 of Papers relating to the Trade with India and China, 4th June 1829, 26,195,144lbs.....	£.	1,743,081	Sale amount of 26,234,244 lbs. of tea in 1815-16, as per No. 33 of Papers relating to the Trade with India and China, 4th June 1829.....	£.	4,102,668
Freight and demurrage, as per No. 31		1,680,682			
Charges in China and England, as before		618,849			
	£	4,042,612			
Profit.....		60,056			
	£	4,102,668			
Interest on home bond-debt...	235,967		Profit brought down.....	60,056	
Dividends on stock.....	629,902		Deficiency	805,813	
	£	865,869		£	865,869



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29 April 1880.

J. C. Melvill, Esq.

MR. RICKARDS'S SECOND STATEMENT (No. 1.)

As corrected by Mr. Melvill.

Cost, as per No. 32, viz.	£.	Sale of the quantity, per contra, viz. 25,671,241 lbs. (sale weight)	£.
26,195,144 lbs.....	1,743,081		4,014,622
Freight and demurrage, as per corrected statement upon that quantity	814,094	To be re-credited, as before explained ;	
Charges :		Amount of interest earned on the Company's own capital	£. 236,287
Canton Salaries...£. 82,114		Amount saved by them in the mode of effecting their insurance	44,598
Do. England.....173,520			280,880
Interest236,287			
Insurance 58,654	550,575		
	3,107,750		
Profit.....	1,187,752		
	£ 4,295,502		£ 4,295,502
	£.		
Interest on home bond-debt, as per No. 21 of Papers, February 1880, year 1815-16...	235,967		
Dividends...ditto.....	629,902		
	865,869		
Surplus.	321,883		
	£ 1,187,752	Profit brought down...£	1,187,752
Surplus.....	£321,883		
Instead of a deficiency of	805,813		
Difference	£ 1,127,696		



29 April 1830.

J. C. Melvill, Esq.

MR. RICKARDS'S THIRD STATEMENT (No. 2.)

PROFIT AND LOSS, CHINA TRADE.

Page 475 - 3764a.

Imports.....1827-28.

Sales.....1828-29.

Cost in 1827-8 of 31,593,176 lbs. 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 of India and China, February 1830, being a quantity (with the allowance of 5 per cent. for wastage) equal to that purchased in 1827-8	£ 3,527,057
Freight and demurrage, as per No. 31 of ditto.....	783,759		
Charges in China and England, as before	618,849		
	3,384,027		
Profit.....	143,030		
	£ 3,527,057		
Interest on home bond-debt for 1828-9, as per No. 21 of Papers, February 1830...	158,124	Profit brought down.....	143,030
		Deficiency	644,165
Dividends on stock, per ditto	629,071		
	£ 787,195		£ 787,195



29 April 1830.

J. C. Melvill, Esq.

MR. RICKARDS'S THIRD STATEMENT (No. 2.)

As corrected by Mr. Melvill.

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 of the quantity, per contra, viz. Sale weight, 30,961,313 lbs.	£. 3,604,177
Freight and demurrage, as per corrected statement upon that quantity	550,866	To be credited, as before explained: Amount of interest earned on the Company's own capital.....	£. 236,287
Charges in China and England, as corrected, viz. Canton salaries£. 82,114 England ditto173,520 Interest236,287 Insurance 58,654	550,575	Amount saved by them in the mode of effecting their insurance 44,593	280,880
Profit.....	3,082,860 802,197		
£	3,885,057		£ 3,885,057

£.
Profit brought down 802,197

Interest on home bond debt £. 158,124

Dividends on stock 629,071

————— 787,195

Surplus 15,002

Instead of a deficiency of... 644,165

Difference£ 659,167



29 April 1830.

MR. RICKARDS'S FOURTH STATEMENT,

(No.3 in the Evidence of 29th March 1830.)

J. C. Melvill, Esq.

To show the apparent result of the Company's Tea Trade, calculated on an average of the fourteen years contained in the Tables No. 31, 32, and 33, of "Papers relating to the Trade with India and China," 4th June 1829, or from 1814-15 to 1827-8 inclusive; and taking the charges in China and England at the same amount as in 1820-21.

Page 476, No. 3.

Cost of 28,129,230 lbs. of tea, being the average of the quantities exported from Canton to England for fourteen years, as per No. 32 of the Papers referred to	£. 1,819,788	Sale amount of 25,870,764 lbs. of tea, being the average of fourteen years' sales, as per Table, No. 33 of the Papers, &c. above referred to	£. 3,583,484
Average of the commercial freight and demurrage for the same period, as per No. 31 of the same Papers.....	867,654		
Charges in China and in England, as before	618,849		
	3,306,291		
Profit.....	277,193		
	£ 3,583,484		
Interest on the home bond-debt, average of fifteen years, as per No. 21 of "Papers relating to the Finances of India," February 1830	177,352		
Dividends on stock, average of ditto, as per ditto	630,572	Profit brought down.....£	277,193
	£ 807,924	Deficiency	£ 530,731
			£ 807,924



29 April 1830.

J. C. Melvill, Esq.

MR. RICKARDS'S FOURTH STATEMENT,

As corrected by Mr. Melvill.

Cost of 28,129,230 lbs. of tea, exported from Canton to England per annum, upon an average of fourteen years, 1814-15 to 1827-8, as per Papers No. 32.....	£. 1,819,788	Sale of the quantity per con- tra, viz. 27,566,646 lbs. sale weight...	£. 3,818,389
Freight and demurrage, as per corrected statement, upon that quantity	578,539	To be re-credited, as before explained : Amount of interest earned on the Company's own capi- tal.....£. 236,287	
Charges : Salaries, Canton...£. 82,114 Ditto, England.....173,520 Interest236,287 Insurance 58,654	 550,575	Amount saved by them in the mode of effecting their insurance44,593	280,880
Profit.....	2,948,902 1,150,367		
	£ 4,099,269		£ 4,099,269

Profit brought down£1,150,367
Interest on the home bond debt£ 177,352
Dividends on stock..... 630,572

