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Imperial Venture: The Evolution of the British East India Company, 1763-1813

Matthew Williams
IMPERIAL VENTURE: THE EVOLUTION OF THE BRITISH EAST INDIA COMPANY,
1763-1813

By

MATTHEW WILLIAMS

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The members of the supervisory committee were:

Rafe Blaufarb
Professor Directing Thesis

Jonathan Grant
Committee Member

James P. Jones
Committee Member

The Graduate School has verified and approved the above-named committee members, and certifies that the thesis has been approved in accordance with university requirements.
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ABSTRACT

Europe’s dominance in the study of the Revolutionary Era obscures the era’s many important non-European effects. Equally, scholars of India neglect the important role European imperial rivalry had on the British conquest of India in particular during the Revolutionary Era. I argue that four key factors drove the British East India Company’s corporate evolution: the decline of the Mughal Empire, Anglo-French imperial rivalry, Parliamentary reform of the East India Company, and the French Revolutionary and Napoleonic Wars. Between 1763 and 1813, these factors forced the British East India Company to undergo a radical and rapid transformation from private joint stock company to quasi-governmental institution. The aforementioned factors and their unforeseen consequences compelled the East India Company to develop many of the attributes of a state: an army, a taxation system, a judiciary, bureaucracy, and foreign relations. These factors also compelled the East India Company to conquer India and eliminate its corporate and local rivals. By 1805, the East India Company become the master of India and by 1813 it had established firm control over the Indian Ocean. By 1813, the British East India Company had become a peculiar hybrid, a corporate-state.
INTRODUCTION

“We traded; we conquered; we governed.”

- John William Kaye

This thesis attempts to answer an old question through a novel approach: how and why did the British East India Company evolve during the Revolutionary Age? Rather than use a monocausal explanation to answer this question, I attempt to explain the EIC’s evolution as the result of four key related factors. First, I argue, the Mughal Empire’s terminal decline and the subsequent scramble for India unleashed the ambitions of Indian princes and European trading companies alike. Second, and related to the first, Anglo-French imperial rivalry fuelled and exacerbated these tensions. Third, British attempts at East India Company reform were much more far-reaching than even the reformers had anticipated. Ultimately these reforms undermined the Company’s corporate nature and refashioned the Company as a quasi-governmental arm. And fourth, the French Revolutionary and Napoleonic Wars unleashed a period of expansion and conquest unparalleled in the Company’s history. Along the way the British East India Company developed many of the hallmarks of a state. It had established a standing army, a system of taxation and revenue, a judiciary and a legal code, a bureaucracy, and a foreign policy. By 1813 the Company had become a peculiar hybrid corporate-state. It was as Lord Macaulay remarked “the strangest of all governments, designed for the strangest of all empires.”

Along with this “different” interpretation, there is a broader observation about Revolutionary Era scholarship: it frequently overlooks events outside Europe. For example, in the foreword to the book *The Napoleonic Wars: The Rise and Fall of an Empire*, the popular novelist Bernard Cornwell, wrote that the Napoleonic Wars were “a World War” and then conceded that Europe was the heart of these wars. The book made scant mention of the United States, Spain and Portugal’s Latin American Empires and no mention of Asia. As a result the book, and others books as well, miss the truly global nature of this era. This is just one example.

The EIC’s evolution, then, is important not only because of its relevance to the British Empire but also because it is an excellent illustration of the era’s impact on Asia. The era’s chief impact in India was twofold: the Company’s evolution into quasi-statehood and the subjugation

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1 John William Kaye, *The Administration of the East India Company* (London: R. Bentley, 1853) 64.
of India. Between the 1740s and 1813, the East India Company developed from a private joint
stock company into a quasi-state. This dramatic transformation was directly tied to the
geopolitical struggles in Europe. Likewise, between the 1740s and 1813, the East India Company
went from being one of many powers in India to become the master of India.

More specifically, by the late eighteenth-century the British East India Company’s
relationship to the British state had changed; it was no longer a mere trading monopoly. It had
become an important component of the British Empire in several key respects. First, the
Company had become a principle buttress of the British economy. It was one of the two most
important British financial institutions. (The other was the Bank of England.) Second, beyond
simply being a financial institution, the Company had become a major contributor of supplies,
troops and ships to the British state. And third, and related to the aforementioned, the EIC
became the British Empire’s agent in India and throughout Asia and the Middle East.

This very radical evolution begs the questions how and why did the East India Company
change? What prompted a company that spent the preceding century and a half focused solely on
trade to think and act like a state? My thesis is that between the end of the Seven Years War in
1763 and the twilight of the Napoleonic Wars in 1813, the British East India Company
underwent a drastic transformation. It was not a gradual evolution but in fact punctuated by
periods of intense change. This transformation may be divided into roughly three phases:
expansion/annexation, administration/regulation, and security. By the mid-eighteenth century the
East India Company faced a perfect storm. As the Mughal Empire waned, previously suppressed
rivalries in India emerged. These rivalries merged with the resurgent Anglo-French global
conflict. After the Seven Years War, Parliament’s efforts to reform the Company were much
more successful than imagined. The French Revolutionary and Napoleonic Wars then built on
these developments and further warped the Company into an entirely new existence. This
process helped transform the EIC from a private joint-stock company into a government
controlled joint stock company, which effectively controlled (and/or governed) India and much
of the Indian Ocean.  

The idea that political instability, rivalry, and warfare, drove political evolution is not
new. Scholars in other fields of history have argued these forces drove the political and economic
evolution of states. Therefore, it may be appropriate to consider the EIC’s evolution in a similar

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4 The East India Company gives the term “corporate governance” an entirely different dimension.
light. For example, some Early Modern historians assert that warfare (and the threat of) drove the political evolution of western states, the so-called Military Revolution Debate. In this historiographical debate, scholars maintain that at the close of the Middle Ages western modes of warfare underwent a transformation or revolution in military affairs. And although they disagree on the precise details - some maintain that the military revolution was an infantry revolution, others an artillery revolution, others maintain a fortification revolution, while others maintain it was a combination of revolutions - they all concur that as military technology advanced, the cost of warfare grew and states were forced to develop increasingly sophisticated administrative and governmental structures to finance and operate the cutting edge military technology. In other words, as the cost of warfare grew, governments were forced to centralize power, develop more efficient ways of extracting revenue from their subjects and develop the necessary institutions to do so. Some economic historians have made a similar argument. Niall Ferguson in his provocative book *The Cash Nexus: Money and Power in the Modern World, 1700-2000* argues political events, in particular warfare “have shaped the institutions of modern economic life: tax-collecting bureaucracies, central banks, bond markets, stock exchanges.” The analogy that war (or geopolitical competition) drove institutional development still holds even if the details differ. In the East India Company’s case, political factors such as geopolitical instability, competition and warfare, had a similar motive force. The distinction being that these forces drove corporate evolution rather than political or economic evolution.

The unintended consequences of political instability and war were equally important if not more so. There never was a coherent plan to transform the EIC, just attempts to regulate the Company and curtail its excesses. Indeed, the EIC was as much a victim of changing times as it was an agent of them. And the Company was also reacting to real and perceived threats just as it radically affected the lives of Indians and Europeans. Therefore, the role of contingency (chance) must not be discounted from this evolution. Thus, victory in the Seven Years War and the rivalry of the Revolutionary and Napoleonic Wars warped the Company into a wholly new complexion; part-company and part-state.

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5 For an excellent collection of articles on the military revolution debate see Clifford J. Rodgers *The Military Revolution Debate: Readings on the Military Transformation of Early Modern Europe.*

CHAPTER 1
HISTORICAL PERSPECTIVE OF THE EAST INDIA COMPANY

While scholars study the British East India Company from several different perspectives, few examine it during the Revolutionary Era. Moreover, none examines the impact of global imperial rivalry and warfare on the evolution and transformation of the British East India Company. Discussion of the East India Company comes in three different fields: British history, Indian history and corporate history. All three of these differing perspectives view the Company in their own ways and for their own purposes. Almost without exception, they fail to place the evolution of the British East India Company within the broader context of the Revolutionary Age. This is problematic since the Company’s key transformation, from private trading company to quasi-state, occurred during the Revolutionary Era. Nor is the failure to investigate the East India Company within the Revolutionary Era limited to British or Indian historians. No scholar of the Revolutionary Era, to my knowledge, has attempted a history of the British East India Company. Nor have many scholars of the Revolutionary Era focused much effort on Anglo-French rivalry in Asia during the Revolutionary Era.

Indian histories, by virtue of the fact that they are concerned chiefly with India, neglect the dynamics of European imperial rivalry. In many one gets the impression that the development of British imperialism occurred in a political vacuum devoid of any outside influences. For example, Vincent A. Smith’s *Oxford History of India* treats the British East India Company as agent of British influence and imperialism in India (which the Company was), however, it fails to place the evolution of EIC within the broader context of the Revolutionary Age. The Company is described in its relationship to India not France or European geopolitics. Another example of a work that does detail the role of warfare and the East India Company but falls in to a similar trap is Sir Penderel Moon’s *The British Conquest and Domination of India*. Moon pays great attention to the Company, its wars in India and its eventual domination of India, but focuses on wars limited to India and pays little attention to the wider geopolitical environment in which those wars took place. Moon makes occasional mention of the situation outside of India, specifically a passing mention of the Peace of Amiens in 1802, but the book fails to situate the evolution of the Company and the British conquest of India against the larger

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issue of Anglo-French rivalry or the Revolutionary Era. The result is a false impression that
events in India were not linked to the broader global events of the era.

The *New Cambridge History of India* is a series of volumes each devoted to a different
aspect of Indian history and society. It is a standard reference for any work on India but like the
*Oxford History of India*, the *New Cambridge History of India* concerns itself with India not
European rivalry. Both are outstanding works of scholarship but neither is interested in the types
of questions that scholars of the Revolutionary Era are. One important exception to this
observation is the field of South Asian military history. There is a growing number of scholars of
South Asian military history like Randolph G.S. Cooper, John Pemble, Pradeep Barua, and
Kaushik Roy among others, who recognize the importance European companies and states had
on the diffusion of military science and technology in India during the seventeenth through
nineteenth centuries.

British histories operated with a similar logic to Indian histories; they focus on a
particular set of core issues and themes and miss issues and themes which intrigue scholars of the
Revolutionary Age. C.A. Bayly’s *Imperial Meridian* discusses the British East India Company
within the context of the expansion and transformation of the British Empire between the years
1770 and 1830. The focus is not on how the Revolutionary Age transformed the Company,
although the book overlaps almost entirely with the Revolutionary Age, but how the British
Empire transformed during this sixty year period. The focus is on Britain and the conquered and
colonized regions, not the revolutionary age or East India Company per se. The five volume
*Oxford History of the British Empire*, a collection of articles, is similarly focused. It is superior
scholarship on the British Empire in the seventeenth, eighteenth, nineteenth and twentieth
centuries along with a volume of historiography but the series is concerned first and foremost
with the British Empire as a whole.

Scholarship on the British East India Company itself comes in two forms: scholarly and
popular. Scholarly works investigate a variety of aspects of the Company, including how the East
India Company evolved during the second half of the eighteenth century and first decades of the
nineteenth. None of them attempt to understand the corporate evolution of the EIC through the
lens of the Revolutionary Age. In fact, they are all somewhat Anglo-centric and miss the
important role geopolitical rivalry, especially between Britain and France, had on the evolution
of the EIC. (A common trait in most of the Company’s histories. Hence the need for broader
inquiry.) Many of the earlier landmark studies of the Company shared a common trait: a neglect of the Company’s inner workings. Equally, they tend to overlook warfare in the Company’s history. C.H. Phillip’s magnum opus *The East India Company 1784-1834* was the first major study of the changing relationship between the Company and the British government. In particular, *The East India Company 1784-1834* focuses on the administrative evolution and structure of the British East India Company but pays little attention to the effect of warfare in either India or on the British East India Company. *The East India Company in Eighteenth Century Politics* by Lucy S. Sutherland investigates how the Company navigated turbulent British parliamentary politics in the decades before the 1784 India Act. Again the role of warfare or imperial rivalry is neglected and instead Sutherland focuses on British domestic political history. B.B. Misra took an altogether different approach to the East India Company. Where Philips and Sutherland analyzed the Company and its relationship to British politics, Misra’s book, *The Central Administration of the East India Company 1773-1834*, analyzed and detailed the Company’s administrative structure and function. The key change, he argues, occurred with the 1784 India Act which reorganized the Company. *The Central Administration of the East India Company 1773-1834*. As different as Misra’s approach was, it shared a trait with Philips’, Sutherland’s and others; Misra’s approach ignored geopolitical considerations: the East India Company was largely a world unto itself.

