

**The Companies: Continuity, Transition or Disjuncture?
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**James M. Vaughn
University of Texas at Austin**

**European Socio-Political Conflict and Overseas Chartered Trading Companies:
The Example of the English East India Company, c. 1660-1700**

Overview

The goal of my research is to place the history of the English East India Company [EIC] between 1650 and 1784 in the context of the political economy of overseas expansion and, in turn, in the context of domestic socio-political conflict. By “political economy,” I mean the role of the state in the productive organization of society; by the “political economy of overseas expansion,” I mean the role of the state in shaping and furthering commercial and imperial endeavors. With regard to “domestic socio-political conflict,” I mean the struggle for state power carried out by various social groups, economic interests, and political factions. One of the central arguments of my work is that the development of the East India Company – and, ultimately, the corporation’s transformation into a territorial empire on the Indian subcontinent – was determined, to an important degree, by socio-political conflicts taking place in the metropolis. The outcome of those conflicts determined the politico-economic policies of the English state, which, in turn, determined the character of overseas expansion as a whole and of the EIC and the East India trade in particular. Therefore, an adequate explanation of the historical development of the Company and of the Eastern trade necessarily entails an account of the organization of English overseas expansion which, in turn, requires an account of the conflicts over that organization carried out by domestic social and political forces. A central feature of my work is the delineation of opposing interest- and ideology-based factions that sought to shape the nature of England’s eastward expansion. I aim to understand the historical evolution of England’s largest chartered trading company not only as a result of the economic and geographic requirements of European commercial activity in Asia but also as the product of the course of political and social conflict in the metropolis.

In the remainder of this short paper I will focus on one period in the EIC’s history, stemming from the Restoration of the Stuart monarchy in 1660 to the aftermath of the Glorious Revolution of 1688/1689, and provide a synthesis of both existing scholarship and of my own research in order to place the corporation’s development in the context of England’s domestic social and political conflicts. In doing so, my goal is not to demonstrate the priority (or greater causal force) of domestic processes over the colonial/imperial/extra-European context. Rather, I seek to demonstrate that the historical evolution of European chartered trading companies in Asia cannot be adequately grasped without understanding these corporations and their overseas organizations as, in part, the outcomes of socio-economic and political conflicts within the European metropolises.

The East India Company and Socio-Political Conflict in England, c. 1660-1700

After the Restoration of the Stuart monarchy in 1660, the EIC experienced two decades of commercial expansion and profitability unprecedented since its foundation in 1601. This success took place amid the growth of England's economy as a whole. The Company, a chartered joint-stock corporation, reaped monopolist profits from its position as the sole and exclusive body permitted to trade beyond the Cape of Good Hope. This position allowed it to limit competition in its commercial sphere and thus to set prices for the sale of its goods. The ability to buy as cheaply and to sell as dearly as possible, free from competition, was fundamental to the corporation's directors and shareholders, as it allowed them to maximize their commercial profits and thus to maximize the dividends paid to proprietors of stock. The EIC's joint-stock monopoly organization was the perfect expression of the interests of its leading directors and shareholders. Those directors and shareholders were a group of wealthy London businessmen seeking a highly profitable and controllable outlet in which to invest their capital. The ability to control exit and entry into Eastern markets was the *sine qua non* of their economic activity. By limiting competition and constructing the administrative machinery responsible for managing the capital stock as well as commercial investment in the East, a group of London patricians were able to reap large profits without having to ply the trade directly.

The EIC's commercial privileges stemmed from a royal charter granted to it by Charles II in 1661. On the basis of its prerogative powers over foreign trade, the Crown was able to grant monopoly rights to overseas merchants. The fundamental necessity to secure their monopoly rights, and thus to control the conditions of their commercial activity, led the Company's directors and shareholders to support the Stuart monarchy via grants and loans. Furthermore, their high-ranking status within London society politically predisposed these merchants to royalist politics, as the monarchy was an important bastion of support in their struggle against the emergent radicalism of the City's middling and lower orders. In return for the EIC's financial and political support, the monarchy continually renewed its monopoly charter and granted it additional privileges. This Crown-Company relationship grew in strength over the course of the Restoration. These were the grounds on which the EIC's "corporate Toryism" flourished.