807,924

Surplus 342,443
Instead of a deficiency of..... 530,731

Difference of.....£873,174



29 April 1830.

J. C. Melvill, Esq.

4376. In those computations have you included interest on the bond debt?—Yes ; but I would avail myself of this opportunity to state, that it seems to be quite a mistake on the part of Mr. Rickards, to suppose that the interest upon the bonds is by law chargeable upon the Company's commercial profits. It is by law, together with their ordinary outgoings, chargeable upon the Company's home funds ; but the question of whether it is chargeable upon the commerce or upon the territory of the Company has never yet been definitively settled. So far back as the year 1783, the Company, in a petition to the House of Commons, stated as follows :—"The bond debt which your petitioners now owe, in a great measure arose from their military expenses in India, or has been necessarily continued on that account ; independently of these expenses, your petitioner's ordinary mercantile profits would have enabled them to have extinguished the whole of their bond debt long before their territories were acquired." I believe the Company consider that this reasoning has gained force from subsequent events ; and if the Committee will refer to the 51 Geo. III. c. 64, they will see that Parliament has given some recognition of a political character to this debt.

4377. You have stated in your evidence, that in the official documents as to the quantities of teas sold in the year 1828-9 there is a great discrepancy ; can you explain those variations that appear to exist?—Those discrepancies entirely arise from the accounts which were called for differing in their titles and in the periods to which they refer. The first of the accounts, No. 33, to which Mr. Rickards refers (page 473) relates to the Company's tea only, and the period in that account is from March to March, which was the official year before 1814-15. The second account, No. 38, includes, as its title imports, the teas of the commanders and officers of the Company's ships. The third account, No. 41, embraces the period from May to May, which is the present official year.

4378. You have stated that these accounts were called for ; by whom were they called for?—By the Board of Commissioners for the Affairs of India, and subsequently laid before Parliament by the King's command.

4379. Then you mean to state, that if the words of the order had been given the same for each of the accounts called for, those variations would not have happened?—There could have been no discrepancy.

4380. What are the titles of the Acts which you consider oblige the Company to prepare the ships for trade and war?—The 39th Geo. III. c. 89, and the 58th of Geo. III. c. 83.

4381. By what authority are the ships going to North America exempted from that?—There is a special clause which authorizes ships to be taken up either for an unforeseen exigency, or for one voyage only, by private contract.

4382. Then it is under that provision that the tea trade to North America is carried on?—I apprehend it is.

4383. In



4383. In speaking of the facility which the Company have of freighting ships as low as private individuals, does not the amount of freight which the Company pay depend upon the equipments, the amount of stores, and number of men which they in their tenders require the owners to produce?—No doubt it does; but the equipment must necessarily be governed by that condition in the law which requires that when ships are built for the service they shall be applicable to warfare.

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4384. Is there any thing in the Act which requires the Company to continue a war equipment during peace the same as during war?—The Company do not retain a war equipment in peace. I apprehend that the condition of taking up the ships for war renders the price higher at the period when they are engaged; that a ship applicable to war would be tendered at a higher price than a ship that is not so applicable.

4385. When ships are taken up for one voyage, is not it left at the discretion of the Court of Directors?—Undoubtedly.

4386. Is there any reason why ships taken up for one voyage by the Company should not be as cheap as those that private individuals can take up?—I apprehend not, unless it should happen, as it frequently does, that a ship for one voyage is taken up for the purpose of conveying troops as well as of bringing home goods from India, and that double service renders necessary those conditions which involve a higher rate of freight.

4387. For a direct voyage to China, you are not aware of any conditions that require it?—No.

4388. Are you not aware that ships in time of peace are not equipped as they were in time of war?—Certainly not; but the ships have constantly in peace a political service to perform in the conveyance of troops and stores.

4389. Do the Company ever send out troops in ships hired for one voyage, and not in the regular service?—Yes, they do occasionally.

4390. Are you able to state what is the additional freight paid by the Company for such ships that carry troops?—I am not able to state what it is.

4391. Are you aware whether the troops are carried with equal convenience and safety in the ships hired for one voyage as in the larger ships?—I should say not; and the reason why I say so is, that when the Company in some former periods have made use of a small ship instead of a large one for the conveyance of troops, complaints upon that ground have been made to the Court from the Horse Guards. The general impression upon my mind is, that the accommodation of the Company's larger ships has been preferred and desired.

4392. You are aware that there is in the Company's warehouses and in transit always two years' consumption of tea; do you conceive that to be required by the Act of Parliament in which this clause is to be found: "That the said ited Company shall from time to time send orders for the purchase



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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?" in your opinion, does the construction of that Act of Parliament require two years' stock of tea to be kept always on hand?—The Company have construed that law to mean that it requires that they should have always one year's consumption in stock in London. They must, of course, have more than that in a part of the year, because the ships arrive at a particular period; so that when the ships have discharged, the stock must amount to more than one year's consumption, or it would be materially less at the end of the year.

Lunæ, 3^o die Maij 1830.

THOMAS GORE LLOYD, Esq. again called in, and examined.

3 May 1830.

T. G. Lloyd, Esq.

4393. Your signature appears to a paper given in to the Committee, being an account of profit and loss upon the trade of the East-India Company between Europe and China for the last ten years; what is included in what you term the prime cost, calculated at 6s. 8d. the tale?—That prime cost is the invoice amount of those teas.

4394. What is included in the invoice amount of those teas in the charges of China?—There are what they call the proportional charges; they amount to about three per cent.

4395. Is the prime cost stated in that account the same as the cost in China, as stated in the amended estimate (No. 2.)?—It is not.

4396. What is the difference?—The difference is, that the prime cost in the amended statement of the computation of the upset price of tea contains a calculation for the rupees of the supplies furnished to China from India at 5s. 2d. per ounce according to the mint price of silver, making the rupee about 2s. 0½d.

4397. Does that make the prime cost, as stated in your paper, more or less?—The prime cost is less in the computation of the upset price of tea, because the prime cost in the account of profit and loss calculates the rupee at what are termed the Board's rates, that is, at 2s. 3¾d.

4398. Is there any other difference in the calculation?—There is another difference, not in the prime cost but in the charges; the prime cost in the amended paper includes interest and insurance upon the outward consignments. In the paper of profit and loss, that interest and insurance is not included, inasmuch as I hold interest of money to be a profit, and we charge the actual loss to the Company in the profit and loss account, and not a rate of insurance.