Corporate history is another area which concerns the British East India Company. As with British and Indian histories, corporate history of the East India Company neglects the role of warfare and its impact on the Company. Generally, corporate histories of the East India Company have neglected the years between 1763 and 1815. The most recent work on the Company during this time is H. V. Bowen’s *The Business of Empire: The East India Company and Imperial Britain, 1756-1833*. It attempts to understand how the East India Company evolved from a private joint stock company to an Indian empire during the last half of the eighteenth century and first decades of the nineteenth century. However, *The Business of Empire*’s approach differs from this present thesis in a key respect: *The Business of Empire* focuses on how the EIC evolved from within whereas this thesis focuses on how the EIC evolved from without. Although it sheds great light on the inner workings of the East India Company and how the Company evolved as an organization, *The Business of Empire* does not attempt to understand the Company’s evolution as a product of geopolitical forces.
Since the East India Company was at the very least a quasi-state, it raises the question of sovereignty. Specifically, how did it develop sovereignty? The issue is complicated because there is not a standard definition of sovereignty nor statehood. Different historians have different definitions of sovereignty and have dealt with the issue differently. Consider two examples. Seema Alavi, for example, in *The Sepoys and the Company: Tradition and Transition in Northern India 1770-1830*, asserts the “Company’s political dominance in north India was based on its superior military power.” However, Alavi notes that this political dominance was not due to military supremacy but rather the Company’s army “had become the major guarantee of social and political stability.” Alavi further notes that “the recruitment of the East India Company’s army was central to the development of the Company’s political sovereignty.” The implication from this argument is that the East India Company was sovereign (and by extension was a state) because the Company had an army which guaranteed social stability. By contrast, Paul Halliday, a legal historian, argues in *Habeas Corpus: From England to Empire*, that the British East India Company became a “sovereign company” with the establishment of the Company’s legal code. For Halliday, sovereignty was not determined by the presence of brute force but by the ability to regulate society.

The East India Company also raises issues which British and Indian historians need not address, for instance, the role of companies in economic development and world history. Generally, historians have not seen the early modern chartered trading companies as forerunners of modern multinationals. Instead, they contend, that the early modern chartered trading companies were evolutionary dead-ends, which multinationals of the late nineteenth and twentieth centuries superseded. Some revisionist corporate historians, namely Ann M. Carlos and Stephen Nicholas, have recently argued that the East India Company and the other joint-stock companies of the seventeenth century (the Hudson Bay Company, the Royal African Company, the Muscovy Company, etc.) were the prototypes of modern multinational firms. They argued this point in several articles notably “Giants of an Earlier Capitalism”: The Chartered Trading Companies as Modern Multinationals” and “Theory and History: Seventeenth-Century Joint-
Stock Chartered Trading Companies”. Likewise, John Micklethwait and Adrian Wooldridge in their book *The Company: A Short History of a Revolutionary Idea* contend that the British East India was more than just a prototype of the modern multinational, it, along with the other chartered trading companies of the time, was a modern multination. Even more important, Micklethwait and Wooldridge argue that the company, as a social unit, and not the family nor state, is “the most important organization in the world.”

In recent years there have been several popular works on the British East India Company and although they may not be scholarly works they are worth considering. John Keay’s *The Honourable Company: A History of the English East India Company* provides a well written narrative history of the Company’s early years through the early nineteenth century but abruptly ends in the second decade of the nineteenth century. The book is not radical in its approach or presentation; just a conventional narrative history which lacks any thesis. *The Corporation that Changed the World: How the East India Company Shaped the Modern Multinational* by Nick Robins is a unique book. Robins, a trained historian, is a specialist in corporate social responsibility. (A new buzzword and concept among the business community, which means that companies have an ethical duty to be responsible members of society. Something the East India Company frequently was not.) The book was not written for a scholarly audience but rather the business world. He argues that the EIC provides an object lesson for the business community of the dangers of unrestrained corporate greed. Moreover, he contends that the East India Company was the prototype for the modern multinational firms, which dominate today’s world of business. (a point made previously by Carlos and Nicholas) Neither Keay’s nor Robins’ works attempt to understand the Company within the context of the Revolutionary Age. All of these works investigate the Company in isolation from the broader geopolitical rivalries of the time and at times Indian political rivalries. They either view the Company within the context of British politics or isolated from external factors.

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CHAPTER 2
THE PROBLEM OF THE REVOLUTIONARY AGE AND THE EAST INDIA COMPANY

As noted above, the East India Company during the Revolutionary Era is a challenge for historians to study for several reasons. The historical profession takes too narrow a view at times. Part of the problem is that scholarship on the era is overwhelmingly focused on the Western world. A key assumption of Revolutionary Era scholarship is that the era’s effects were limited to the Western world. This is especially the case in Napoleonic scholarship which generally neglects events outside of Europe. Another problem is the very name of the Revolutionary Era. “Revolutionary” implies a complete rupture with the past, but scholars of the era have long known there were remarkable continuities between the Revolutionary Era and the Ancien Regime. (The argument is as old as de Tocqueville.) A final problem is the British East India Company itself. As a corporate concern it was quite anomalous. By 1813 the East India Company, although technically a private joint-stock company, was a quasi-governmental organization. Parliament had a major voice in the Company’s affairs and chose its governor-general. Moreover, the EIC had a massive army, controlled and administered vast amounts of territory and indirectly controlled far more. It underwent such a dramatic evolution that it challenges our very notions of what a corporation is.

Although historians claim that the era transformed the world, they tend to hone in on how Europe changed. Allow me to relate an anecdote, when I told one of my professors that I was writing about the British East India Company, he was surprised.13 “The East India Company” my slightly incredulous professor queried. “Yes, how the British East India Company evolved during the Revolutionary Era” I answered. He walked away unconvinced. His reaction best sums up professional historians’ attitude towards the EIC. The Company was more than just an Indian concern. It was the best example of the connection between European and Asian history in the eighteenth and nineteenth centuries. Thus, this professional attitude or reluctance raises an important question about the Revolutionary Era itself: if the Revolutionary Era really was a watershed in World history, why are its dimensions outside Europe neglected? If an era truly

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13 The identity of this professor remains anonymous.
transforms the world, and few actually investigate that transformation around the world, can the era honestly be said to have transformed the world? How would one really know?

This is not to suggest that scholars are completely blind to European interaction with the East during the Napoleonic Wars, just that their gaze is focused largely on Europe and the Americas. For example, in the book *Napoleonic Military History: A Bibliography* by Donald D. Horward the final chapter is a bibliography of Ottoman military history during the Napoleonic Wars. (The bibliography was two pages.) The Ottoman Empire, however, is a special case as it straddles both Europe and the Middle East and it had long played an important role in European history. However, Horward makes no mention of India or any states east of the Ottoman Empire. Persia was another state that at one point during the Napoleonic Wars played a brief but important role in Anglo-Franco-Russian relations but it too attracts little scholarly attention from scholars of the Revolutionary Era. The most recent monograph, if only one, is Iradj Amini’s award-winning book, *Napoleon and Persia: Franco-Persian Relations under the First French Empire*. Despite some prominent examples to the contrary, the important relationship between the Napoleonic Wars and British imperialism in India has not gone completely unnoticed. Charles Esdaile in his recent book *Napoleon’s Wars: An International History* notes that “even in distant India Britain was fighting Napoleon.”

Thus, there is grudging recognition that the Napoleonic Wars, at the very least, were not solely a Western concern.

The name “Revolutionary” also presents a challenge. As much as the Revolutionary Era was a break with the past it also had much continuity. To argue that the era totally broke with the past would be to ignore this fact. In the case of the British East India Company, many of its actions during the French Revolution and Napoleonic Wars had antecedents decades before. For instance, expansion into the Persian Gulf, relations with Persia, the residency system, the subsidiary alliance system, the development of judicial, governmental, and taxation institutions, territorial expansion, and growth of the army, all had antecedents before. The difference was that during the French Revolution, and in particular during the Napoleonic Wars, was one of scope and scale.

To reduce the Revolutionary Era to a complete continuation of the past, however, is just as wrong as to deny its continuities. There was drastic change. In the case of the Company, it became, for all intents and purposes, a state. That was the East India Company’s revolutionary

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break with its past. The EIC developed many of the hallmarks of a sovereign state: a defense force, judicial system, administrative bureaucracy, foreign relations, taxation system. The Company did not just look like a state, it acted like one too. It waged defensive and offensive wars. It acquired territory, concluded treaties, conquered other states, and eliminated rivals. The only possible other way to conceptualize the British East India Company would be to argue that it was a bizarre hyper-violent monopolist. If that were the case it would not have needed the trappings of a modern state, just an army.

The drastic transformation of the EIC challenges our notions of what a “corporation” and a “state” are. Most people assume that companies and states are separate and distinct entities. By the early nineteenth century the EIC was both. Moreover, the EIC also satisfies the Weberian definition that the state has a monopoly on the legitimate use of violence. By that simple measure, the Company was definitely a state. At the same time it was still technically a company even if by the early nineteenth century its corporate purpose was in question. Thus, the East India Company simultaneously displayed aspects of a state and a company.

The solution to this impasse, I argue, is a sort of bricolage of historical approaches and disciplines. Bricolage, meaning “to fiddle or tinker” is the borrowing from diverse fields in an attempt to answer difficult questions which defy easy answer and solution. The only way to gain better understanding of the East India Company is to recognize its hybrid character and to borrow from diverse fields such as British, Indian, and corporate history and from political, diplomatic, military, economic, and intellectual history. From this synthesis, then, one can recast the institutional progression of the British East India Company as a quasi-state evolution.
CHAPTER 3

OF SPICE & MEN: THE EARLY HISTORY OF THE BRITISH EAST INDIA COMPANY

The British East India Company\textsuperscript{15} was founded on New Year’s Eve 1600 with a royal charter from Queen Elizabeth I and was initially chartered with trade from the East. Originally called the “Company of Merchants of London trading into the East Indies”\textsuperscript{16}, the EIC initially focused its attention on the Spice Islands (present day Indonesia) but were forced out by the Dutch in the 1620s. If the EIC had a birth place other than London, it would be Pulo Run, a small islet of two miles by half a mile in the Banda Islands at the extreme eastern end of present day Indonesia. Here \textit{Myristica Fragrans} was endemic. \textit{Myrisitica Fragrens}, or nutmeg (and mace, which is the aril of nutmeg), was one of the many commodities and goods the EIC sought to purchase, ship to Britain and Europe and sell at staggering margins. For example, in 1603, ten pounds (in weight not currency) of nutmeg cost less than the equivalent of one pence on Pulo Run and the same weight of mace cost less than five pence. In Europe, however, that weight of nutmeg cost £1.60 and the same weight of mace cost £16, which comes out to a 32,000 per cent mark up.\textsuperscript{17} And the British East India Company was not only interested in nutmeg and mace. The EIC specialized and monopolized the whole gamut of far eastern trade goods. Nutmeg, mace, cinnamon, cloves, calicos, muslins, tea, silks, coffee, other exotic spices, just about anything from Asia the EIC traded, shipped, imported and sold to an ever hungry British public.

The Company was a high risk, high reward enterprise. It attracted a motley assortment of adventurers, speculators, investors and men interested in fast money. Many of the men sought advancement through the Company as a way to fortune and status, which was part of the problem and allure of the EIC; it was partly a company of investors and partly a band of adventurers and rogues.\textsuperscript{18} This corporate trait would bedevil the EIC in the aftermath of the Seven Years War and help precipitate Parliamentary regulation of the East India Company.

\textsuperscript{15} After the Sepoy Mutiny of 1858, the Company survived until 1874 when Parliament finally dissolved all but a tiny sliver of it. In 2005, the few remaining morsels of the East India Company were purchased and consolidated. Then in 2011 the Company was re-established as a luxury goods firm, specializing in (what else?) teas and spices, by Sanjiv Mehta, a multi-millionaire Indian businessman. History is not without a sense of irony.
\textsuperscript{18} Spice, 37.
The English were not the only ones to recognize the potential wealth available in the East. (In fact the English were among the last, Columbus searched the New World for a route to the East and the Portuguese navigator Vasco Da Gama reached India in 1498.) The Dutch founded, the Verenigde Oostindische Compampagnie, or the (Dutch) East India Company, the VOC, as the English East India Company’s rival. Later the French would start their own East India Company, La Compagnie des Indes Orientales, as well. Other countries like Portugal, Denmark and Sweden, and bizarrely, Austria, briefly established East India Companies of their own. Brief rumors even circulated in 1784 that the United States was considering establishing an American East India Company. They were unfounded. However, none of these other European East India Companies were ever as successful as the English, Dutch and French East India Companies.

