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The East India trade

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Review Article

The East India Trade

by

Henry G. Roseveare

The phrase 'long-awaited' applied to this¹ or any book under review is not merely trite: it carries with it the faintest under-tones of reproach, the merest suggestion that the author might, perhaps, have been a little more expeditious in completing his work. Any such inference in this case would be quite unfair to Dr Chaudhuri. A coherent survey of the English East India Company since the mid-seventeenth century has certainly been long overdue, but Dr Chaudhuri has completed a remarkable task not only impressively but expeditiously as well. The heart of this study is, after all, an ambitious statistical analysis of several million entries in about four hundred volumes of East India Company records, and—as the author not immodestly points out—'the reconstruction of the East India Company's commercial statistics during these years calls for considerable powers of interpretation and patient research' (p. 465). Of these powers there is convincing evidence. Dr Chaudhuri has employed the methodology of systems analysis and the technology of data processing to produce, on the one hand, an analytical model of the Company's decision-making process, and, on the other, a detailed tabulation of the Company's exports, imports and financial operations over the whole period. The production of the latter by computer was the work of a few hours; the preparation of the rest the labour of ten years.

Before looking more closely at Dr Chaudhuri's findings and the way in which he has presented them, it is perhaps worth reconsidering the case for these terminal dates in the Company's history. By this I do not propose any quibbling about 1657 and 1757 as more significant landmarks in the Company's development, nor do I particularly want to press my preference for 1669 and 1670 as alternative base years for the export and import index, although Dr Chaudhuri's choices of 1660 and 1664 are evidently open to objection. The point is, rather, how far one can justify a coherent treatment of these one hundred years as a unitary whole, marked as they were by such striking shifts in the patterns of Asian trade and by serious discontinuities in the Company's internal management. As the author admits (p. 43), there are reasons why the period from 1657 to 1709 should, for the purpose of analysis, be distinguished from the years that followed. The period following the union between the Old and the New East India Companies in 1709 was one of stability. 'Its trading system needed little fundamental innovation and it had reached the peak of its organisational efficiency'. In contrast, the

period immediately before the union was not only one of pronounced political and financial insecurity but also one of significant change in the commodity structure and geographical focus of the Company's trade. The steady eclipse of pepper and spices as the dominant ingredients among the Company's late-seventeenth-century imports was dramatically confirmed in 1682 by the Dutch seizure of Bantam. Surat's supersession by Madras was clearly apparent by the turn of the century, reflecting the shift away from the cheap, coarse textiles of Gujarat and the Deccan and the disappearance of indigo from the import inventory (p. 98). At the same time, Bengal's early-eighteenth-century pre-eminence was already foreshadowed by 1700 when her share in the provision of the Company's goods had reached 47 per cent. The final stage in this steady eastward shift of geographical focus was not to come until the 1750s, the era of tea, when China began to provide more than one-third of the value of the Company's imports. Nevertheless, one cannot fail to be struck by the way in which so much that is significant in the Company's maturity—its organisation and methods, its trading area and its inventory—had been consolidated during the first thirty years covered by this study, when the growth in the volume and (probably) the profitability of the Company's trade had been at their highest.

However, Dr Chaudhuri insists on the underlying unity of a period which witnessed so much change. 'The century from 1660 to 1760 is remarkable for the stability of the slow-moving characteristics of the Company's overall trade' (pp. 95–6). Whatever the turbulence of the first thirty or forty years, a position of equilibrium had been attained by the beginning of the eighteenth century which lasted well beyond the 1740s and 1750s. This, he points out, was a consideration which was to weigh heavily with those members of the directorate opposed to the military operations of the 1750s, for the Company's security and stability had so far been inseparable from the comparative stability of its Asian milieu,

On this point Dr Chaudhuri is faithful to his title in stressing the autonomous characteristics of the Asian trading world. These are exhibited most clearly in the case of the Indian textile industry which occupied a remarkable position among Asian manufacturing industries. Widely diffused, spanning an immensely broad range of products and prices, it enjoyed one of the most stable and continuous demands in Asian foreign trade (p. 205). The significance of this phenomenon would be easier to appreciate if the evidence for it were richer, but Dr Chaudhuri skilfully handles the available material and produces two chapters which are among the most interesting in the whole book. He provides a regional analysis of the industry's geographical distribution as well as a structural analysis of production and marketing. Where the analysis breaks down (through no fault of Dr Chaudhuri) is on the elusive evidence for costs and technological efficiency, but it allows the author to raise in an intriguing form the classic problem of the Industrial Revolution's English origins. seen here (pp. 238, 273) as a response to the European demand mapped out by the hitherto technically-superior Indian industry.

However, it is precisely on this issue of European demand, not only for textiles but for the whole range of East India products, that the reader may

initially feel some dissatisfaction with Dr Chaudhuri's account. The existence of a strong, sometimes insatiable, demand in northern Europe is implicit in the phenomenal upward bounds in the Company's late-seventeenth-century imports, notably between 1670 and 1678, and explicit in the detailed narratives of textile, pepper, silk, coffee and tea imports which occupy chapters 12 to 17. But the nature of that demand, its regional and social distribution, its sensitivity to price and quality, and the nature of its fluctuations, are not very fully explored. One would have liked to learn rather more about the final markets to which East India commodities were despatched, not only in Europe but in Africa and the New World.