4399. In



3 May 1830.

T. G. Lloyd, Esq.

4399. In this paper which is given in of profit and loss, no charge such as is made in your statement for the interest from the arrival of the teas in England to the estimated realization of the same amount, eighteen months, and no insurance at three per cent. upon the teas home-charged in your statement, are included; do you not consider that that should go into the account in order to exhibit the amount of profit and loss?—I do not; upon this principle, that interest itself is held to be a profit, and the actual losses are included in that account, instead of a rate of insurance.

4400. How is it possible that this can give a correct estimate of the net profit, when a sum so large as from £250,000 to £260,000, which is the rate of interest charged in other accounts upon the investment in teas, and a sum as large as £50,000 to £60,000, charged for insurance, are entirely omitted?—Because the Company trade upon their own capital, and whatever interest they make upon that capital is a profit; if they were to charge it in the first instance, they would have to recredit it.

4401. Then you consider that interest is not a proper charge at all to go into the cost of the tea?—It clearly forms an item in the cost of the tea when put up under the Commutation Act, but not in the profit and loss accounts, for the reasons I have given.

4402. Are you acquainted with a document which was given in to the House of Commons in 1824, in which the charges upon the tea were stated under different heads, say the heads of salaries, emoluments, and expences, in any of the expences in England, and the interest and the insurance?—I am.

4403. If those were not charges proper to be taken into the calculation, why were they put in at that time?—Because the charges included in that paper were those which it was presumed the Company had a right to charge under the Commutation Act.

4404. Is it to be understood that those charges, made agreeably to what the Commutation Act sanctioned, were not actually expences incurred?—The interest being that upon the Company's own capital, was not an actual outgoing, and the Company being their own insurers had the profit as underwriters.

4405. Do you not consider that the Company is exposed to those charges as any other commercial dealer would be?—I conceive that the Company traded upon their own capital, and that whatever interest they made upon that capital they had a right to put among their profits.

4406. Do you know that it is the custom of merchants, in casting up their profit and loss at the end of the year, to charge it with interest?—Yes, but the interest of that capital would go to pay their own dividends.

4407. The question is not on the dividends, but on the profits, and the account moved for was one of net profit; how can it be an account of net profit when interest is not deducted?—I conceive, notwithstanding, that the interest on capital is part of their profit, as they charge themselves with interest



3 May 1830.

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interest of all money ; all interest of money on their own capital I consider as a profit.

4408. Supposing the Company were to withdraw their capital from the trade in which they were engaged, and to employ it in some other way, they would be receiving the fair rate of interest on that capital so employed?—I apprehend they would.

4409. If then the amount of interest which the Company do not charge, but which they would make by the employment of their capital in any other way, and the amount of insurance, which is a risk incurred by them which they might also make by underwriting other risks, were deducted from the sum of the net profit to the Company, would it not reduce that profit most materially, to the sum of about £300,000 or £250,000, instead of £763,000? —I apprehend there is a difference between profit as interest for the use of money and mercantile profit after charging the account with interest, and the Company are their own underwriters, and they have a profit of insurance.

4410. Supposing the Company were to render an account of profits, as any other merchant would do, charging the accounts with interest for the capital employed, and charging the account with premium of insurance which would be paid if they were not their own underwriters, would you not reduce that by so much as those two sums would amount to, which on these accounts is about £350,000; would not that reduce the account of net profit they have given in here so much?—If they were to charge their capital with interest, and if they were to charge insurance, certainly it would reduce it; but, on the other hand, they would receive interest for the use of their own capital, and their profit as underwriters.

4411. So that the net profit as given in in this account is not the net profit; it is the profit they make of interest upon the capital employed, and the premium of insurance which they make, being their own underwriters? —The net profit includes those items.

4412. So that, in fact, to any mercantile house this account of net profit given in by the Company is a fallacious one?—I am not prepared to say that; the most cursory examination of the account will show the column containing actual losses, instead of a rate for insurance.

4413. You state that this account is not charged with insurance, because in making it up it is only debited for the loss that may have accrued to stand against the premium with which the Company, in another account, debit themselves; there appears no column here for any loss, there has been no loss probably?—There is a column, I believe, for losses; “losses at sea on consignments between Europe and China.”

4414. Where is the balance of that sum then carried?—The Company debit themselves only with their actual losses.

4415. In this same account there appears a column of charges on merchandize calculated at five per cent. on the sale amount of the goods; on what data do you take that five per cent.?—That five per cent. has been a rate



rate that we have used for years, ever since I can remember ; and by calculations at various times it was found to be as nearly accurate as may be.

3 May 1830.

T. G. Lloyd, Esq.

4416. You have made out a statement in your own corrected examination upon the same data, in which you charge the expences, landing, housing, warehouse-room, carting, preparing for sale, and all charges of merchandize, on the same data?—They are made out on a more accurate one.

4417. Are you not aware, that instead of giving five per cent. upon the cost of the tea, the return makes it nine and a half and ten per cent.?—I have never made a calculation.

4418. If it does, it must be clear that the calculation of five per cent., as given in in the first account, is perfectly incorrect?—I believe not, inasmuch as that charge of merchandize is not upon the sale price ; the charge of five per cent. is upon the sale price, the other is upon the cost price.

4419. The charge upon the sale price is five per cent. without the duty?—It is.

4420. That is not on the upset price?—No.

4421. Do you not keep a separate account of your insurance, deducting the risk from the premium you set aside?—We do keep an account of that fact in our ledger, for the purpose of ascertaining the balance of that insurance account, but have never carried it forward as a separate article of profit and loss.

4422. Are you able to ascertain by that the per-centage at which the risk was taken?—By that account we should show how much we have gained by underwriting.

4423. Have you on the same principle the same account of charges, so as to show what is the profit you gain by setting aside five per cent. in the manner you have done?—I do not apprehend we gain any thing by that ; we can make up such an account.

4424. You were understood to say you had a more accurate mode?—Yes, as it respects the up-set prices.

4425. Can you furnish the Committee with what it was the object of the person who moved for it to get, a mercantile account, in the way in which merchants consider such an account, of the profit and loss of the East-India Company's tea trade with China for one year, taking into account interest upon the capital employed as calculated in forming your up-set price, taking insurance as calculated in forming your up-set price, and placing the positive charges paid for warehousing, housing, carting, and other expences?—If the Committee will be pleased to direct such an account, I have no doubt we shall be able to furnish it.