The Spice Islands of present day Indonesia were a key prize in the commercial and burgeoning imperial contest for the spice trade. However after the Amboyna Massacre of 1624 the VOC edged out the English East India Company. The EIC then recast its attention on India which became the focal point and imperial and commercial hub for British interests in Asia. Part of the thinking behind this choice was that even though the Spice Islands had the vast reserves of spices, it lacked a large population. India, by contrast, had spices available for trade but also a vast population which could purchase English imports. Plus, Indian textiles were becoming increasingly popular in Britain and the Portuguese presence in India was on the wane, which the EIC sought to fill.

India at the time was a patch work of various empires, kingdoms, sultanates and principalities the largest of which was the Mughal Empire based in central and northern India. Founded in 1526 by Babur, a Timurid prince who fled the fall of the Timurid Empire, the Mughals were the dominant power on the subcontinent at the time and were in the midst of their imperial zenith. They provided a measure of political stability to India, if not religious tension between Hindus and Muslims. So long as they were the dominant native power in India and so

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22 India and Mughals, 13.
long as the various East India companies were weak and interested in trade then armed conflict and war between the companies was rare.

Initially, Europeans only established trade centers in India. First, the Portuguese in the sixteenth century established trading posts at Goa and Surat. They were followed by the English, Dutch, French and Danes in the seventeenth and eighteenth centuries. The EIC followed this pattern and traded with India and the rest of the Indian Ocean basin. The Company termed these depots and trade entrepots in India “factories”, where goods were purchased and exported to Europe. The EIC, however, took root faster in India and established more factories, quicker and over a broader area of India than its rivals. By 1700 the Company had established two main trading posts in India at Madras and Calcutta along with several lesser posts. These factories purchased raw Indian goods from Indian middlemen, processed the goods and shipped the finished products back to Britain. From there the finished goods were either purchases for domestic consumption or re-exported around the British Empire. None of the various East India Companies actually administered much territory. For example, the EIC controlled only a few square miles of territory in all of India. They traded goods and limited their operations in marked contrast to the mid and late eighteenth century.

Two historical trends developed in the early eighteenth century that would have profound consequences for India and the world. First, in 1707 the Mughal Emperor Aurangzeb died. He was the last of a series of emperors, called the Great Mughals, dating back to Babur who were renowned for leadership, opulence and political acumen. With his death the Mughal Empire began a slow decline. As this process unfolded the subcontinent slowly grew politically unstable. Indian kings, princes and potentiates began to fight among each other as the Mughals lacked the power and authority control India. Old enemies of the Mughals, like the Maratha Confederacy, emerged to challenge Mughal hegemony in India while new threats developed. As the century progressed the Mughal Empire became increasingly unable to respond and counter these threats. By mid century it was hardly able to contain the East India Companies. Moreover, the East India Companies branched out into a new business: arms trafficking. As the Mughals declined, Indian princes turned to the various East India Companies for arms and modern military training to give

24 Oxford India, 335.
25 Ibid.
them the edge in their interstate rivalries. These companies obliged and formed alliances with local princes to protect their own interest and trade.

The second historical trend at the start of the eighteenth century was the outbreak of what may now be called the Second Hundred Years War. Beginning in the early eighteenth century Great Britain and France began a long period of intermittent wars that evolved into global wars. The key point is that as Indian princes began to arm and ally themselves with the British, French and Dutch East India Companies, interstate competition within India became linked with European imperial rivalry, a situation perhaps not unlike the Cold War in some ways, or North America during the French and Indian War. For example, if an ally of one East India Company became embroiled in a conflict with the ally of another East India Company the local Indian conflict could potentially spill over and become the part of a larger global war; and this is exactly what happened.

**Prelude to Transformation**

By 1740 the British and French East India Companies were well established in India. They were, however, vastly different companies. The French East India Company was a state owned enterprise. The British East India Company by contrast was a wholly private company, run by London merchants and investors. Moreover, the EIC was scattered over India among three major trading enclaves, or “Presidencies”, one at Calcutta, another at Madras and another at Bombay. Each of these presidencies had their own administrations, treasuries and in time, armies. They were independent from each other and had their own governors. The Company also had other trading posts, or factories, the most important at Surat, an important trade hub that served the intra-Indian Ocean trade with exports and imports from India, the Persian Gulf, the Red Sea and East Africa.²⁶

For nearly the first half of the eighteenth century, there was no great change in the EIC’s operations in India. The Company traded but did not expand, acquire territory or wage much war.²⁷ Beginning in 1744, the War of Austrian Succession erupted. It was a global war fought in Europe, North America and India. In India the war was known as the First Carnatic War, after the region of southeastern India where the fighting took place. After a four year struggle and under the terms of the Treaty of Aix-La-Chappelle, the British and French agreed to restore to

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each other territories they seized. Although neither side possessed large amounts of territory this was a watershed in Anglo-French imperial rivalry in India. For the first time, local Indian conflicts merged and synchronized themselves with broader European conflicts. This trend would continue throughout the eighteenth century and into the early nineteenth century. But even more important was that the war saw the rise of East India Company armies.

There were two equally important trends. First was that as the wars continued both the English and French developed ever larger military presences in India. These armies were equipped with the latest European weapons and were European officered and Indian manned. (The Indian troops were called sepoys, a corruption of the Persian word *Sipahi*.) Second, was that as the French East India Company weakened, it began to rely on Indian princes as a proxies. This was an effective and cheap way of keeping pressure on and combating the EIC and became a hallmark French tactic throughout the French Revolutionary and Napoleonic Wars. However, this tactic had a paradoxical effect of increasing the likelihood of conflict, not diminishing it, because it wedded intra-Indian competition to European geopolitical strategy. If a French ally were attacked by a British ally or the British themselves, or vice-versa, the incident could precipitate a regional conflict which could merge into a broader, global one, which was precisely what happened in the Seven Years War. In time the British would counter this strategy by simply eliminating as much non-British European influence from India as possible.

In 1754 the French East India Company’s new governor-general Charles Godeheu opened negotiations to end the rivalry between the French East India Company and the British East India Company. They agreed to end their territorial ambitions and limit their territorial holdings around their principal trading posts of Pondicherry and Madras. The effort came to naught. The French East India Company attacked the EIC’s Madras presidency and seized much of the Carnatic leaving the EIC with only Madras, Arcot and Trichinopoly. This triggered the Third Carnatic War, which was the Indian theater of the Seven Years War (1756-1763). The Third Carnatic War/Seven Years’ War would initiate the transformation of the British East India Company.

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31 France Overseas, 197.
The biggest event at the time and the one that had greatest long-term impact, however, did not happen in the Carnatic but in Bengal. The French East India Company’s Bengali ally, Siraj-ud-Daulah, the last remaining independent nawab in Bengal. He detested the English presence in Bengal and was enraged when he received news that the EIC was fortifying Calcutta. He demanded the fortifications be removed but the EIC refused. He then attacked and seized Calcutta from the Company and had a large number of British POWs thrown into the garrison dungeon, known as the Black Hole of Calcutta.

News of the Nawab’s attack outraged the Company, which began preparations to retake Calcutta. The Madras Presidency sent out an expedition under Robert Clive with 900 European officers and 1,500 Indian sepoys. The expedition departed on October 16, 1756 and retook Calcutta on January 2, 1757. Clive then seized the French fort of Chandernagar on March 23, 1757. In response, the French East India Company sent aid, officers, and troops to assist Siraj-ud-Daulah. Clive’s army, meanwhile, continued to menace Siraj-ud-Daulah’s army. After several months of intermittent skirmishing, the two armies met at Plassey, a bend in the Bhagirathi River, on June 23, 1757. Plassey became one of the most famed and important battles in British history. The Nawab’s Indo-French army outnumbered Clive’s by ten-to-one; however, Clive knew of severe discontent in Siraj-ud-Daulah’s leadership and bribed one of his chief lieutenants, Mir Jaafar, to abandon the battle midway and withdraw his contingent of Siraj-ud-Daulah’s army. The result was that the Nawab’s army was disheartened and routed. Plassey was a decisive victory. Clive was lionized in Britain. The acclaim was so great that he was depicted in statue as a British Caesar. Meanwhile, the Company retook the Carnatic from the French and advanced on and seized Pondicherry, the capital of French India.

The consequences of the Seven Years War were revolutionary in their own right. Unlike previous European wars in the eighteenth century, the French lost much of their colonial empire. This broke with prior European practice of limited wars with limited gains and losses. Under the terms of the 1763 Treaty of Paris, the French ceded away vast territory in North America along

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33 History of the British Nation, Book VI 75.
34 History of the British Nation, Book VI, 89..
35 History of the British Nation, Book VII, 126.
36 History of the British Nation, Book VII, 144.
with much of their presence in India. The British, however, gained much of North America and had their claims in India recognized. France lost much her colonial empire. French direct power in India was largely broken. In fact, the French East India Company was dissolved. But, the French were allowed to retain their enclave at Pondicherry and several smaller settlements. Henceforth the French would never maintain as strong a presence in India as they had at the start of the Seven Years War.

In Bengal, the victorious British installed Mir Jaffar, Siraj-ud-Daulah’s former lieutenant, in power. Although he was nominally the ruler of Bengal, the British ruled through him. He smoothed relations with the Mughal Emperor, who in turn recognized the EIC’s claims in Bengal. The Company controlled Bengal, which was rich, but it did not control much more of India. And although French direct power in India was greatly curtailed, they still maintained relations with many Indian princes and states. The French, however, were not the only power in India. The local Indian states were quite powerful themselves; the Mughal Empire, although in terminal decline and far weaker than it had been at its apogee, still existed and commanded the respect of much India. Elsewhere, in central and western India, the Mughal Empire’s historical enemy, the Maratha Confederacy, was still a very potent state, while in the south the Kingdom of Mysore was the regional hegemon and just to the north of Mysore, was the Nizam of Hyderabad.

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39 Constitution History of India, 54.
CHAPTER 4

THE LEGACY OF THE SEVEN YEARS’ WAR

The Seven Years’ War marked a decisive turning point in the Company’s history. The Company expanded its reach beyond a few scattered trading posts and now controlled a large wealthy province in north-eastern India. It had directly intervened in Indian politics and toppled an independent Indian nawab. But the far greater legacy of the Seven Years War was the unintended consequences and unforeseen effects. Through a combination of bad business policies and bad luck, the Company would incur the wrath of Parliament, which would implement far-reaching legislation that would further transform the East India Company. At the start of the post-war era the East India Company was still very much a conventional company but by the outbreak of the French Revolution it would be a very different entity and assumed many of the trappings of a state: a taxation system, judicial system and courts of law. At a deeper level, though, the Company faced an existential crisis. Parliamentary legislation undermined the EIC’s purpose. Parliament’s efforts at curtailing the Company’s worst excesses stripped the Company of its independence and subordinated it to British geopolitical interests. What no one at the time could have predicted was how far-reaching this legislation would be.

It was a momentous turn of events. At least one historian has described the change as a “revolution”. With the recognition that the EIC was effective ruler of Bengal, the Company was now placed in a situation it never had had to face: to administer a large territory with a population of 20 million and assume some of the functions of a state, something that the Company never had intended. Quickly, the Company began to lose money and the Company’s directors wondered why one of the wealthiest regions of India was a financial drain on the Company’s coffers. Complicating matters, the Company was still reeling from the cost of the war. On the plus side, the EIC also succeeded in receiving from Mir Jaffar an exemption on internal customs duties. The result was that now British merchants could ship goods without having to pay customs duties while Indian merchants did and as a result British merchants squeezed the market share of Indian merchants. Another effect was that Mir Jaffar’s successor, Mir Kasim, saw his revenues decline. This prompted conflict between Mir Kasim and the

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42 Oxford History of India, 470.
43 Oxford History of India, 471.
Company in July 1767\textsuperscript{44} but in the end the Company won out and replaced Mir Kasim. The Company appointed Muhammed Reza Khan as the Nawab of Bengal. Meanwhile, in the Treaty of Allahbad of 1765, the Mughal Emperor recognized the Company as his \textit{Diwan}, the Mughal revenue agent, for the provinces of Bengal, Bihar and Orissa.\textsuperscript{45} In exchange for an annual tribute paid to the Mughal Emperor, the Company would collect taxes and administer finances while the Nawab was left to administer justice. In effect the Company was now a privatized tax farmer.

The East India Company began to develop other attributes of a state as well. In the few years between the First Carnatic War and the Third Carnatic War/Seven Years’ War, the EIC developed and expanded a standing army. Each presidency had its own army. By 1763 the Bengal presidency had an army of 6,680 men; the Madras presidency had an army of 9,000 men; and the Bombay presidency had an army of 2,550 men.\textsuperscript{46} With a combined total of 18,230 men, the East India Company army may seem modest, but one must consider that the East India Company was a company. More importantly, the creation of an army, and its drastic expansion over the next few decades called the Company’s purpose into question.