Yet it would be unjust to present this as a serious shortcoming in the author. As Dr Chaudhuri points out (pp. 12, 131-2), the Company—like its Dutch counterpart—stood aside from the secondary task of wholesale marketing. Acting merely as a central distribution agency, 'both the Dutch and English East India Companies made surprisingly little effort to reach the consuming markets directly', with the consequence that 'there is no detailed statistical information in its records on the volume of East India goods re-exported out of the country'. This deficiency is most irritatingly apparent in the case of the textile market where, as Dr Chaudhuri complains, a whole series of questions on sales and distribution have to remain unanswered 'because of a strange lack of information' (p. 303).

This is not the only point at which the Company's shortcomings appear a little strange. Committed by the Charter of 1698 to shipping one-tenth of the value of its exports in English goods, the Company remained comparatively incurious about the nature of Indian demand for European goods, notably cloth. Conversely, the Company's servants in India seem to have remained uninterested in the relative profitability of the textiles they despatched to England. The underlying problem was the perennial one, of communication and control. Basic to Dr Chaudhuri's analysis of the Company's decision-making process is the time-interval of 16 to 36 months between the beginning of the investment cycle, when the ships were despatched, and its conclusion when they returned with the goods ordered (pp. 88-9). It was to cope with this fundamental problem that the Company had evolved its elaborate structure of records and rules: records to provide the English directorate with the basis for informed decisions; rules to constrain the discretion of its servants in India. Yet it comes as a surprise to learn that it was not until 1703 that the Company sought detailed information about the scale of its 'foreign competitors' operations in India (p. 75); that it was only in 1711 that the Company solicited from Madras samples of the woollen cloth preferred by Indian merchants (p. 221), and that it was not until 1728 and 1738 that the Company systematised the information and rules under which its servants were to make their purchases of textiles (pp. 300, n. 86; 304). But the most dismaying and ironic of these shortcomings appears in precisely that function to which this book is, in a sense, dedicated—the analytical use of statistical data. One might expect, Dr Chaudhuri writes, 'that the Company itself would have regularly put together the detailed and the massively disaggregated statistics contained in its account books . . . But we would have been wrong. Surprising as it may appear, there is no surviving information of this

kind in any of the Company's records . . . It seems clear that an organisation that was responsible for the creation of one of the most thorough, comprehensive and astonishingly detailed systems of information and records was not interested in an elementary exercise that would be considered as the first routine requirement of any modern large business firm'. (p. 80)

To this extent one is encouraged to feel sceptical of the degree to which the East India Company's evolution can respond to rational analysis. But it is a measure of Dr Chaudhuri's statistical competence that he resolves the dilemma this poses and retains one's confidence in his econometric analysis (the detail of which is set apart in Appendix 3). As he notes more than once (pp. 41, 243), the theoretical approach of an economic model sometimes procures clarity at the price of reality, and it is a measure of his skill as an historian that he never loses sight of the realities. In a series of chapters devoted to the individual export and import commodities he succeeds in reconciling his task of static analysis with a descriptive narrative which never fails to instruct and stimulate. Indeed, a notable merit of Dr Chaudhuri's approach is the frankness with which he raises questions requiring further answers. For all the remarkable wealth of documentary material in the India Office records and elsewhere, certain dimensions of the trading world of Asia remain indistinct and perhaps irrecoverable. A major problem is posed by India's ceaseless absorption of European-supplied silver and its effect, or lack of effect, on the Indian economy. Dr Chaudhuri's discussion of bimetallic flows in Asian international trade leads him to propose a drastic revision of current concepts of India's role, but the available evidence leaves certain paradoxes unsolved. Other question marks remain over the nature of Persian demand for European goods (p. 228) and, more important, over the whole history of the tea trade (p. 386). Finally, if the subject had not been so thoroughly examined by Peter Marshall one might also feel some disappointment with the rather perfunctory treatment of English participation in the country trade which in early-eighteenth-century Bengal probably equalled in value the trade there of the Company itself (p. 209).

But in consigning this subject to barely five pages of Chapter 9, Dr Chaudhuri has made a defensible compromise with more pressing demands on his space. It is quite clear that this substantial book has had to bear some pruning to bring it within manageable limits, and one must respect the hard choices which the author has had to make. Nothing redundant remains. Dr Chaudhuri moves with authority and economy from theoretical models of world trade to the marketing of coffee beans in Beit el-Fakih; from international bullion-flows to the London stock quotations of the 1670s. Supporting the whole is a detailed tabulation of trading activity which at last places our knowledge of the English East India Company on a sounder footing than that available for its European rivals. It is a most notable achievement.

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NOTE

1. *The Trading World of Asia and the English East India Company, 1660-1760* by K. N. Chaudhuri. Cambridge: Cambridge University Press, 1978. Pp. xviii + 629. £37.50.