4426. In the annual commercial account there is an item stating the charges general ; can you furnish the Committee with the particular items which compose that sum, which amounts to £450,000?—Yes, we can for any year.

Jovis,



Jovis, 6^o die Maij 1830.

Captain JOHN MACKIE, called in, and examined.

6 May 1830.

Capt. J. Mackie.

4427. You have resided in India several years?—I have for ten years.
4428. From what period?—From 1820 till the latter end of 1829.
4429. Did you command a ship in the China trade?—I commanded a Spanish vessel on the coast of China.
4430. What was this vessel engaged in?—In the opium trade.
4431. She was sailing under Spanish colours?—She was.
4432. What ports of China have you visited?—I visited the port of Amoy, and all the ports between that and Canton.
4433. Were you entirely engaged in the opium trade?—Entirely; I carried also a little saltpetre.
4434. What was the name of the ship?—The St. Sebastian.
4435. Whom was she owned by?—Spaniards.
4436. Did any part of the cargo belong to British merchants?—Entirely British.
4437. Can you state any other ports in China that you touched at besides Amoy?—Not any other principal ports; I touched at all the ports between Amoy and Canton.
4438. You lie off some ports, do not you?—I lay off the port called the Cape of Good Hope, and the island of Namoo.
4439. At what distance is the Cape of Good Hope from Canton?—About three hundred miles to the north-east.
4440. Did you find good shelter for your ship?—Excellent; all those harbours are as safe as the port of Canton itself.
4441. Was the trade you carried on authorized by the laws of China?—I understood it was not authorised, but it was done quite openly.
4442. In the same way that the opium trade is carried on at Canton?—The very same.
4443. Have you ever experienced any difficulty in carrying on the trade, although not formally sanctioned by the Chinese laws?—Never the least.
4444. Who were the parties with whom your trade was carried on?—The Chinese merchants.
4445. Resident at any particular points?—Some of them from the city of Amoy, some from Ta-ho and Namoo, and some from inland towns.
4446. Are any of those places in the province of Fokien?—Amoy is in the province



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province of Fokien?—I am not aware whether the island of Namo is in the province of Fokien or not.

4447. Have you got better prices for those articles than could be got at Canton?—Yes.

4448. What was the difference of the price?—About 100 dollars upon a chest of opium, or 125, and sometimes 150, and sometimes higher.

4449. What advance was there upon the price of saltpetre?—About three dollars a pecul.

4450. What might be the total value of saltpetre and opium that you disposed of upon any one voyage?—In my second voyage I brought back treasure to Lintin to the amount of 132,000 Spanish dollars, partly in dollars, and partly in Sycee silver.

4451. What did you bring back the first voyage?—About 80,000 dollars; in dollars and Sycee silver.

4452. How long did this second voyage last from your leaving to your returning to Lintin?—Eight weeks.

4453. Where did you dispose of this cargo?—At the Cape of Good Hope.

4454. Was there safe anchorage there?—Quite safe.

4455. Is that near any town?—Yes, it is within fifteen miles of a very large city, the city of Tyho.

4456. From the time of your arrival how long were you detained before you disposed of the whole of your cargo?—From fifteen to twenty days.

4457. What did you receive for your cargo?—Sycee silver and dollars entirely.

4458. Why did you make your returns in bullion only?—I was particularly desired by the agents of the brig to take nothing else.

4459. Could you have had returns in the produce of the country?—I could have had returns in any produce of the provinces, such as sugar, tea, cassia, tortoiseshell, nankeens, or any thing that could be had.

4460. You would have had no difficulty in completing your cargo of those articles?—Not the least.

4461. In what manner is the produce of the north-eastern provinces sent to Canton?—I presume it is principally sent by sea, from the number of large junks always upon the coast.

4462. Have you seen teas sent by sea?—Yes; I have been on board of two junks entirely loaded with tea.

4463. What was the size of them?—They could not have been less than 200 tons.

4464. From whence did they come?—They came from Amoy, and they were bound to Canton.

6 May 1830.

Capt. J. Mackie.



6 May 1830.

Capt. J. Mackie.

4465. Did you board those junks?—I boarded both of them, and sent letters by them to Canton.

4466. Were those letters regularly received?—They were received in due course.

4467. Do you think you could have loaded your vessel with teas of good quality?—I have no doubt I could, of the very best quality. I have no doubt I could have had any sort of Chinese produce that I wished.

4468. Had you any conversation with the captains or the supercargoes of the junks?—Yes; one of the merchants gave me an invitation to wait upon him at his house at Canton.

4469. Do you think you could have disposed of any other article besides those you sold at the places you visited?—Yes; I think that woollens might have been disposed of, and perhaps a small quantity of iron, a few watches, and different kinds of things.

4470. What species of woollens do you think you could have disposed of?—Principally long ells and fine broad-cloth; blankets and camlets also would have sold very well; they are in ready demand all along the coast of China.

4471. Were there any duties paid to the government upon those cargoes?—I never paid any duties; but I understood that upon all opium that is taken away from the ships the inferior officers of government get about twenty dollars for every chest. The Chinese pay that themselves; the ships pay nothing.

4472. Did you ever pay any port-charges of any kind?—Never.

4473. Were you ever annoyed by the Chinese authorities?—No. I have been requested, as a favour, to shift my situation, as the principal officer was coming; and I have gone away, and come back again in one or two days.

4474. Have you ever landed when you were engaged in this trade?—Frequently; almost every day.

4475. Whenever you liked?—To any place I liked.

4476. Were you on such occasions ever annoyed, or ill treated by the authorities, or by the people?—Never; quite the contrary; I was always received in a civil way. I had invitations into their houses, and was treated with tea and sweetmeats.

4477. How far have you penetrated into the interior of the country?—Six or seven miles.

4478. Could you have gone further if you had pleased?—Any distance I pleased.

4479. What cities or towns have you visited on such occasions?—I visited the city of Kesiak, the city of Amoy. The city of Tyho was too far distant from the ship, and I did not visit it.