The East India Company also began to extend its reach in India. Beginning in 1764, the East India Company started a practice which would define British imperialism in India until Indian independence, the Residency System.\textsuperscript{47} The Company began to station residents at the capitals of Indian princes. These residents served as part ambassador, part political agent, part military advisor and part spy. They kept tabs on the Indian princes, advised them, supplied them with arms and served as their conduit to the Company. It was an effective form of indirect influence. If the Company could not at this stage control all of India, at the very least the Company could now exert influence throughout a large portion through the Indian princes.

In January 1769, the Company bought Parliament’s support for the Bengal acquisition with a promise of an annual payment to Parliament of £400,000.\textsuperscript{48} In exchange, Parliament would not attempt to interfere much in the Company’s business nor attempt to demand greater

\textsuperscript{45} New Cambridge India Bengal, 89.
\textsuperscript{46} Raymond Callahan, \textit{The East India Company and Army Reform 1783-1798} (Cambridge, Mass: Harvard University Press, 1972), 6.
revenues from the Company. The agreement held Parliament, which had begun mulling tougher regulations of the Company, at bay.

The success in Bengal became a mixed blessing for the EIC. The Company’s stock price soared and the dividend increased. As a result, the Company voted to increase the dividend paid out to shareholders. The EIC paid for this by extracting ever greater sums from the Bengali populace. In time an East India Company stock bubble developed. By Christmas 1766 share prices were trading at £223, a thirty-three percent increase.49 The peak of the bubble came in 1769, just as the Company ‘purchased’ Parliament’s support with an annual subsidy. However, by early summer 1769, the stock price crashed and many of London’s wealthiest and most influential powerbrokers lost fortunes.

In the meantime, corruption had become endemic as men of the East India Company sought to line their pockets, make a fortune and retire. The purpose of the Company was to make money. Now that the EIC was to financially administer the region and tax it, the Company could literally extract revenue from the inhabitants. The role of the Company in Indian politics and society could change but it was very difficult to change the Company’s initial purpose, which was to make a large profit.

These twin elements, revenue maximization and corruption, combined to form the massive Bengali famine of 1770.50 As the Company increased and increased taxation of the Bengali population, the Bengalis had less currency. Then in summer 1770 the annual summer monsoons came six months late. The region parched in the heat and crops failed. With little money or wealth left, the populace could not even afford what little food could be found. Finally, six months late, the monsoon came and swept through the drought ridden land as rivers overflowed and flooded the region. Hundreds of thousands of impoverished Bengalis died from hunger, disease, and floods. In all, as much as a third of the Bengali population died because of the Company’s negligence, incompetence and greed.51

British society began to disdain the Company and its men and began to criticize the Company’s misdeeds in India. These East India businessmen, called nabobs (a corruption of the Persian word for governor, nawab) were widely caricatured, lampooned and vilified in the

49 Corporation that Changed the World, 87.
51 India in the Eighteenth Century, 117.
British society also viewed the nabobs’ massive wealth as potentially corrupting influences, for example Adam Smith, one of the leading lights of the Scottish Enlightenment, took the Company to task in his magnum opus *The Wealth of Nations*. Smith devoted considerable space to criticizing the Company for its behavior and its monopoly. He accused the EIC of oppressing and dominating the East Indies. He argued that the Company’s trade monopoly caused the famine in Bengal by restricting the trade for rice. Moreover, he labeled the East India Company, and other exclusive companies like it, a “nuisance” and a misfortune for all countries which fall under their government. Indeed, much of *The Wealth of Nations* is a damning indictment of the Company, mercantile companies like the EIC and the government’s mercantile policy in general. And Adam Smith was one of many critics.

Some members of Parliament also developed a negative opinion of the EIC and were not afraid to say so. Some openly questioned whether or not Siraj-ud-Daulah was in fact the bogeyman the Company claimed. For example, Sir William Meredith, an MP, questioned the purpose and utility of Bengal and expressed concern at the immense inflows of wealth from India into Britain. Moreover, he fiercely challenged the integrity of the Company claiming “never did such a system exist as that where mercantile avarice was the only principle, and force the only means of carrying on a government.” Meredith went further and seconded a motion to investigate the Company’s practices and misdeeds. And he was just one of many critics.

This change in public opinion would not have been such a problem were it not for the fact that the Company faced enormous financial strain in the early 1770s. In 1772 the Company had to turn to Parliament for a bailout of an astounding £1,000,000 to avoid bankruptcy. MPs were outraged. Here the Company, in their eyes guilty of pillaging and looting much of India for the personal enrichment of a band of rogues and adventurers, was asking for money from the

54 Wealth of Nations, 493.
55 Wealth of Nations, 606.
nation’s purse. Parliament now had a golden opportunity to reform the Company and bring it under some form of oversight.

Parliament’s bailout of the East India Company provided the impetus to regulate the East India Company. It was part of the unintended legacy of the Seven Years War. Beginning in the 1770s a reform effort began to regulate and reform the Company. The movement was not a single act but a series of three major Acts of Parliament (and some of the Company’s internal reform) between the 1770s and the early 1790s. In 1773 Sir John Burgoyne, MP and British general later defeated at the Battle of Saratoga in 1777, succeeded in passing a motion for Parliament to begin investigations into the Company’s corruption and mismanagement. This set the ball rolling for the first of two acts. The first was a bailout of the East India Company. The second, and historically far more important, was the Regulating Act of 1773, which was revolutionary in its own right. It was the first major Parliamentary reform of the EIC. It raised the qualification to vote in the Proprietor’s Court from £500 to £1000, established a board of directors who would serve six year terms, and established that the governor general of the Bengal presidency, located at Fort William, would have supervisory powers over the other two presidencies at Madras and Bombay. Finally, the act established a supreme court consisting of a chief justice and three associate justices.

The bill faced considerable opposition from the Company’s defenders in Parliament and even after the bill passed MPs attacked the bill in Parliament. Nevertheless the bill remained, although some of these critiques of the bill were perceptive, if at the time unfounded. Indeed one of these critiques was prescient since a future Act of Parliament would realize their fears and invest the governor-general with the power to largely disregard the Court of Directors.

The act, however, failed. It was a poor compromise between an outright Parliamentary supremacy over the Company and no oversight. The effect was to disrupt the Company but not achieve the level of control over the Company that Parliament wanted. This was due to the provisions of the act. They were not thought out well enough. For example, the governor-general of Bengal only had supervisory powers over the other presidencies and lacked enforcement over

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59 Parliamentary History, 454.
60 Oxford History of India, 520-521.
61 Parliamentary History, 914-916, 921-922.
them. The regulations regarding the supreme court were vague and there was question as to how to administer and employ the court.\textsuperscript{62}

Beginning in the 1780s Parliament again recognized the need for reform and began another round of reform of the East India Company. Part of the impetus was the loss of the American colonies in the American Revolution.\textsuperscript{63} Parliament had decided that the era of salutary neglect, which had help lead to the American Revolution and EIC malfeasance, was a threat to the stability and well-being of the British Empire. The second act of Parliament, the India Act of 1784, or Pitt Act, sought to redress the shortcomings of the Regulating Act of 1773. Three proposals were considered; the third became the ultimate law. The act built upon the previous act. It did not subordinate the Company to Parliament as one of the other proposals called for, but instead created a dual administration whereby the East India Company would be controlled jointly by the Company and Parliament. The Board of Proprietors lost much of their influence while a Board of Control was created to oversee the Company\textsuperscript{64} and equally innovative, Indian subjects were given equality before the law. Moreover, the Bengal presidency was given paramountcy over the other two presidencies. The governor-general of the Bengal presidency would also be the governor-general of the East India Company. The days of three semi-autonomous presidencies were over. Moreover, now Parliament and the Company’s stockholders exercised ‘dual control’ over the EIC. (Amid these parliamentary measures EIC’s critics, such as Edmund Burke and Adam Smith, developed the early germ seed of the free trade debate.)

The India Act of 1784 signified the legal transformation of the EIC and fundamentally altered the EIC’s relationship to the British state. The Act asserted Parliamentary oversight over the EIC and in effect, the Crown became the largest voice in the EIC. (Although the Crown’s influence was limited to non-commercial matters.)\textsuperscript{65} These measures had several critical effects: first, they limited the EIC’s autonomy and reduced its profits; second, since the governors-general of the East India Company were now Parliament’s political appointees, they were seldom Company men interested in turning a fast, easy profit. Moreover, they generally were aristocrats, not self made men in the mold of Robert Clive. Therefore, they were less interested in the fiscal bottom line than they were the stability and security of the British Empire in India and the Indian

\textsuperscript{62} History of India, 521.
\textsuperscript{63} H.V. Bowen, The Business of Empire: The East India Company and Imperial Britain, 1756-1833, (Cambridge: Cambridge University Press, 2008), 153.
\textsuperscript{64} History of India, 522.
\textsuperscript{65} Ibid.
Ocean basin. And since the governor-general was effectively only responsible to the Crown (Parliament), he could do just about anything he wanted so long as he retained the backing of Parliament. Thus, business considerations such as profit, dividends, finances etc, could potentially be of secondary importance. This act, therefore, helped transform the logic of the East India Company from a corporation to a state. More important was the impact these regulatory measures had on the nature of the Company. Beginning with this act the East India Company was “in inexorable decline as a commercial concern. The reforms…had punctured the autonomy as a business and breached its monopoly of Asia trade.”

The India Act concentrated power in the hands of the governor-general, who was also the president of the Bengal presidency. In other words, it centralized power and limited the power and autonomy of the presidents of Bombay and Madras. Whereas the Company previously had a quasi-confederate design with three semi-autonomous presidencies each with a separate army, treasuries and bureaucracies; now the Company had much more of a royal character. The governor-general of the East India Company in effect was a viceroy. He did not just represent the Company as a CEO would; he also represented the British state. The concentration of power in a central figure echoes the military revolution debate, whereby war, or the rising cost of war, during the early modern era forced states to concentrate power in the hands of monarch at the expense of feudal lords. And although the circumstances were different the effect is similar. (In the case of the EIC, it was legislation which brought about this change.) Moreover, the governor-general represented the British Empire in foreign affairs. For instance, when the British Empire sent an ambassador to China or Persia, it was the Company that sent the ambassador. The Company had assumed for itself the role of intermediary between the British Empire and eastern states.

The India Act was a clever act for another reason. Since the EIC was still a private company, its investors assumed the financial risk. If the Company failed, it was their money, not just the government’s that was lost. But since the Company was now legally regulated and bound to parliamentary oversight, the EIC could operate as an adjunct to British imperial and political interests. If the Company did or planned something that was contrary to British interests Parliament could overrule the Company. In a sense the Company was now a privately subsidized British imperial agent. Expressed in accounting terms the British East India Company was now

66 Corporation, 143.
an off-balance sheet vehicle. The Company’s efforts benefited the British Empire and served its strategic and economic interests while at the same time the Empire did not bear the costs of administering India. Investors purchased the Company’s stocks and bonds, the Company served its interests and the British Empire’s and in return the investors received a dividend. The cost of imperialism and wars in India was not borne by the British taxpayer but by the Company and more specifically its investors. Thus, the Company actually made the price of the British Empire cheaper. Britain could exert its influence without having to bear as much of the cost.

The India Act had other unforeseen effects. The act concentrated power in the hands of a single governor-general, which Parliament had intended as a brake against the Company’s excesses. In the hands of a diligent and cautious governor-general, like Charles Cornwallis, this happened. However, if a governor-general went against Parliament’s wishes and engaged in aggressive expansion, he would have all of the Company’s resources at his disposal. Unlike in the past, where the respective Company presidents had divided amongst them, now the governor-general had the Company’s entire strength available. The India Act, therefore, enabled governors-general to harness the Company’s full potential. Ironically, the act enabled the Company to further subjugate India, which was the exact opposite its intent. Instead of inhibiting expansion, the act actually abetted it.

The India Act had a rough start. It would take several years before Parliament could have a governor-general capable of imposing the desired control over the East India Company. Parliament’s first political appointee, Warren Hastings, turned out to be a disaster. He was forced to resign and later impeached amid accusations of corruption. The issue was not resolved until he was acquitted by the House of Lords seven years later. In the interim, Parliament appointed General Sir Charles Cornwallis, George Washington’s vanquished foe at Yorktown, as the governor-general of the British East India Company in 1786. Cornwallis, his reputation not severely diminished by his defeat, was an aristocrat very much in the mold of Old Regime aristocrats.