By the later 1670s, this period of relative political and economic stability was shifting into a period of crisis. With the general economic growth of the Restoration – including new developments in seafaring technology, expansion in capital investment, and the growing commercial penetration of North America, the West Indies, and the Mediterranean – there was increasing pressure to open up the Eastern trade or to reorganize it along more loosely regulated lines. There were two social groups lobbying the government to reform the East India trade. The first group was comprised of middling and petty traders and seamen who wanted to ply the trade directly and hence wanted the EIC abolished. The second group was comprised of successful Atlantic and Mediterranean merchants, associated with the Whigs and Dissent, who had arrived quite recently in the ranks of London's commercial elite. These merchants wanted to invest their capital in the joint-stock corporation and to participate in the management of the Eastern trade, and thus they called for the re-founding of the Company on the basis of a new and larger capital subscription but not for the abolishment of the corporation itself. However, these merchants had successfully competed in the open trades to Iberia and the

New World and, thus, they were to some degree sympathetic to radical proposals to re-establish the trade along loosely regulated lines.

Despite their differences in interest and approach, these two groups were increasingly aligned in a struggle to reform the Eastern trade. The first group, that of middling and petty traders, did not have enough capital or social leverage to enter the EIC. The second group, that of elite merchants, was prevented from entering the corporation due to its management's refusal to extend the capital subscription. The Company's stock was concentrated in the hands of a few directors and shareholders who were adamantly opposed to losing control over the corporation and to reducing their share in its monopolist profits.

These two commercial opposition groups combined forces with manufacturers and artisans (who were opposed to the importation of higher quality and less expensive silk and cotton piece-goods and who felt that the EIC did not take off enough manufactured goods) as well as outport merchants (who were opposed to London's dominance over such an important commercial venue) in order to reorganize the Eastern trade. Although the elite merchants involved in this alliance were initially not supportive of calls to reestablish the Eastern trade as an open or loosely regulated commerce, their views radicalized as the confrontation with the EIC wore on. They eventually came to enunciate positions similar to those of their allies among the middling and lower commercial and industrial classes. By the early 1680s, the anti-Company alliance had developed a coherent program for the reform of the East India trade. That program called for the expropriation of the EIC and the creation of a loosely regulated organization to take its place. This alliance argued that such an organization would allow private merchants and investors to trade on their own stocks. The collective goods of the trade (factories, fortifications, diplomatic relations, etc.) would be provided either by the corporation or the English state and paid for by a tax on the commercial activity of private firms. Such an organization, argued its advocates, would increase English shipping and navigation by allowing for the participation of a greater number of merchants and vessels in the Eastern trade, and thus, in addition, would increase the supply of mariners available to the Royal Navy. They also argued that a loosely regulated framework, by allowing for commercial competition, would lower the prices of Asian goods sold on European markets. The anti-Company alliance asserted that this competitive framework would extend the Eastern trade beyond the "conservative" mercantile patterns established by a *rentier* monopolist corporation capable of reaping super-profits merely by conducting business in a few well-established Asian commercial zones. They contended that competitive private enterprise would spread the Eastern trade farther and deeper, and thus that their commercial organization would export more English manufactured goods to Asia. The anti-EIC alliance claimed that the British state via the Royal Navy, or a regulated company with its own private coercive capacities, could maintain the security framework necessary to protect such a competitive-entrepreneurial arrangement.