4480. Is



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Capt. J. Mackie.

4480. Is Kesiak a large town?—It is.

4481. What is the population of it?—It is impossible to tell the population; I think it is nearly as populous as Canton.

4482. Is there a harbour at Kesiak?—A fine harbour.

4483. Was that a commercial town?—It is a commercial town for junks only.

4484. Do you know what province it is in?—The province of Canton.

4485. What distance from Canton is it?—About 150 miles.

4486. Is there much foreign trade carried on in Kesiak?—I am not aware that there is any. There is a very large coasting trade.

4487. Are you of opinion that the Chinese in the places you visited are anxious for the extension of commerce?—I should conceive that they were, because I have always found the Chinese inclined to buy any thing that was at all useful, of any description.

4488. You conceive them to be any thing but an anti-commercial people?—I should consider them to be quite otherwise.

4489. Do you conceive that they have any antipathy to strangers?—I should conceive quite otherwise. In the northern provinces especially I was most politely received, and my people were equally the same.

4490. Being under the Spanish flag, could you have carried on a legitimate trade at the port of Amoy?—Yes; the Spaniards have had the privilege, but latterly they have not sent any ships there.

4491. Perhaps a legitimate trade was not your object?—Not at all; we were trading in prohibited articles.

4492. Do you imagine that the contraband trade is more profitable than the authorized trade?—I have never been in the authorized trade, and therefore I cannot state that.

4493. Did any other British ships under the British flag prosecute the same trade that you did at that time?—Yes, there was an English ship, the *Merope*, belonging to Calcutta; the *Veletta*, the *Eugenia*, the *Jamecena*, and the *Dhaule* schooner.

4494. What were those vessels?—All English vessels belonging to the port of Calcutta.

4495. Where were they trading to?—To Formosa, and the port of Nimpo, which is considerably to the north.

4496. Is not that in the province of Kiangnan?—I believe it is.

4497. Did those ships go to Amoy?—One of them I think did, but they did nothing; they knew that nothing could be done by the merchants. The *Merope* touched off Amoy, but it did not go in, because she could not trade in opium.



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4498. Had you any communication with the commanders of those vessels?—Frequently, although we had different interests, all except the *Merope*.

4499. Was your interest the same with the *Merope*?—She had an agent of ours.

4500. Did you understand from the commanders of those vessels that they carried on the trade as easily as you did?—With the same facilities; although I believe I was rather more fortunate than they were, being engaged in the trade earlier.

4501. At the ports you have named, do you know whether the import and export duties are paid to the government?—I am not aware of the duties; I never heard the duties mentioned.

4502. Did the Americans ever engage in this trade?—American vessels have gone to the coast, but I believe on British account.

4503. Did the British vessels you have named visit any ports besides those you have mentioned?—The *Merope* traded to the port of Chinchoo and the island of Formosa.

4504. Did the *Merope* go to Nimpo and the Cape of Good Hope?—Yes; she touched at every port on that coast.

4505. Which do you conceive is the best station for carrying on that trade?—The best station I ever found was between the island of Namo and the Cape of Good Hope.

4506. Why do you conceive that to be better?—Being the centre between two very large towns.

4507. Have you ever been off the province of Fokien?—Yes.

4508. What harbour did you go into there?—I went into one of the ports of Chinchoo.

4509. What was the species of cultivation you saw when you landed there?—The only species of cultivation I have seen was rice and sugar.

4510. You did not go into the tea country?—No; I have never seen any tea. I was in the neighbourhood of it, and I understood it was within a short distance of where I was.

4511. Does not the tea generally grow in the hilly districts?—All along the coast is a mountainous district.

4512. What did your crew consist of?—Of all sorts; English, natives of India, and natives of the Phillipines.

4513. What number of Englishmen had you?—I had sometimes from ten to twenty.

4514. What was the number of your crew?—Forty.

4515. Did those Englishmen land?—Yes, frequently.

4516. They had intercourse with the natives?—Yes.

4517. Did



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4517. Did you ever hear of any disturbance between them and the natives?—Never the least disturbance.

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4518. Were the crews generally well received by the natives?—Equally as well as I was myself; they were allowed to walk about the fields, and to go into the houses.

Capt. J. Mackie.

4519. Were any British seamen on board the other ships?—Yes. The Americans had all American seamen; the Merope had ten or twelve English seamen.

4520. Do you know of the ships you have mentioned having British seamen on board?—It is most likely that the other ships had at least six English seamen on board as sea-cunnies.

4521. Did you ever understand that the commanders of those vessels experienced any inconvenience from that circumstance?—I never experienced the least inconvenience; nor did I understand that any was experienced by the others.

4522. Did you find the coast of China generally in a state of good military defence?—I should say quite the contrary, because the greatest number of troops that ever I have seen was in the train of Mandarines, to the amount of about 500.

4523. How were those armed?—They were dressed in red calico jackets with a large bamboo hat on, and with large wooden shoes; some with bows and arrows, and some with matchlocks, and some with spears.

4524. Supposing you had had a serjeant's party of English troops, what would have been the effect upon the Chinese soldiers?—They would have run away.

4525. Did you ever go into their forts?—Frequently.

4526. In what state were they?—In a state of dilapidation.

4527. What was the state of the guns?—The guns were all dangerous to fire, being honey-combed; and being laid between two pieces of wood, they could only be fired in a straight direction.

4528. Were the fortifications in a pretty good state?—No, quite ruinous; there were about forty or fifty men in each of the fortifications.

4529. What was the reason you had so many men in a brig of 200 tons only?—The reason was that we had to beat up against the monsoon, and that we had a valuable cargo on board.

4530. Did not you find that the number was too large?—I reduced the number afterwards to thirty.

4531. Had you any Spaniards on board?—I had one Spaniard to represent the flag, to be captain or supercargo.

4532. Did you observe any British manufactures in the places you visited?—Yes; I frequently saw the Chinese wearing them, such as camlets, cloths



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cloths, long ells, and some English blankets, English watches and English spy-glasses.

4533. Do not the Chinese of respectability generally wear two watches?
—That is always the case.

4534. Are not those watches almost entirely of English manufacture?—
Entirely English and French.

4535. Which predominate, the English or French?—I believe the English predominate, because no makers in Canton can repair the French.