In the 1770s the Company fought three wars, which although they did not change the evolution of the Company, are nonetheless worth mentioning: the First and Second Anglo-
Mysore Wars, and the First Anglo-Maratha War. In all three of these wars the French continued their signature tactic: war by proxy. (The French employed the tactic elsewhere, notably in the American Revolution.) Proxy wars were becoming a hallmark of French strategy and would remain so through the end of the Napoleonic Wars. Indeed proxy war between France and the British East India Company will be a prime focus for the rest of this thesis, specifically in the Kingdom of Mysore, the Maratha Confederacy and Qajari Persia. These wars also illustrate the danger the EIC faced. Even though the Seven Years War had effectively ended French direct influence in India, the French could still exert indirect influence through local potentiates.

The three wars also reveal another change in the Company. For the first time the Company was willing to regularly intervene in Indian politics. The Company was no longer a vehicle for Indian states to trade goods but was now an Indian power in its own right. The Company had previously avoided interference in Indian affairs and generally refrained from fighting major wars against Indian states, restricting itself to fighting European interests in India. (Bengal being the obvious exception.)

But these wars also illustrate the problem with the Company’s approach to India. It was hedging itself. The Company tried to remain a private corporation with limited liabilities in India, but the Company needed to survive. (Or at the very least wanted to survive.) And so long as there were independent Indian states capable of resisting the EIC, there would remain the potential for Franco-Indian intrigues against the East India Company. Now, however, with the drastic reduction of the French presence in India, coupled with the continued deterioration of the Mughal Empire, the Company would have the opportunity to exert itself on the Indian political landscape.

In the run up to the French Revolution, the British East India Company underwent a radical break with the past. It transformed into more than a company and but less than a state. It held territory, collected taxes and had established courts of law. It assumed many of the

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67 These three wars do not receive as much scholarly attention as the later Third and Fourth Anglo-Mysore Wars or the Second Anglo-Maratha War. For a general military/diplomatic history of the First Anglo-Maratha War see M.R. Kantak, *The First Anglo-Maratha War 1774-1783*.

68 At roughly the same time as the Fourth Anglo-Mysore War in 1798, the French aided the failed Irish Rebellion of 1798, another instance of proxy war against Great Britain. In this case the French, through a proxy, were able to strike the British Isles.

functions associated with a state and yet it still remained a company. However, the Company was still limited to one region of India, Bengal. The stresses and exigencies of the French Revolutionary and Napoleonic Wars helped transform the Company from a provincial ruler to the dominant power in India. By the end of the Napoleonic Wars the East India Company would not only control India but much of the Indian Ocean basin as well. In effect, the East India Company would become an empire within an empire.
CHAPTER 5
THE EAST INDIA COMPANY AND THE FRENCH REVOLUTION

During the French Revolution (1789-1798), the British East India Company underwent some of the most important changes. The French Revolution marks an important corporate and institutional shift for the Company. The French Revolution witnessed the East India Company turn from a company with political concerns to a quasi-state with commercial concerns. The Company assumed many of the functions of a state and further expanded the ones it already had. The EIC also underwent reforms of its own some of which were successful, other less so. Although the era was relatively peaceful compared to the Napoleonic Wars, the Company still managed to exert its influence militarily. The French Revolution would be the last time the EIC actively pursued a policy of non-interference. Henceforth, the Company would be an active part in Indian affairs regulating Indian life through taxation, regulation, administration and expansion.

Despite his conservative appearance, Cornwallis embarked on a reform of the Company’s judicial system. Previously, Parliament had attempted to address the issue of judicial reform with the Regulating Act of 1773, however, the attempt failed. In fact, despite his very anti-revolutionary appearance and deeds, Cornwallis is among the most revolutionary of the governors-general because of his judicial reform. His Regulation XLI of 1793 reshaped Company law in India. It created civil and criminal courts and eliminated the use of certain Islamic laws and punishments, for example mutilation as a form of punishment. Moreover, it established a police force to enforce the Company’s laws. Perhaps most interestingly, it introduced habeas corpus into Company law in India. Parliament subsequently confirmed his reforms in 1797. Cornwallis’ judicial reform helped turn the East India Company into a state.

In the past, the Company acquired and taxed territory but shied away from actual administration.

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70 Scholars of the French Revolution still debate the end of the French Revolution. Some assert that the Revolution ended in 1798, others maintain that the Revolution ended in 1815, while others argue other dates. Rather than become embroiled in the perennial historiographical debate over the French Revolution and Napoleonic Era, I accept 1798-99 as the end of the French Revolution and start of the Napoleonic Era, for the sake of simplicity. The choice is partly for the sake of expediency and partly based on fact. From 1798 on, Napoleon becomes, first a major personality, and then in 1799, a key personality. After 1800, Napoleon becomes the principal personality in the French government. Moreover, his actions from 1798 on helped prompt (and instigate) many of the major European wars of the era. Admittedly, my choice overlaps the French Revolution with the Napoleonic Era, but 1798-99 served as a crucial transitional year between the two eras.
72 Cornwallis Correspondence Vol. II, 199.
73 Habeas Corpus, 290.
74 Ibid.
(The Company maintained the fiction that it was ruling on the Mughal Emperor’s behalf and maintained Mughal customs.) But the EIC’s legislation, therefore, was not limited to purely commercial considerations but regulated daily Indian life as well. The Company’s reforms were successful. The new courts were widely used and in one district of Bengal a single judge heard 30,000 cases in 1795 alone.\footnote{Cornwallis Correspondence Vol. II, 202.}

Cornwallis’ judicial reforms had an unintended consequence; they further solidified the Company’s evolution as a state. Since the code regulated much more of Indian life, the Company became the only real state or polity that millions of Indian knew. Moreover, the Company was not just supplanting secular Mughal law with Cornwallis’ code but Islamic law as well. (After all the use of mutilation as a form of punishment was religious not secular law.) If there ever were a clear, distinct hallmark of a state, a legal system would be it. Furthermore, if the definition of a state is the monopoly on the legitimate use of force, what does that say about legislation which regulates legal sanctions?

Not all attempts at reform were successful, however. A lesser known reform movement, but one that nevertheless was important for the evolution of the Company, was the attempted reform of the East India Company Army. In some ways the reform symbolizes the schizophrenic nature the Company had acquired. The East India Company Army attracted men who lacked the social standing necessary for a career in the British Army. These men in turn joined the EIC’s army as the officers for the sepoy troops. However, the British establishment viewed this class of officers with a mixture of suspicion and disdain. Moreover, the East India Company Army promised these officers profit in the form of loot and plunder much as it had in Robert Clive’s day. The lure of easy money and the associated acts of corruption were ongoing problems which concerned policy makers in London. Beginning in 1783, Parliament attempted to reform the East India Company Army and its perceived corruption and inefficiency to little avail. The very characteristics which the British establishment found repugnant were the very characteristics which attracted the officers of the East India Company: profit and the hope of rapid wealth. In fact the problem was so intractable that Henry Dundas, the Secretary of War, attempted to reappoint Charles Cornwallis, after his successful reform of the Company’s judicial system, as

\footnote{Cornwallis Correspondence Vol. II, 202.}
governor-general a second time starting in 1797, but failed in the face of opposition from the Company, specifically the East India Company Army. The problem would also cost the career of one governor-general, Sir John Shore. (Cornwallis would later be appointed governor-general again in 1805 as Richard Wellesley’s successor but died within six months of arriving in India, where he was buried.)

Cornwallis’ East India Company Army reform consisted of several elements, some of which modern observers would think commonsense for an army but in the East India Company Army were considered outrageous. In fact, Cornwallis’ successor, Sir John Shore, attempted to continue the reforms but officers of the EIC army successfully foiled his efforts. The officers created an executive board composed of delegates to represent them in dealings with the Company and the British Government. They demanded that one, the Company’s regiments not be reduced in number; two, that the number of the King’s troops in India be limited by law; three, all promotions be given based on seniority—not merit; four, none of the King’s generals should have staff appointments; five, no distinction between British or sepoy troops be made in regards to pay or rewards. In the end the officers halted reform of the East India Company Army.

Meanwhile, at the start of the 1790s, the British East India Company was one of the strongest powers in India but not the only power. The Mughal Empire remained and although it had under gone a dramatic and steady decline, it still retained some cultural and political influence. The Maratha Confederacy in the west and center of the India remained a potent state that the East India Company had already fought one war against. However, the Confederacy was divided amongst its powerful princes, who although nominally vassals of an emperor, in actuality operated with semi-autonomy. Meanwhile, the Kingdom of Mysore in the south of India had become a region power and persistent thorn in the side of the EIC. Both the Marathas and Mysore purchased arms from France and used French officers in their respective armies. And both also served as dangerous proxies for French power in India.

For the moment, the more dangerous threat of the two was the Kingdom of Mysore, ruled by Tipu Sultan. Tipu has gone down in 18th century British colonial history as something akin to

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77 Oxford History of India, 550.
78 Cornwallis Correspondence Vol. II, 315.
Osceola or Tecumseh. To British authors he was a cruel, oriental despot, but, in actuality he was a man of culture and military prowess who detested the British and had a noted fondness for tigers, hence his moniker the Tiger of Mysore.\textsuperscript{79} He was one of the most powerful south Indian princes and attempted to forge an anti-British coalition with another powerful south Indian prince, the Nizam of Hyderabad along with the Maratha Confederacy.\textsuperscript{80} Despite his efforts at recruiting the support of the Nizam of Hyderabad and the Marathas, Tipu failed. The Nizam was too weak and ineffective and the Marathas too independent to ally with Tipu.\textsuperscript{81}

When the French Revolution broke out in 1789, the British had their eyes on France and the continent. As the Revolution progressed its tenor changed and grew increasingly radical. Britain and much of Western Europe feared the excesses and radicalism of the Jacobin-led France. The outbreak of the War of the First Coalition in 1792 and the accompanying radicalization of French politics only heightened these fears. The East India Company was in the difficult position of maintaining its position amid the global turmoil of the French Revolution while also contending with India.

In south India, Tipu Sultan attempted to cultivate an alliance with the French to wage war on the East India Company. He went out of his way to demonstrate his loyalty to the French revolutionary government. He went so far as to wear a Phrygian cap, calling himself Citizen Tipu and even expressing support for Robespierre at one point, in an attempt to display his ‘Revolutionary’ credentials.\textsuperscript{82} Beyond that British authors claimed that he allowed French officers serving in his army to establish a Jacobin club and propagate their revolutionary credo. Tipu allowed the club of fifty nine members to continue to meet as late to at least 1797. (In a church of all places).\textsuperscript{83}

Tipu Sultan went on the offensive against a British ally, the Raja of Travancore, who had been assisting the anti-Mysorean forces of Malabar, an Indian state that Tipu’s father had

\textsuperscript{79} India and Mughals,124.
\textsuperscript{81} History of India, 541.
\textsuperscript{82} Raj, 68 & Corporation, 144 & ‘Tippoo Sultaun’s Correspondence from the Executive of France’ from Despatches of Marquess Wellesley 2.
conquered. In response, the Governor-General of the Company, Lord Cornwallis began to campaign against the Tiger of Mysore in June of 1790. Meanwhile, the following year Tipu sent agents to France to purchase artillery. He continued his overtures to the French Revolutionary government. But his efforts were in vain. The French were unable to supply Tipu with troops or naval support as the Royal Navy had near complete mastery of the seas. The French did, however, supply him with arms. The French felt that Tipu was not worth extra effort. They felt he would lose regardless and not worth the risk of a war with Britain. Besides, the French were too distracted with the Revolution. The British, however, discovered this plot, and even feared a French inspired revolution in the subcontinent. The fears of a revolution never materialized but war did.

The Third Anglo-Mysore War may be divided into three campaigns. The first campaign against Tipu Sultan ground to a halt at the end of 1790. The following year Lord Cornwallis launched an even more aggressive campaign against the heart of Mysore and captured the fortress of Bangalore. The British-allied Maratha armies failed to arrive and Lord Cornwallis was forced to lift the siege of the Mysorean capital, Seringapatam. The British had difficulty in convincing their Indian allies of the importance in chastising Tipu, while some of Company’s allies, notably the Marathas did not want to campaign against him. Instead they sought to maximize their gains while avoiding conflict. This double dealing eventually drew the ire of Richard Wellesley. The second campaign ending in May 1791 ended in failure as the first had. The following year the EIC commenced its third and final offensive against the Tiger of

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85 Major Alexander Dirom, A Narrative of the Campaign in India Which Terminated the War with Tipoo Sultan in 1792 with Maps and Plans Illustrative of the Subject, and a View of Seringapatam, (London: 1793), vii.
87 Narrative, viii
88 Narrative, 4.
90 Marquis of Wellesley, History of All the Events and Transactions Which Have Taken Place in India: Containing the Negotiations of the British Government Relative to the Glorious Success of the Late War. Addressed to the Honorable Secret Committee of the Honorable Court of Directors of the East India Company (London: John Stockdale, 1805), 8. Note: When he wrote his History of All Events, Lord Mornington had received the title Marquis of Wellesley and wrote under that title.
91 Narrative, viii.
Mysore. This time the EIC forces led by Lord Cornwallis captured Seringapatam in March 1792.  