As this alliance realized that the monarchy was deaf to their pleas, they lobbied Parliament to re-organize the Eastern trade. In doing so, they launched a direct assault on the royal prerogative and became fully enmeshed in the growing struggle between the Stuart Court and the Whig opposition. In addition to propaganda and petitioning activities, individual members of this broad social alliance launched a series of successful

interloping enterprises to Asia. Private merchants, investors, and ship captains illegally plied the Eastern trade and undersold the EIC on English and European markets. It was extremely difficult for the Company to prevent East Indian interloping. The focus of England's Eastern trade had long shifted from the spices of Southeast Asia and the Indonesian archipelago to the textiles of the Indian subcontinent. Areas such as the Coast of Coromandel and the Bay of Bengal were well-established commercial regions that were easy for European private traders to penetrate. Furthermore, it was very difficult for the European monopoly companies to exert control over these trading regions to the degree that it was possible to do so when the trade largely revolved around the importation of spices. Commercial activity in South Asia required a large degree of cooperation and negotiation with indigenous mercantile classes and regional political authorities. The European monopoly companies could not establish zones of influence and control from which they could exclude commercial competition (as was possible in the Spice Islands and in other regions). As such, it was very difficult for the Company to prevent or undermine the commercial competition of private English and European traders in this increasingly important zone of its activity. At home and abroad, in terms of both political opposition and commercial competition, the EIC was facing a serious threat to its position.

In order to thwart the threat to its privileges posed by the anti-Company forces and East Indian interloping, the EIC strengthened its alliance with the monarchy. While the Company had been a royalist bulwark throughout the seventeenth century, by the early 1680s its relationship with the Crown was taking on a qualitatively different form. The EIC now required extensive politico-juridical and military powers with which it could enforce its chartered privileges beyond the Cape of Good Hope. The Company required more powers from the Crown at the precise moment that the monarchy was becoming more reliant on overseas chartered trading corporations. During the later years of the Restoration, parliamentary opposition to the absolutist project forced the Crown to rely on overseas companies even more than it had in earlier decades. The Crown required greater financial support – that is, greater extra-parliamentary revenue – and it was prepared to give the EIC additional powers that allowed it to limit competition in its commercial sphere; powers with which the corporation could extract greater mercantile privileges and customs exemptions in the East. These politico-juridical and military powers allowed the Company to eliminate interloping and to coerce greater privileges from Asian officials and rulers. All of this was designed to increase the EIC's profits, to increase the dividends paid to its shareholders, and, in turn, to increase the financial assistance provided to the Stuart monarchy in a period of growing political crisis. The Company and the Crown became increasingly dependent on one another as the 1680s wore on. When this co-dependence became apparent, moderate Tory and Whig EIC merchants left the corporation and sold their shares. Thus, the Company became a hotbed of Tory extremism. By 1683, it was one of the most important bulwarks of the royal absolutist tendency in English politics.

The congeries of social and economic interests that made up the broad anti-EIC alliance – including elite merchants in the Atlantic and Iberian trades, elite Whig East India merchants who abandoned the corporation, middling and petty traders, seamen, manufacturers, artisans, and outport merchants – joined ranks with parliamentary Whigs

in opposition to both the Company and the Stuart absolutist project. The EIC, in turn, sought an ever-closer relationship with the Crown.

With the dismissal of Parliament, the dispersal of the Whig opposition, and the onset of the Tory reaction between 1681 and 1685, the Company triumphed. Since domestic reform of the Eastern trade was now off the table, the EIC sought to eliminate successful interloping via the new powers granted to it by the Crown. In the course of this campaign, the Company developed a new strategy of heavily fortifying and garrisoning its factories in the East. The corporation's management concluded that its position of domestic strength could be used to pursue its commercial interests in Asia in a manner previously not available to it. Its garrisons and factories were to become self-financing urban citadels. These citadels were to extract revenue locally via customs, excise, and land taxes, and were to be used as politico-military nodes from which the EIC could project power in pursuit of a larger share of Eastern trade.

Having gained complete victory over their opponents in England, in terms of both internal Company administration and national politics, the EIC's Tory directors and shareholders launched a militant campaign designed to coerce Asian officials and to establish quasi-monopsonistic purchasing conditions in the Bay of Bengal (quasi-monopsonistic in the sense of being the only or the most important European purchaser of Asian commodities in northeastern India). This campaign ultimately issued in the Anglo-Mughal War of 1686-1690.