4536. Do you know why they wear two generally?—Because they say if one goes to sleep the other is awake.

4537. How did you find the climate from the month of November to the month of March?—Extremely cold; the thermometer ranged from 45 to 60.

4538. Would there be a demand for English blankets?—I should conceive there would be a demand for English blankets.

4539. Are they now generally purchased by those that can afford them?
—By every one that can afford them.

4540. What description of native woollen manufacture is there?—The only native woollen manufacture I saw is in imitation of cashmere shawls. I think it is manufactured of goat's hair; it is a fine sort of white flannel.

4541. Is it of a high price?—It is not within the reach of the poor people at all.

4542. What is the common dress of the poor people?—Blue cottons.

4543. Do you know where those cottons are manufactured?—In China.

4544. Do you know in what part?—They are manufactured in all the provinces. I have seen them manufactured in every village I have gone into.

4545. Did you ever observe what sort of machinery they had for the manufacture of those cottons?—A very rude loom, quite in a very old fashion.

4546. Did you ever compare the price of cotton so manufactured in China with the price of English cotton?—No, I never did; it is much dearer than English cotton, because English cottons sell in China at very fair prices, and they dye English long-cloths afterwards as a substitute for their cottons, and they are much cheaper.

4547. Do you know the proportion of cost?—No.

4548. Did you see them spinning?—Yes.

4549. How is the cotton spun?—The women spin with their hands.

4550. And there is no sort of machinery, except a very rude loom, applied to the Chinese manufacture?—None that I have seen.

4551. Were



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4551. Were those cottons that they dye Indian or English cottons?—English.

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4552. Do the natives prefer their own, being dearer?—Their own cottons wear better; but a cheap article is always a great object with the Chinese, even if it should not wear so well.

4553. Supposing there was a great trade carried on between England and China, do you not imagine that the cheap manufacture of England would to a considerable extent supplant the dear manufacture of China?—I have no doubt it would entirely.

4554. Is the trade you have described as being carried on when you were there still carried on?—It is.

4555. In what year was this?—In 1823 and 1824. Afterwards I lay as a depôt-ship at Lintin.

4556. How long were you altogether in China?—Four years and a half.

4557. How long is it since the Spaniards have given up the trade to the port of Amoy?—About thirty years. As the junks go over now from Amoy to Manilla with the same goods, they can purchase them at a cheaper rate than they could get them at Amoy.

4558. What was the last year you were in China?—I was there five months in 1828, at Macao and Canton.

4559. In what year were the British ships you have mentioned there?—They were there the same year as myself, and I left some of them lying there as depôt ships at Lintin; they are lying there now as depôt-ships.

4560. Do you know of any ships having been there last year?—No, I do not know of any ship. There was one vessel went up in 1828 when I was there, and delivered a cargo upon the coast.

4561. What are the depôt-ships?—They are ships that lie outside of the islands at Macao, to receive opium, or any other goods that are wished to be deposited on board of them.

4562. Then you have no knowledge of any lawful trade carried on there at all?—Not the least.

4563. Were the others obliged to move sometimes as well as you?—Yes; we moved as a favour to the Mandarins. The Mandarins come down once or twice a year, and send a person to warn you to shift yourselves.

4564. You are obliged to shift your station?—We were not obliged to do it; but it was to favour them, that they might make a report that it was all clear.

4565. What number of ships do you remember there at any one time?—I have seen as many as twenty ships at one time.

4566. How many European ships?—I have seen ten European ships, and a considerable number of American ships.

4567. Did



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4567. Did those ships trade to the port of Amoy?—No; there has been no trade done at the port of Amoy; they traded to the island of Formosa and Nimpo, and about the Cape of Good Hope; some of those merchants went to Amoy and different parts.

4568. In fact they were coast smugglers?—They were.

4569. Under what flags were they?—The English flag; all except the Americans, and the vessel I was in command of, which was a Spanish flag.

4570. Were there any Portuguese?—There was sometimes a Portuguese vessel.

4571. You were understood to say, that you did not find it necessary to establish any stricter regulations with respect to intercourse with the shore than at other places?—Not any; I allowed my crew to go on shore at any time they pleased.

4572. Have you ever known any inconvenience from it?—Not any.

4573. Have you known any to happen with any other ship?—Not any.

4574. Was it the general practice of the ships?—It was; there was never the least disturbance.

4575. Did you see the ten or twelve British seamen that you spoke of on board the Merope?—Yes; I was on board of her every time she came on the coast.

4576. Who commanded that ship?—Captain Perkins, a lieutenant of the navy.

4577. Do not you know that the country ships generally have sea-cunnies, that are natives of India?—Yes; but an opium ship being of considerable value, it is necessary to have an efficient crew on board; and we prefer to have a few Englishmen, as being steady men, in preference to the natives of India; and the Merope, when she was on the coast, had a very valuable cargo on board of her.

4578. Do you remember the name of any of the depôt-ships you have mentioned?—Yes, I remember them all.

4579. In your license was there any limitation as to the ports to which you were to go?—I was quite independent of the Company.

4580. Where did you get your license?—My owner was consul for the King of Spain at Canton, and he gave me a license whenever I went to sea.

4581. Have you been at Manilla?—I never have.

4582. Is there much trade between Manilla and China?—A considerable trade in rice, and some China goods.

4583. Was there any other ship under Spanish colours besides yours?—None; and the vessel that I was in is sold.

4584. And there is now no trade under Spanish colours?—None.

4585. Were



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4585. Were you not offered to carry on a legitimate trade with Amoy under the Spanish flag?—Yes; by the Viceroy of Amoy.

4586. What intercourse had you with him?—He visited us on board the ship.

4587. How far were you from Amoy?—We were in the port of Amoy, right off the palace.

4588. What passed between you and the Viceroy upon that occasion?—Merely compliments.

4589. In what terms did he offer you to trade with Amoy?—He had to make a reference to another superior before he could give the terms.