The Third Anglo-Mysore War was not like the total wars in Europe. Nor was it like the Company’s later wars under Governors-General Richard Wellsley or the Earl of Minto. Despite its final victory, the Company did not perform well. The army was stricken with low morale and had to utilize Indian cavalry because the Company’s cavalry was so few. Governor-General Cornwallis abided the Company’s non-interference policy (and his Parliamentary mandate) and did not topple Tipu.

In the resulting Treaty of Seringapatam, Tipu Sultan lost a third of his lands to the allies, British and Indian, along with an indemnity to the allies, while two of Tipu’s sons were taken as hostages. One of the beneficiaries was the Maratha Confederacy, which would become a thorn in the side of future governors-general. Scholars have debated why the EIC was reluctant to impose harsher terms. James Grant Duff, one of the Company’s most famous soldier-scholars of the early nineteenth century, argued that the Marathas opposed harsher terms. Vincent A. Smith argues in the *Oxford History of India*, that Cornwallis was cautious and did not want to arouse the ire of the EIC’s critics in Britain. Moreover, Smith contends, Cornwallis, the general who had lost at Yorktown may have been gun shy when it came to high-stake imperial risks. Whatever the case maybe, Tipu remained on the throne of Mysore, a potential threat in the future.

The Third Anglo-Mysore War is notable for another important reason: it marks the end of the Company’s newly fangled restraint. Parliament attempted to rein the Company with the India Acts and succeeded in curtailing the Company’s excesses. The restraint Cornwallis demonstrated, however, would not be replicated by his most famous successors of the Revolutionary Era. Of the next three governors-general of the East India Company, only one, Sir John Shore would have a low key administration that followed a non-interference policy. The rest, Wellesley and Minto, were aggressively expansionist with a vigorous imperial policy. Cornwallis and Shore would be the last governors-general during the Revolutionary Era whose

92 Ibid.
93 East India Company and Army Reform, 108.
94 East India Company and Army Reform, 4.
95 Narrative, 225-226.
96 Narrative, 225.
98 History of India, 542.
policies resembled anything approaching that of a corporation, albeit a very strange corporation. From 1798 on, the policies of successive governors-general resembled that of a viceroy rather than a chief executive officer.

When Cornwallis was recalled to Britain he was very optimistic that India would remain calm. He wrote to Henry Dundas, the President of the Board of Control for the British East India Company (the committee that oversaw the Company on Parliament’s behalf) and reported that all was well in India. The only potential problem (and he thought it was unlikely to adversely affect the EIC), was a minor political tussle at Poona, a Maratha city in west central India. But the French had not forgotten about India and as early as 1785 they had established new French East India Company. In 1790, during the French Revolution, the French National Assembly opened East Indian trade to all Frenchmen, thus stripping the French East India Company of its monopoly on Eastern trade. But history has borne out Cornwallis’ judgment; between the end of the Third Anglo-Mysore War in 1793 and the outbreak of the Fourth Anglo-Mysore War in 1798, India remained relatively calm. Although French commercial interests had waned during the decade, the French government’s interest had not. In fact the French East India Company’s last recorded transaction in Bengal was as late as September 1795. France’s reluctance to intervene in the Third Anglo-Mysore War was an aberration and would not persist under Napoleon. Meanwhile, the British East India Company remained a corporate-state confined largely to Bengal.

Cornwallis sailed back to Britain in October 1793. His successor, Sir John Shore, has gone down in history as a failure of a governor-general. Shore was a close associate of Cornwallis and supported Cornwallis’ attempts at East India Company reform, notably the failed army reform. His timidity has been described by one author as “a caution which verged on irresolution and a faithfulness to non-intervention which verged upon disregard for obligations.” In his defense, though Parliament wanted cautious governors-general at the helm of the EIC, especially given the mess that the Company had made of Bengal in the early 1770s.

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101 Ibid.
102 Ibid.
103 Cornwallis Correspondence Vol. II, 189.
104 History of India, 548.
Moreover, at least one scholar argues that even if Shore had been inclined to be aggressive, the poor state of the East India Company’s army limited his options.105

Sir John Shore’s much criticized timidity did not prevent him from waging war. In late 1794, Fyzoollah Khan, chief of the Rohillas, died.106 The Rohillas were an Afghan tribe that inhabited the left bank of the Ganges River in north India. Fyzoollah Khan’s eldest son, Mohammed Ali, succeeded him but was assassinated by his younger brother Ghulam Mohammed. Since Fyzoollah Khan was a friendly ruler to the Company, the Company intervened and defeated Ghulam Mohammed and transferred the region to Mohammed Ali’s next of kin.

The war was symbolic. It was not especially important compared to the Company’s other major wars. In actuality, it was more of an enforcement campaign of the Company’s interests, the war, however, reveals two problems with the Company’s situation in India. One, since the Company only controlled Bengal, problems could easily arise in other Indian states and potentially threaten the EIC’s interests or security; two, the myriad Indian states and the tumultuous political situation in some of them meant civil war could engulf entire regions of India and drag the Company into it. A further complication was French influence. If the French ever attempted to use another Indian proxy, the situation could cost the Company its very existence. The Company’s current policy of remaining cooped up in Bengal while leaving the rest of the subcontinent unchecked would prove dangerous and untenable in the Napoleonic Era. The Company continued to hedge. It wanted to have its cake and eat it too. It could be a state or a corporation but it was increasingly untenable to exist as a compromise of the two. Keeping Bengal and remaining restricted there allowed threats to emerge from every quarter. The Company could realistically choose one of two options: expand into the rest of India and squash any threat before they could emerge or the Company could revert to a purely commercial concern. Remaining caught in a limbo between the two only made it a target.

Although the French Revolution was a relatively quiet time for the East India Company it did not preclude expeditionary operations elsewhere in the Indian Ocean. During the French Revolutionary Wars and continuing through the end of the Napoleonic Wars, the British conducted colonial seizures through expeditionary operations. This was not by any means a new

105 East India Company and Army Reform, 209-210.
tactic; European empires had been doing it for much of the eighteenth-century. The British assaulted and seized the colonies of enemy states around the world. During the French Revolutionary and Napoleonic Wars the British made great use of colonial seizures. With the French Navy in disarray, the Royal Navy isolated and seized French colonies around the world. The practice made up for the fact that the British were too weak to project much power onto continental Europe and when they attempted to they fared poorly. With the 1795 Batavian Revolution in the Netherlands, which turned the Netherlands into a French satellite sister republic, the British began seizing Dutch colonial possessions in the Caribbean and India Ocean. Ceylon, one of the biggest Dutch possessions in the Indian Ocean, was a prime target. The British seized Ceylon and kept it despite the fact that Britain restored many of the seized colonial possessions to their former colonial masters in the Peace of Amiens of 1802, which ended of the War of the Second Coalition. And although these early operations were not the Company’s they would provide a successful template for the Company’s expeditionary operations in the second half of the Napoleonic Wars, specifically the seizure of Mauritius and the Dutch East Indies.

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CHAPTER 6

THE NAPOLEONIC ERA: RISE OF AN INDIAN EMPIRE

From 1798 to 1813, Napoleon Bonaparte would be the British East India Company’s chief antagonist. The eponymous Napoleonic Era heralds a transition in the Company’s attitude towards warfare which coincides with similar shift in European warfare. Indeed, a number of historians, most recently David Bell, have contended the Napoleonic Era marks the dawn of total war between France and Britain. As contentious as this debate is among European historians there is a clear change in the EIC’s attitude. While the tactics, weaponry and forces were the same, the mentality and objectives of the East India Company were not; they were vastly different and the scope and scale of the Company’s campaigns increased dramatically. The Company’s aims shifted from limited objectives in favor of decisive defeat and subjugation. This marked shift solidified the Company’s evolution into a corporate-state.

Like Napoleon, Richard Wellesley’s aim was supremacy. It is one of the fascinating, if little appreciated, ironies of the Napoleonic Wars. Napoleon’s goal in Europe, and Richard Wellesley’s in India, was supremacy. Both men were intensely ambitious and brooked no threat or opposition to their respective empires. Supremacy was as much the aim of the First French Empire as it was the British East India Company’s.

Beginning in the Napoleonic Era, the Company truly behaved like a state. Ideologically, the EIC had morphed into a very different entity; where the EIC previously acted more like a corporation, now the EIC acted more like a state fighting for national survival and engaging in geopolitics. Between the end of the Seven Years’ War in 1763 and the French Revolution in 1789, the Company could be said to have developed into a territorial entity and developed the early intimations of a state. Between 1789 and 1798 the Company could be said to be a poor compromise between a state and a corporation. Not quite either. By contrast, during the Napoleonic Era, the Company truly emerged as a state while still retaining some of its unique corporate character. (In fact, the Company was at times more than a state: it was an empire within an empire.) Henceforth, the EIC would show no compunction and wage aggressive, expansionist wars and campaigns in defense of its possessions. Security came first and foremost. Supremacy, first in India then the Indian Ocean basin, was the key. The East India Company expanded its horizons, and seized and annexed much of India outside Bengal. Beyond that, the
Company began military operations outside of India, some as far afield as the Dutch East Indies. By 1813, the year Lord Minto stepped down as governor-general, the East India Company had either annexed outright or indirectly controlled the overwhelming majority of India, much of the India Ocean basin, while the British Empire took possession of the Cape of Good Hope from the Dutch. By the end of the Napoleonic Era the East India Company had become the superpower of the Indian Ocean basin.

In India, the Napoleonic Era represented a change from the French Revolution. Unlike the French Revolution, the Napoleonic Era in India was fast-paced and dominated by conflict. Whether at war with an India state, combating French commerce raiders, or countering Napoleon’s intrigues, the era saw the full gamut of conflict. The era stood in stark contrast to the relative calm during the years 1792-1798, years which were especially violent in Europe.

As much as the Napoleonic Era was a break with the past, it also bore similarities to the past. Napoleon’s trademark tactic in his war against the East India Company was the same that French leaders had resorted to ever since the end of the Seven Years’ War: proxy war. Between 1798 and 1809, Napoleon would wage two proxy wars and attempt to ally himself with two other states that would fight on France’s behalf against the Company. (And technically he planned for a French invasion of India in 1798.) Napoleon did not stop with proxy wars though; he also promoted commerce raiding as a tactic against British interests around the globe especially in the Indian Ocean. With the French Navy in chronic disarray Napoleon was left to rely on commerce raiding to harass and attack British shipping in the Indian and Atlantic Oceans.

When Sir John Shore granted concessions to the agitated East India Company Army the Company’s Court of Directors recalled him to Britain. His concessions were the last straw. The Court of Directors considered possible candidates for the governor-generalship. Initially, they considered Cornwallis again but faced opposition from the East India Company Army. Moreover, Cornwallis currently was serving as ordinance minister for the British government. The Court of Directors then settled on Richard Wellesley, an aristocrat of Anglo-Irish ancestry. Despite his aristocratic background he was nothing like the conservative and cautious Cornwallis. He was younger than Cornwallis. Like Napoleon he had a burning ambition which made him difficult to get along with. He also resented the meddling of the Court of Directors and used the sheer distance from London as a cover to impose on the Company the changes he saw fit. Along with Richard Wellesley came his two younger brothers Arthur and Henry. Arthur
Wellesley, the future Duke of Wellington and victor over Napoleon, served as a lieutenant colonel in the British Army while Henry served as Richard’s private secretary.

Richard Wellesley’s tenure as governor-general was one of the most important in the East India Company’s history. His administration represented a decisive break with the Company’s past. Under his leadership the Company expanded beyond Bengal, subjugating Mysore and the Marathas while also annexing Awadh. (Also spelt Oudh.) In fact, by the end of his administration only Sind, Punjab and Kashmir retained their full independence. But he also articulated a new vision for the Company and the British Empire in Asia as well. He formulated a new security rationale for the Company based on supremacy. Where Napoleon used total war to achieve his aims in Europe, Wellesley used total supremacy, a cynical and Machiavellian mix of war and realpolitik, to achieve his aims. Although the Napoleon parallel should not be taken too far, it is still ironic that their careers coincided as neatly as they did.