The Company's overseas aggression in the 1680s was part and parcel of a larger imperial strategy pursued by the Stuart monarchy in the late Restoration. Facing increasing financial and military strains, as well as a recalcitrant Parliament unwilling to vote supplies without control over the direction of policy, Charles II and James II decided to raise the rates of revenue extracted on the imperial periphery, where the rights of local elites and legislatures were either ill-defined or non-existent. Colonial officials appointed to the American plantations by the Crown were instructed to increase the revenue arising from commercial regulation and local taxation. On the other side of the globe, the EIC effectively became an imperial vehicle for the Stuarts in the sense that the financial benefits accruing to the corporation – financial benefits derived from the Company's use of politico-military powers to improve its Asian commercial position and to raise a local revenue – were in turn shared with the Crown in the form of ever-increasing grants, loans, and customs taxation. The EIC was effectively integrated into the extra-parliamentary Stuart absolutist state. These developments led the anti-Company alliance to support William III's invasion of England in 1688. In 1690, having suffered total defeat in the Anglo-Mughal War, and with James II out of power, the aggrandizing endeavors of the "Old East India Company" came to a halt.

With the restoration of the Stuart monarchy in 1660, the EIC came to play an important role in Charles II's and James II's efforts to erect an authoritarian and tributary empire that would free them from financial dependence on Parliament. The Company was one instrument with which the Stuarts sought to consolidate a High Tory political economy that allowed them to rule above civil society instead of through it. The increasingly aggressive character of EIC policy in the East Indies in the late seventeenth century was not a product of "anarchic" conditions in South Asia but of the role played by the Company in the Stuart absolutist project.

When the Whig revolutionaries of 1688 unraveled Stuart absolutism and secured the supremacy of Parliament, they launched a direct assault on the Company and its chartered privileges. The radicals among the revolutionary alliance wanted to abolish the EIC, to open up the Eastern trade to the free play of private interests, and to fundamentally transform the character of England's commercial expansion in Asia. From the Glorious Revolution to the early eighteenth century, these radicals sought to integrate the East India trade into England's Atlantic maritime "empire of liberty." The fundamental condition for this project was the Revolution of 1688/89 and the political-economic reforms that took place following the fall of James II. The broad anti-absolutist alliance that lay behind the Revolution ushered in a series of measures that wedded the English state to the supremacy of Parliament and to continuing capitalist transformation. These reforms allowed the landed parliamentary and political system to draw upon the tremendous economic resources generated by England's dynamic commercial and manufacturing society. These resources were used to erect a fiscal-military state that staved off the return of Stuart absolutism and checked the threat posed by Bourbon France. Crucial to these reforms was the abolition of chartered monopolies and exclusive privileges so as to allow for maximum capital investment and private entrepreneurship in every line of English trade. It was in this context that the efforts of the anti-Company radicals to expropriate the EIC met with initial success. The anti-Company forces were able to undertake the first steps in their project to open up England's Eastern trade to private enterprise and colonial plantation settlement.

The Glorious Revolution and the large-scale warfare against Bourbon despotism that issued in its wake generated wide-ranging political and social instability as well as heavy taxes on the land. From 1710 to 1714, the lesser-landed classes ushered in a Tory government that threatened to unravel the Revolution settlement. This social instability and discontent among the gentry ultimately led to the emergence and consolidation of the Whig oligarchic order. The aristocratic magnates and the leading City merchants created a patronage apparatus and a system of public credit that cemented parliamentary rule and empowered the state to protect and expand a global commercial and colonial empire without provoking the discontent of the landed gentry. The great Whig families and their backers among London's business elite institutionalized a series of financial measures that allowed them to avoid taxing the landed gentry and to cull resources from England's commercial and manufacturing society. They were thus able to secure the hegemony of the unreformed and unrepresentative parliamentary-political system and to engage in empire building without provoking the discontent of the lesser-landed classes. It was in the context of the emergence of the oligarchic order – with London's privileged merchants and financiers at its core – that the anti-EIC alliance's efforts were ultimately undone. The Company was transformed from a bulwark of the absolutist monarchy into a pillar of the Whig oligarchic order and its monopoly charter and exclusive privileges were once again secure.