4590. Was that reference ever made?—We did not wait till he came.

4591. Did the Viceroy know that you had opium on board?—No; it was known to the opium dealers, but not to the Viceroy.

4592. How came he to offer you a legitimate trade?—Because we hoisted our colours.

4593. Did he mention the word legitimate?—He said he would give us a free trade.

4594. Do you understand the Chinese language?—I do not understand it so as to write it; I can speak it a little.

4595. Is saltpetre a prohibited article in China?—It is an article that by law is always obliged to be sold to the government, but it is principally sold to the outside dealers, who give a higher price for it.

4596. Did you converse with the Viceroy?—Yes, through an interpreter.

4597. Did he use the word legitimate?—No; he offered to give us a cargo in exchange for what we might give him, money or any thing else. He said, if we wished to have a cargo, he wished to renew the intercourse on the same terms as it had been before.

4598. What cargo would he have given you?—Any thing we wished to purchase.

4599. What commodities could you have had from him?—As we had no intention of exporting any thing, we made no inquiries.

4600. Is the saltpetre imported into China solely for the purpose of being converted into gunpowder?—Solely for gunpowder and fireworks; the Chinese use a great quantity of small fireworks.

4601. Is Amoy a very large town?—A very large town; there are nearly as many junks about there as about the port of Canton.

4602. Do you suppose it is as populous as the port of Canton?—It is very difficult to say as to that.

4603. Did you find the country of China through which you went populous or not?—Every part populous. When I have been lying at the Cape of Good Hope I have seen 1,000 fishing-boats going to sea in a morning; I have counted them.



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4604. You had no commercial intercourse with the Viceroy?—None.

4605. Did he offer you to purchase any thing you had, and did he specify the kind of cargo he was ready to give you in return?—He specified that he wished to renew intercourse upon the old establishment, and any cargo that we wished to purchase he would do it in the old way.

4606. Is there not a considerable foreign trade carried on with Amoy?—Yes, principally to Manilla and Sincapore.

4607. Did you know of any junks that went from Amoy to Sincapore?—Yes, there are a considerable number.

4608. Are they large junks?—About the size of 500 or 600 tons.

4609. What do they take to Sincapore?—A Chinese cargo consists of a variety of things; crockery-ware, coarse teas, and every thing they expect to sell.

4610. What did the junks bring back from Sincapore?—Sandal-wood and opium are the staple articles.

4611. From your experience and observation of the Chinese ports, what are the articles of European manufacture which you consider would obtain the most ready sale?—I should think woollens would be the most ready article; camlets, fine cloths, and coarse white cottons.

4612. What should you say of iron, in the shape of bars, and of hardware?—Iron in the shape of bars would sell; I do not know how hardware would sell. The Chinese would like it better in the unmanufactured state, in order that they might manufacture it as they pleased.

4613. Is iron extensively used in China?—Very extensively used.

4614. Where is it principally obtained?—I believe in the country.

4615. Do you know any thing of the cost of its production?—No; but I know that to get any iron wrought up in China will cost you as much as twelve dollars a pecul; that is what I have paid for iron from Canton.

4616. Do you know any thing of the relative cost of their own earthenware with that which might be exported of similar quality from this country?—I do not know. I think the Chinese could produce their own earthenware cheaper than it could be exported from this country.

4617. Has not it been exported from Sincapore?—Yes; I have often had crockery on board. As a depôt-ship I have often received goods, such as woollen goods, crockery-ware, glass, and Birmingham hardware, which have been sent up to the port of Canton and sold.

4618. What was the general quality of the Chinese iron that you saw?—I think it is of very inferior quality; it rusts very soon, and decays.

4619. Do you know in what part of China the manufacture is?—No.

4620. Is there much demand for leather; do they use leather much?—Yes; the opium chests are covered up with old sheepskins, and they were very fond of purchasing them.

4621. Did you sell them well?—Yes, pretty well.

Captain



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Captain WILLIAM MAXFIELD called in, and examined.

4622. ARE you an officer in the military navy of the East-India Company? —I am on the retired list at present; I have been an officer in the service. 6 May 1830.

4623. How long did you reside in India?—An uninterrupted period of nearly twenty-five years. *Capt. W. Maxfield.*

4624. How long is it since you returned?—I returned from India in 1823.

4625. In what capacity did you serve in India besides that immediately connected with your official duties as an officer?—I accompanied the embassy to Synd as Surveyor in 1807 or 1808; I officiated for nine years as Assistant in the Surveyor-general's department, or Deputy Surveyor-general of India in Bengal; I was employed in all the expeditions against the European enemies of my country in India between 1798 and 1823; I commanded two ships on the expeditions to Java and the Isle of France. On the Java expedition I officiated as Deputy Agent-general of Transports also.

4626. Were you employed with the British army in Guzzerat?—I was. I accompanied the army in Guzzerat a short time, and afterwards held a civil situation at Voorbunder, in the province of Guzzerat.

4627. How long did you hold that situation?—I only held the civil situation a few months; I begged to resign it to go on the expedition to the Isle of France.

4628. What parts of India have you visited?—I visited almost all the principal ports of India, Arabia, and Persia, the Red Sea, and the Eastern Archipelago, and the Bay of Bengal.

4629. Did not you assist in the expedition to Egypt?—I was in one of the ships which proceeded on the expedition to Egypt.

4630. Have you ever visited any of the ports of China?—No; I have merely been in the China seas cruising.

4631. Have you ever paid any considerable attention to the commercial affairs of the East-India Company?—I have paid some attention to it, in consequence of having determined some years ago upon writing a work descriptive of the different branches of the East-India Company's service. I was led to project such a work from observations I had occasion to make in the course of my service; however, I have since relinquished the intention; but that led me to consider it more maturely than I otherwise should have done, as it formed no portion of my professional pursuits.

4632. Do you conceive that there are any improvements that might take place in the points you considered?—Yes; it was the defect in the various branches of the service that led me to the consideration there were many defects in the different branches of the establishment, so evident, that it led



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me to consider the subject, in order to trace the cause of the defects, and to point out, to the best of my observation, a remedy.

4633. Are the defects you allude to defects in the service with which you were yourself connected?—There were defects evident and monstrous in the corps I belonged to.

4634. Do you confine your observations as to those defects to that corps, or do you apply them to any other parts of the affairs of the East-India Company?—No, I do not confine them to that. I observed defects in efficiency in various branches of the service; and it was that inefficiency that led me to consider the subject, for the purpose of giving a detailed account of it, in order that a remedy might be applied hereafter.