In Europe, Napoleon Bonaparte had become the most lauded French Revolutionary general. After his successful Italian Campaign of 1796-97, which concluded the War of the First Coalition, the Directory placed Bonaparte in charge of a proposed invasion of Britain. After reviewing the resources needed and the likelihood of success, Napoleon concluded that the invasion would end in defeat. In response, Napoleon sent a letter to the Directory which broached the idea of an attack on either the Rhine, or even better, an attack in the Levant. A strike there could threaten British trade with the Company in India. Moreover, the idea especially resonated with Napoleon. The Orient exerted an admitted spell over Napoleon’s imagination. He was a voracious reader of Middle Eastern and Asian history and told his private secretary, Louis Antoine Fauvelet de Bourrienne, that Europe was “just a molehill. The truly great empires and revolutions take place only in the Orient.” But the Egyptian campaign and march to India also appealed to Napoleon’s megalomaniacal instincts. He told Madame de Rémusat: “In Egypt I found myself freed from the obstacles of an irksome civilization. I was full of dreams. I saw myself founding a religion, marching into Asia, riding an elephant, a turban on my head and in my hand a new Koran that I would have composed to suit my needs. In my

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111 Ibid.
undertaking I would have combined the experience of the two worlds, exploiting for my profit the theater of all history, attacking the power of England in India...The time I spent in India was the most beautiful of my life because it was the most ideal.”

However, to the Directory he justified the expedition very differently, writing such an undertaking “would be comparatively economical of French resources.” The idea was not unique to Napoleon. Later, in 1803 at the end of a brief letter to Cambacérès, Napoleon mentioned that he had received a copy of a letter in Latin written by Wilhelm Leibnitz, the seventeenth-century German philosopher and mathematician, addressed to Louis XIV with a plan to seize Egypt. (Napoleon called it very curious.)

Initially, Bonaparte wanted a grandiose campaign to further propel his name in France, but after the fact he claimed that he wanted to become the “new Alexander.” Less than two weeks later Napoleon drafted another letter to the Directory detailing the resources he would need for an invasion of Egypt. He confidently promised that with 20,000-25,000 infantry and 2,000-3,000 cavalry he could take Egypt. The Directory obliged him and gave him his requested army. Napoleon’s plan was to invade Egypt, seize it, and thence either march overland or sail from the Red Sea and attack India. (Along the way he would also seize Malta from the Knights of Malta and thus sever British lines of communication with the eastern Mediterranean.) In India he would link up with Tipu Sultan. He had been in communication with Tipu but the British had intercepted these letters.

As far-fetched as Napoleon’s plan may have seemed there was a rationale behind it. (As there were with Napoleon’s later attempts to threaten British India.) India was tremendously important economically to Britain. Contemporaries at the time recognized India’s important role in the British economy. Napoleon simply grasped what was apparent to all: a decisive strike at British India might compel the British to sue for peace. Not only could such a strike create havoc for British interests in India, it may undermine the whole British war economy. Recent

114 The Campaigns of Napoleon, 209.
116 Ibid.
119 Ibid.
scholarship has confirmed this fact. Economic historian Javier Cuenca Esteban’s research shows that were it not for governmental revenue from the East India Company, British borrowing would have become unsustainable by 1809. Therefore, the British war effort may have faltered or possibly ceased just as the Napoleonic Wars reached their crescendo. The economic importance of the EIC to the British economy only further serves to illustrate to integral connection between Europe and India during the era.

However, India was valuable for more than commercial or financial considerations; India provided Britain with needed material for the British war effort. Britain’s Board of Ordnance depended on Bengal for saltpeter, a key ingredient in gunpowder. Moreover, the Company provided ships and sailors to the Royal Navy. This bolstered the Royal Navy’s maritime capability and enabled the Royal Navy to redeploy frontline units elsewhere. Likewise, the Company provided troops for expeditionary operations around the Indian Ocean. As early as 1795, the Company provided troops for the British seizure of Dutch-owned Ceylon. This trend would continue and further develop during the Napoleonic Wars; the Company provided troops for operations as far away as Capetown (1806), Macao (1808) and Batavia (capital of the Dutch East Indies, 1813). By the late 1790s the EIC had become an integral part of Britain’s imperial defense. Thus, all the more reason for Napoleon to strike British India and all the more reason for Britain and the Company to eliminate French threats and intrigue in India.

Complicating the situation were the letters of Anne Joseph Hyppolite Malartic, the Commander in Chief and Governor-General of Île de France and Réunion. (Île of France is present day Mauritius.) In a secret dispatch to Tipu, Malartic proposed to Tipu that France and Tipu ought to work together to drive the British out of India. The Malartic Declaration, as it came to be known, proposed to “conclude and offensive and defensive alliance with the French; to subsidize, and supply, whatever troops the French might furnish to the Sultaun [sic]; and to commence against the British power in India, a war of aggression…” However, unbeknownst

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121 Business of Empire, 48.
122 Ibid.
123 Business of Empire, 49.
124 Lieutenant-Colonel Alexander Beatson, A View of the Origin and the Conduct of the War with Tippoo Sultaun; Comprising a Narrative of the Operations of the Army under the Command of Lieutenant-General George Harris and of the Siege of Seringapatam, (London: W. Bulmer & Co., 1800), 4.
to the British Government or the Company, Tipu Sultan was in contact with the Maratha Confederacy and the Nizam of Hyderabad in another attempt at forging a grand anti-British alliance. Moreover, the British had been having diplomatic difficulties with all of these powers. Now, the EIC was quite literally surrounded by real and potential enemies.

Wellesley attempted to coax Tipu Sultan back to the fold with a series of letters but Tipu remained defiant. Finally, after repeated attempts, Wellesley realized that all peaceable measures had failed and on February 3, 1799 declared war on Mysore. The Company had previously taken defensive measures against the increasingly restive Tipu, including winning over the Maratha Confederacy to the British side. But more important than the immediate war, the crisis gave Wellesley the excuse to campaign against uncooperative Indian principalities and bring them to heel. And given how long instructions from London took to reach India, Wellesley could have considerable latitude in his actions. Thus, Wellesley was free to refashion the Indian political landscape to his wishes. As he redraw India to his vision he increasingly fell afoul of the Company’s Court of Directors who wished to rein in the financial costs of Wellesley’s wars.

Napoleon’s proposed invasion of India never materialized. After seizing Malta and then Egypt, disaster struck the French Expedition. On August 1, 1798 Vice Admiral Sir Horatio Nelson’s fleet returned to the coast of Egypt and sighted the French Fleet at anchor at Aboukir Bay. Nelson’s fleet attacked the French fleet and obliterated it. All that remained of the French fleet were two ships of the line and two frigates. The British victory was more than decisive. Nelson wrote “Victory is certainly not a name strong enough for such a scene.” It was one of the worst naval defeats the French had ever suffered. Strategically, the battle strangled Napoleon’s Egyptian Campaign. Napoleon was stranded in Egypt and Tipu was left alone without French support to face the East India Company and its Indian allies. (A grateful East India Company rewarded Lord Nelson with a £10,000 award.)

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125 Beatson, 3 & 28.
126 Letter from Lord Mornington to Tippoo Sultaun, June 14, 1798. Beatson, Appendix IV, xxi-xxiii.
128 Beatson, 2.
131 Ibid.
132 Business of Empire, 44.
However, despite Napoleon’s setback in Egypt, Wellesley was still fearful of French intrigue. He believed that Tipu was completely hostile to the Company.\textsuperscript{133} The governor-general drew up war plans. Tipu was too dangerous to leave alone lest Napoleon again attempt to coordinate yet another attack on the Company with Tipu.

The Fourth Anglo-Mysore War was a short affair. Experience in the Third Anglo-Mysore War demonstrated to the EIC that the only way to get Tipu’s full attention was to lay siege to his capital; simply to take Mysorean frontier fortresses would not do.\textsuperscript{134} Therefore, when Wellesley declared war on February 3, 1799 he ordered Lt. General George Harris to invade the Kingdom of Mysore and take the capital, Seringapatam.\textsuperscript{135} He had two British forces at his disposal: one the Madras Army his direct command and a second, the Bombay Army under the command of Lt. Col. James Stuart. Lt. General Harris was to offer Tipu terms according to which Tipu was to cede the lands of the Malabar Coast to the Company and lands of equal value to the Marathas and the Nizam of Deccan plus pay an indemnity. However, once Harris had begun to lay siege to Seringapatam, then terms would require Tipu Sultan to cede half of his territory and pay a larger indemnity.\textsuperscript{136} Meanwhile, the Company through clever diplomacy and military maneuvering was able to bring the Nizam of Hyderabad over to their side and neutralize the French influence at his court.\textsuperscript{137} The Company was also able to secure the support of the Maratha Confederacy. Thus, Tipu was diplomatically isolated and his finances and army were in disarray; while his French allies were unable to send their promised and intended support.\textsuperscript{138}

The combined forces of the East India Company, the Maratha Confederacy, and the Nizam of Hyderabad took the field and invaded Mysore. (Interestingly, the forces of the Nizam were commanded by Colonel Arthur Wellesley.)\textsuperscript{139} Throughout March 1799 the allied armies battled and defeated Tipu’s army. As the armies advanced further in to Mysorean territory the frontier fortresses were quickly overtaken and the allied forces quickly advanced on Seringapatam.\textsuperscript{140} The allies finally laid siege to Seringapatam on April 5, 1799.\textsuperscript{141} Even at this

\textsuperscript{133} Edge of Empire, 165.
\textsuperscript{134} Beatson, 47-48.
\textsuperscript{135} Beatson 37.
\textsuperscript{136} Wellesley’s Settlement, 125.
\textsuperscript{137} Beatson, 50-51.
\textsuperscript{138} Beatson, 56-57.
\textsuperscript{139} Beatson, 54.
\textsuperscript{140} Beatson, 55-56.
\textsuperscript{141} Denys Forrest, \textit{The Tiger of Mysore: The Life and Death of Tipu Sultan}, (London: Chatto & Windus, 1970), 282.
late a date, Tipu Sultan stalled and feigned surprise at the British invasion. After a three week siege, the British decided to breach the fortified capital of Seringapatam. They successfully broke through the fortifications. Tipu was shot and killed in the fighting. In a stroke of luck, the British had captured much of the Mysorean elite in the siege: Tipu had confined the families of his chief vassals to his palace.

Few men have the opportunity to transform the political landscape of their day to their vision. Wellesley was to refashion the Indian political landscape to his vision, one that was at odds with his predecessors’. He quickly decided that the Kingdom of Mysore ought to be divided between the East India Company, the Maratha Confederacy, and the Nizam of Hyderabad, while a rump Kingdom of Mysore would retain the central portion of the defeated kingdom. Moreover, the newly established rump kingdom would become a British satellite state under the subsidiary system, thus cementing British influence in southern India. For his part, Richard Wellesley was created the Earl of Mornington in recognition of his victory over the Tiger of Mysore. (The ever ambitious Earl of Mornington was livid when he received his earldom for it was in the Irish peerage and not the more prestigious English peerage. Richard Wellesley will be referred to interchangeably as Lord Mornington for the rest of this work.)

Wellesley had a clever method for expanding the East India Company’s reach while minimizing cost: the Subsidiary Alliance System. This was a technique that he put to extensive use. He did not invent the system, in fact it had existed for some time, both Hastings and Cornwallis used it, but he would in time become one of its most important practitioners. Unlike Hastings and Cornwallis, Richard Wellesley used it as a primary tool to expand and extend the reach and influence of the East India Company. Simply described, it was an alliance system which left the Indian principality a measure of internal autonomy in matters relating to administration and finance while at the same time subordinating the principality to the interests of the Company. Moreover, the Indian polities were obliged to have no contact with agents and envoys from any other European power. Thus, every Indian court which signed such a treaty with the Company was one less the French or Dutch could access. (It is important to note that the French also used such treaties during their heyday in India.) In return, the polity received the backing and defense of Company as well as a subsidy. Typically, the Indian polity would

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142 Beatson, Appendix XXIII, lxxxi, Letter from Tippoo Sultan to General Harris.
143 Wellesley’s, 128.
maintain its own taxation and administrative system but would be obligated to fund the Company troops raised to defend it. Moreover, the polity became a vassal of the EIC, which maintained a resident at the court of said principality. The resident served as an ambassador to the Indian prince, an advisor to the Indian prince and as spy for the Company. In this way the EIC kept tabs on the Indian princely states and coordinated the efforts of Indian princes with the Company all the while keeping the burden of colonial administration on the shoulders of the Indian princes and away from stockholder dividends. (After all, the East India Company was still a company with stockholders.)

The political ramifications of such a treaty were not so obvious to all at the time but in hindsight are quite clear. Indian princes were prohibited from forming alliances or confederacies against the Company and so were effectively divided amongst themselves by treaty obligation. It was a clever means of divide and rule tactics that used diplomacy as its instrument. The first Indian ruler to accept such an arrangement with Wellesley was the Nizam of Hyderabad who signed the treaty in September 1798.

