

## Keeping Good Company: Why Study Merchant Trading Companies?

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The English East India Company, which existed from 1600 to 1858 and ended as a territorial sovereign over much of modern South Asia, was surely one of the most important of the merchant trading companies, and it presaged modernity. No, it was an early-modern holdover waiting to be swept away. It prefigured modern senses of administrative duty. No, it was terribly corrupt. It fostered the modern economy. No, it was an archaic monopoly. It was a state; no, it was a company.

Those who study merchant trading companies (MTCs)—and early modernity more generally—frequently have made conceptual distinctions like these. This memo derives two intertwined points from this observation: first, that when we study MTCs, we usually stipulate which of their features is most central (and hence diminish the others); and second, that the way forward to understand their critical role in social change and the emergence of modernity is not to do this—instead, we should try to take their conceptual ambiguity seriously.

### Conceptually Slicing-and-Dicing Merchant Trading Companies

So, point one: the overwhelming propensity in the social-scientific literature on MTCs has been to slice them apart and take the conceptual bits that best serve another research question. Take the study of political modernity. Tilly, Skocpol, Mann, etc., have precious little to say about MTCs, and when they say anything, it's usually to point out that they either buttressed or reflected their metropolitan states. Or take empire studies. In this case, MTCs are a kind of liminal state between pre-modern and modern empires—a means to “subcontract” imperialism for states too weak to undertake it directly. (And, MTCs were therefore destined to be swept away once central states *were* strong enough.) Or take neo-institutionalism. Here MTCs are hotbeds to develop and carriers to distribute and institutionalize a variety of practices which constructed and lubricated the global economy, only to be surpassed as trade and exchange itself strained their monopolies to the breaking point.

Naturally, each of these three strains of scholarship is fascinating and has made important contributions. My point, though, is that when each of these approaches incorporates MTCs into their larger explanations—of the emergence of political and economic modernity—they reduce the aspects of MTCs that aren't important to their explanations to ephemera. Put more

concretely, the fact that MTCs at once traded, ruled, and organized social contact across geographical and social distance *all at the same time* is swept aside, and each of these features is treated in isolation.

### A Relational View of How Concepts, Institutions, and Organizations Change

What to do instead? Well, to me, “taking the conceptual ambiguity of MTCs seriously” implies a two-step process. The first step is temporal. Rather than reasoning “backwards” from the state of high modernity, when economic, social, and political action are relatively differentiated, it seems that a better starting point would be to ask how the **such differentiation was produced from within the dynamics of MTCs and their environments in the first place.** For example, rather than concentrating on how MTCs as discreet organizations fit into (or failed to) their changing environments, an alternative might be to ask how the presence or absence of chartered companies and their accompanying administrations altered the dynamics of both colonized and colonizing societies' political fields.

Accomplishing this substantive goal, though, seems to require that we take a second step: **to specify an analytic vocabulary to better grasp social change.** In the case of MTCs, how can we simultaneously understand their attempts to cope with changing economic, political, and social environments at the same time that their very efforts to do so change the underlying dynamics of those environments? I don't pretend to have fully worked out a solution, but **I suggest that two good starting points for such a vocabulary are unintended consequences and relationalism.** Thinking relationally—that is, **concentrating on the dynamic connections between individuals, the groups they form, and the categories they use during struggles with one another**—helps us get away from the idea that MTCs were tools of particular metropolitan social classes, or that they had inherent purposes ordained. Rather, it allows us to start with the categories, descriptions, purposes, and ideas that really were in play during MTCs' lifetimes, and then work up to explaining how differentiation and change emerged out of those dynamics. I suspect, further, that any kind of explanation that starts from this relational foundation will also rely heavily on **unintended consequences**—the notion, simply, that the struggles undertaken by people and groups had far-reaching, unforeseen implications for society, politics, and economics.

### What MTCs Can Shed New Light On If We Take Their Ambiguity Seriously

Of course, what I've said so far is abstract, so let me close by giving an example at the heart of my ongoing research into the English EIC: the changing dynamics of colonial corruption. In contemporary studies of the EIC, its eighteenth-century “corruption” is usually viewed in modern terms (drawn from either economics or political science): as a perhaps-inevitable inefficiency built into the incentive-structure of the Company's administration\* that was progressively stamped out as “modern” administrative ideas began influencing the Company.

We can see how this way of conceptualizing corruption is unsatisfying by applying this memo's

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\* Or, if you are influenced by transaction-cost economics, as a generative incentive “solution” appropriate to the low-information, poor-control environments in which MTCs operated.

two main points: this way of thinking about corruption reasons backwards from modern conceptualizations, hence dropping out critical and interesting aspects of what characterized eighteenth-century “corruption”; and consequently it becomes extremely difficult to explain how corruption *became* modern without relying on the imposition of external ideas (which themselves are only rarely accounted for).

In terms of missing interesting stuff about eighteenth-century corruption: if we take away the analytic fiat of defining corruption in a modern way, we can see that there were in fact multiple, competing definitions of what “corruption” meant in economic and political life in the eighteenth century. One was the civic humanists' notion of losing the balance among the different parts of the polity—in which the Crown's “interest” in the EIC potentially revealed its attempt to corrupt parliament through the distributions of further patronage; another was the physiological corruption of the Indian climate, which was felt by some not only to affect the health but also the morals of EIC servants in India; another was that the distribution of enormous bribes and “presents” was wrong—not because it was inherently corrupt but because it disordered the internal hierarchy of the EIC's administration in India; and by yet another view, the luxury and vice of colonial rule threw the component aspects of the self out of alignment.

In addition to losing this variety of what corruption was in the EIC's later life, we also lose clues to why these understandings changed. Of course, a full explanation of this shift is impossible in this memo, so let me close by simply pointing to two fascinating examples of those caught within the transition. George Pigot was the Governor of Madras twice and was deposed by his own council in 1776 (and later died gardening while under house arrest) amid the “Nawab of Arcot's Debts” scandal. Like almost all of his contemporary administrators, Pigot is thought to have taken a multitude of “presents” from regional Indian rulers, yet (as far as we know) he sincerely believed himself to be working, as he put it, for “The Honor of the Nation and Advantage [of] the Company.” And yet he accused his mutinous Council of having been corrupted by similar sources of influence he enjoyed.

Likewise, Robert Clive stood as a “nabob”<sup>\*</sup> *par excellence*. He led the Company's army at the battle of Plassey in 1757, and as the victorious general took presents from the pretender to the *nawabi* of Bengal. Moreover, he took a huge prebendal annuity, called a *jagir*, from the new Nawab. The *jagir* was connected to the tax revenues from villages surrounding Calcutta, and Clive fought to protect it as his legal private property upon returning to England. Yet it was this same man who was sent back out to India in 1764 to clean the corrupt “Augean stables” of the Company's Bengal administration. It was he, too, who could write confidently (and apparently sincerely) to the directors upon arriving in Bengal that the disorder in Bengal happened because of officials' “unwarrantable acquisition of riches, [which] had introduced luxury in every shape, and in it's [sic] most pernicious excess.”

To our modern eyes, Pigot and Clive both look like hypocrites and liars. But I suggest that if we want to understand how we got to a world where they *can* look like hypocrites and liars, a good starting point is to take the administrative organizations they lived in, their senses of self, and the struggles among them on their own terms.

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\* A pejorative corruption of the term *nawab* used in Britain to describe returning Company administrators enriched while in India.