4635. Have you ever been engaged in trade?—Never, upon any occasion.

4636. Have you had any means of becoming acquainted with the East-India Company's commercial shipping?—I have.

4637. What class of ships have the East-India Company been in the habit of employing in their commerce?—Of various classes; latterly greater variety than formerly; I speak of the last twenty-five years; they have some larger ships now than they had at that time. I believe the regular ships employed by the East-India Company are from 700 to 1400 tons; other ships are occasionally engaged in their service, as extra and chartered ships, of a smaller description.

4638. Do you conceive that the large class of vessels of the East-India Company possess any advantage over the class of vessels used by the Americans or the free-traders of this country for the China trade?—I understand that the large class of ships are subject to less expense with reference to the port-duties paid at Canton; but in every other point of view, as far as regards the employment of merchantmen, I should say the smaller class ship is better adapted for many reasons. A small class ship of an inferior description would, in proceeding to the port of Calcutta, take in her cargo at once; a large ship takes in her cargo at Saugur, which is a very considerable way down the river; it is in fact the entrance to the river Hooghley. The consequence of that is, that a great expense is incurred in lading those ships, and at different periods of the year the tide is so rapid that it creates considerable delay as well as expense. The delay in a large ship like that might possibly extend to fifteen days if a boat came down one day too late, for unless she went out on a spring-tide she could not get out until the next spring-tide.

4639. Do you know the port of Canton?—No.

4640. Do you know whether those observations which apply to the river Hooghley apply to the port of Canton?—They must apply to every large ship which cannot go up to the port to which she is proceeding for a cargo. If the communication must be made by means of boats, an increased expense must



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must be the consequence ; and I suppose it applies partially at Canton, and to all ports situate in rivers.

4641. Do you conceive the East-India Company's ships peculiarly fitted for carrying troops ?—A large ship is certainly much better adapted for carrying troops than a smaller ship.

4642. Are not the troops sent out from this country usually accommodated in the orlop deck ?—I have heard so.

4643. Have you ever heard of the Company's ships being employed as men-of-war ?—I have heard that there have been some of them armed occasionally.

4644. What class of man-of-war of an enemy should you think a Company's China ship of 1300 tons burthen, with 30 guns and 130 men, would be a match for ?—It would be difficult to say what she would be a match for. I conceive a ship of 1300 tons, with 130 men, scarcely sufficient men to manage her in action ; and if she had any number of guns on board, they may be considered inanimate pieces of iron, without a sufficient number of men to use them. But to say what she would fall a capture to would be merely matter of opinion ; but that can better be ascertained by asking what vessels they have beaten off, and when they have been captured.

4645. Do you recollect the action between Admiral Linois and a fleet of East-Indiamen ?—I recollect the action. I believe there were sixteen Indiamen of the largest description, with a number of country ships. The French force consisted of an eighty-four-gun ship, two frigates, two sloops, and a brig ; and I conclude that the judicious conduct of Commodore Dance, his firmness, his decision, and his good management, induced the French admiral to form an erroneous estimate of his actual force, which led to a result no less creditable to the British than disgraceful to the French. To judge of the severity of an action, one must look at the result of the killed and wounded. It is stated that the action lasted about forty-five minutes ; now the killed and wounded on the side of the British is stated at one killed and one wounded ; and the French admiral declared in his letter to General Daccain, that he sustained no loss whatever. An Indiaman is a very formidable-looking ship, and is often painted like a first-rate man-of-war ; she would at any time be taken, at a considerable distance, for a sixty-four ; consequently, if the French were not disposed to fight, they had very good reason for imagining that there were a few sixty-fours out of the sixteen, and they had consequently very good reason for running away.

4646. Have you ever known an Indiaman captured by a French privateer ?—Yes, I have.

4647. Do you remember the name ?—Yes, I recollect the capture of the *Kent*.

4648. Where was she captured ?—In the bay of Bengal.

4649. What



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4649. What was the size of the Kent?—I believe the Kent was an Indian man of about 800 tons.

4650. How many guns had she?—About thirty guns; I believe she had between 100 and 200 troops on board.

4651. What was the Kent captured by?—By the Confiance.

4652. What was the size of her?—About 300 tons; I happened to be on board her after the peace of Amiens.

4653. Do you know the number of guns she carried?—About sixteen or eighteen guns.

4654. Do you remember any other capture of an Indiaman?—I cannot call to my recollection.

4655. Do you recollect the Triton?—Yes, I do; she was about the same size as the Kent.

4656. What was the Triton captured by?—By a pilot schooner; which pilot schooner was taken by Monsieur Surcouef and a few French prisoners who escaped from Fort William, went down the river in a budgerow, and seized a pilot schooner at the entrance of the river; they then ran out to sea, and falling in with the Triton, I believe off Ganjam, they boarded her under pretence of piloting her, and made her their prize.

4657. When did that happen?—I do not remember; but I believe the commander and officers of the Kent behaved as bravely, and defended the ship as long as in their power. I never heard the slightest slur thrown upon the conduct of any of the parties, and her capture possibly may be in some measure attributable to the peculiar structure of Indiamen, which carry, very injudiciously, most of their guns below; consequently, in the event of her being boarded, most of the men are below when they ought to be on deck. I think an Indiaman would be much more formidable if, instead of having thirty guns below, she had twenty on deck.

4658. Do you think the sea-risk of an Indiaman, equipped in the usual way, greater or less than that of a merchant ship equipped in the ordinary way?—I believe at Lloyd's the insurance is precisely equal between a good ship marked A. and any of the East-India ships, therefore in that point of view the risk is considered equal; however, personally, I should say a merchant ship laden is less safe encumbered with guns than if she was without them, as far as sea-worthiness goes.

4659. Do you ever remember an instance of a vessel being overset on that account?—Yes, I recollect one of the Company's ships of 800 tons, called the Devonshire, overset in my presence in the river Hooghley, in a regular north-wester.

4660. Do you attribute that loss to her having ports?—Yes; the north-wester threatened for two or three hours before it came on; the sky was completely blackened; she was taking in cargo, and all her ports were opened;