As much as Wellesley transformed the East India Company through conquest and annexation he did not introduce the sort of administrative or judicial changes that his conservative predecessors did. What is striking about his governor-generalship is that his changes were territorial and ideological. The biggest administrative or political innovation of his tenure was the Subsidiary Alliance System and that was not a novel concept.

In the aftermath of the Fourth Anglo-Mysore War, Lord Mornington was restless. He considered a number of plans after the defeat of the Tiger of Mysore. The peace may have seemed too quiet for such an active man. He pondered a punitive campaign against Doondiah Waugh, a former prisoner of Tipu Sultan who, had escaped during the British siege of Seringapatam and had begun to cause trouble for the Company with his 40,000 man army in north Mysore and then in the Maratha Confederacy. Mornington placed his brother Arthur, the future Duke of Wellington, in charge of the campaigns to mop up the troublesome Doondiah Waugh. The campaign was Arthur’s first independent command and gave him a voice in the

\[145\] Ibid.
\[146\] Oxford History of India, 543.
affairs of the East India Company, especially after he defeated Doondiah Waugh in battle. Meanwhile, in the south, Mornington compelled the Nizam of Hyderabad to accept a subsidiary treaty with the EIC.\textsuperscript{149} The result was that the Company had bought off a powerful central Indian principality and secured the Company’s southern flank. It also meant that the Company neutralized a potential threat and further sealed French influence from India. Mornington then began to consider an attack on the Dutch colony of Batavia.\textsuperscript{150} He was, however, dissuaded from the project and began to consider another, a campaign against Ilê de France, the island base of Anne Joseph Hyppolite Malartic.\textsuperscript{151} Again, Lord Mornington was dissuaded from such an undertaking, although this final project was eventually realized by one of his successors, Lord Minto in 1810.\textsuperscript{152}

In the Mediterranean, Napoleon’s Egyptian Campaign went from bad to worse. After the naval disaster at Aboukir Bay Napoleon attempted to keep the reins on Egypt, however, an insurgency erupted and embroiled the Armee d’Égypte in a costly guerrilla war. In a bid to forestall the Ottomans before they advanced to Egypt, Napoleon secured as many troops as he could spare and marched overland through the Sinai Peninsula and invaded the Levant in the Syrian Campaign of 1799, leaving only 10,000 troops to hold the whole of Egypt.\textsuperscript{153} Meanwhile, France faced the Second Coalition, and the Directory decided that the Egyptian campaign was no longer worth the precious resources that could be used defending France. Thus, Napoleon could expect no more resupply of troops, supplies or money.\textsuperscript{154} He and his weakened army reached the nearly impregnable fortress of Acre on the Levantine coast and besieged it.\textsuperscript{155} However, the walls of the fortress were too thick for Napoleon’s artillery to penetrate and the British resupplied the fortress by sea.\textsuperscript{156} On May 20, 1799 Napoleon was then forced to lift the siege and withdraw from the Levant and return overland back to Egypt.\textsuperscript{157} Come August Bonaparte decided to secretly flee Egypt aboard a frigate and return to France. He left behind his whole

\textsuperscript{149}British Conquest and Domination of India, 294.  
\textsuperscript{150}Eldest Brother, 244.  
\textsuperscript{151}Ibid.  
\textsuperscript{152}Ibid.  
\textsuperscript{153}Campaigns, 234.  
\textsuperscript{154}Campaigns, 234-235.  
\textsuperscript{157}Napoleon as Military Commander, 91.
army under the command of General Kléber. Although it would be nearly two years before the Anglo-Ottoman force retook Egypt and the Napoleonic interlude was over.

When Napoleon returned to France he quickly became enmeshed in a conspiracy to topple the Directory. It was successful and resulted with Napoleon as one of the three co-consuls ruling France. Within a year he was the First Consul and had completely displaced his colleagues. Napoleon did not forget about India and the East India Company though. Although it would be a gross exaggeration to suggest that he obsessed about hurting the British in India, he was astute enough to recognize that if he could somehow harm them there he could weaken their empire and economy and possibly gain an advantageous position in Europe.

**Napoleon’s Eastern Approaches**

One of the side effects of the Egyptian Campaign was the aforementioned War of the Second Coalition, which broke out in 1799. This time, the Russians entered the war and despite their initial successes, Napoleon forced them to quit the war. And it was in this setting, the tense Franco-Russian peace during the War of the Second Coalition, that one of the more bizarre incidents of the Napoleonic Wars occurred. In 1801 Tsar Paul of Russia, the ‘mad Tsar’, developed a bizarre plan for a joint Franco-Russian invasion of India. He proposed an audacious plan previously discarded by his mother Catherine the Great, however, he expanded the project to include the French. He proposed a joint Franco-Russian invasion of India overland via Central Asia. The invasion army would be composed of 35,000 French troops and 35,000 Russian Cossacks. The two forces would link up in the Caucasus Mountains and march 1,000 miles across Central Asia and invade India from the north. Napoleon felt the project unrealistic. And although the Tsar actually did issue orders for the Cossack invasion force to proceed, he was assassinated after the Cossack forces had travelled 400 miles. The new tsar, Alexander I, ordered them to return to Russia. However, this odd interlude opened up a new question that the British would be forced to contend with over the next decade: Persia and the threat from the north.
Although the British had little knowledge of the Franco-Russian plans, they knew that Persia would be key in the defense of India. As a result, Persia became an important buffer state for the EIC. The British also had come to the conclusion that the need to defend the Company meant that the Company must have residents in the Middle East in order to provide enough intelligence and influence in the region.\(^\text{165}\) Napoleon realized this as well. He was well aware that French influence in India was practically non-existent. Moreover, French sea power had little chance of projecting power in India. Therefore, in order to threaten British interests in India, France must fight by proxy. What was needed was a strong allied state in the region which could cause trouble for the East India Company. An East India Company defeat was not necessary, all that was necessary was just enough of a diversion to divert British power and attention away from Europe long enough to secure further victories there. Because as much as Napoleon was fascinated with the East, victory in the East was not Napoleon’s aim, it was victory in Europe. Although a major French victory in India would have been more than welcome. All Napoleon needed was to secure the friendship and alliance of the Shah of Persia, which was not too difficult to conceive; the French had long had residents and agents there, as far back as 1665.\(^\text{166}\)

The key to Napoleon’s rapprochement with Persia was Russo-Persian enmity. So long as Napoleon could play on the Persian fear of Russian expansion he could extract Persian support. He knew a state like Persia could pose a mortal threat to the East India Company. What the Persian episode of the Napoleonic Wars illustrated to the British was just how vulnerable their possessions in India were to threats from the north and that the EIC must consolidate its grasp on north India further if the Company wanted to maintain a grip on the rest of India. Thus, the British and the French both attempted to ally themselves with the Shah of Persia and to minimize the influence of the other at the court of the Shah.\(^\text{167}\) Moreover, the Company simply could not afford to have loose ends scattered around India to potentially become French proxies. In Mornington’s view, it had to neutralize any potential opposition, either by military action or


\(^{167}\) Despatches of Wellesley Vol V, 91-95.
diplomacy, lest the French inspire more trouble. To achieve this end, the British had to secure the Sind, which was not difficult, and the Maratha Confederacy, which was quite an obstacle.

Persia was not the only state in the Middle East that Napoleon attempted to court. He attempted to reestablish relations and an alliance with the Ottoman Empire and spent several years courting the Ottoman sultan. Ultimately, his efforts were rewarded with an alliance during the War of the Fourth Coalition. Napoleon was very concerned with cultivating stronger ties with the sultan. (Odd given that when Napoleon invaded Egypt, France and the Ottoman Empire had been old allies. The alliance dated to 1526.) Napoleon, for example, wrote to his foreign minister, Charles Maurice de Talleyrand-Périgord “remettez moi…sur le moyen à prendre pour soutenir notre credit à Constantinople.”168 This was not an isolated case. Napoleon took a direct interest in these relations. A common tactic he resorted to was promising to help foreign heads of state recover lost territories. He promised the Ottoman Sultan that he would help the sultan consolidate169 or restore power to the Ottoman Empire.170 Perhaps the most curious of Napoleon’s diplomatic courtships was his attempt in 1803 to send a courier to the Wahhabis of the Hejaz and determine if they would permit the French to navigate the Red Sea.171

The Second Anglo-Maratha War

The Second Anglo-Maratha War was especially important for the East India Company for a variety of reasons. It marked the point at which the Company truly became the dominant power in India. Whereas during the 1790s the Company attempted to steer a course of non-intervention, now the Company freely intervened in the affairs of the most powerful Indian states. And while the EIC allowed the Maratha Confederacy to continue to exist after the war, the Marathas were in no shape to resist the Company’s might. With the subjugation of the Marathas, India was now almost entirely at the mercy of the Company’s whim. As much as the Second Anglo-Maratha War was a break with the Company’s past, it provided the foundation for the future of the British Empire in India and this foundation would remain the bedrock of the British Empire in India until the Sepoy Mutiny in 1857. With the turn of the century and the conclusion

168 Letter from Napoleon to Talleyrand, May 21, 1806, Le Correspondance de Napoléon Iᵉʳ, Par Ordre de L’Empereur Napoléon III Tome XII, (Paris: Imprimerie Impériale, 1862) 472.
170 Letter from Napoleon to Sultan Selim III, December 1, 1806, Le Correspondance de Napoléon Iᵉʳ, Par Ordre de L’Empereur Napoléon III Tome XIV, (Paris: Imprimerie Impériale, 1863), 5.
of the Second Anglo-Maratha War, the Company broke out of its foothold in Bengal to emerge not just the hegemon but master of India. Equally important the Company ceased its futile attempt to be a corporate-state in Bengal. The war, then, marked the turning point at which the Company began to accept that it could not continue as it had in the past. From a practical standpoint, the Second Anglo-Maratha War was also notable for its size compared with past wars. The theater of operations was much larger, the armies much bigger, the cost much greater. The war ranged over much of the Subcontinent, while the East India Company Army ballooned to 154,000 men and the Company’s debt doubled.

Most of Napoleon’s attempts at establishing meaningful relations with Eastern states were unsuccessful and seldom had any geopolitical value. However, the Maratha Confederacy remained a viable proxy. It was perhaps the one Indian state left capable of resisting the East India Company. By the second quarter of the 18th century the Confederacy controlled three quarters of the Indian subcontinent. No better summation of Anglo-Maratha relations at the start of the nineteenth century can be supplied than by John Pemble who wrote that “At the beginning of the nineteenth century the Marathas and the British confronted each other in India like two finalists after a series of elimination bouts.”

The Maratha Confederacy was located on the northern central plain of India, a region that the British had previously reduced their contact with. The new threats from potential French proxies also came from this direction. The Hindu Marathas were tenacious warriors and historically the chief thorn in the side of the Islamic (and now moribund) Mughal Empire. By virtue of the Confederacy’s location along the western Indian coast, which exposed to them to European sciences and technology, and the Confederacy’s continual warfare, the Confederacy was able to forge a potent military force, one which fused traditional Indian tactics and techniques with European ones. The British often overlooked this fact. (In fact the British frequently ascribed Maratha successes to French leadership and training rather than Maratha martial prowess.)

Previously, the Company had fought the Marathas in the First Anglo-Maratha War of 1774-1783, which saw them as French allies, if only briefly. It ended with the restoration of the status quo ante and a Maratha promise

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174 “Wellington and the Marathas”; 34.
not to support any other European power. But after the EIC secured south and central India it was drawn into conflict with the Maratha Confederacy.

As the situation in Europe unraveled during the War of the Second Coalition, Mornington came under increasing pressure and hostility from the Court of Directors of the East India Company. They did not appreciate his large financial expenditures. The Company was still technically a corporation, albeit one with a growing empire, and the Directors preferred empire on the cheap. Moreover, they feared his expansionist designs would hamstring the Company’s revenues. They instead wanted to continue to milk India of its resources and let the Indian princes administer the Subcontinent. Mornington saw things differently. He argued that the only way to have an empire in Asia was through expansion and administration of territory. He thus, brought a different perspective, in an odd way more like that of Robert Clive than a typical political appointee, although Wellesley’s motive was security not profit. The Directors would also take issue with his choice of commander of the Army of the Deccan, his younger brother, Major-General Arthur Wellesley.

Mornington’s relations with the Court of Directors worsened. He took exception to the Directors’ interference and chafed at their demands. In 1802 alone he tendered his resignation twice only to have his requests turned down. The Company instead asked him to continue at his post till the end of the Second Anglo-Maratha War. As much as some of the directors disliked him, they realized that he was a supremely talented governor-general with an abundance of the political acumen needed to navigate the turbulent waters of Indian politics. But by 1805, Mornington had grown sick of the Directors of the East India Company, who felt that he was exceeding his mandate. He in turn ridiculed “as groundless, unjust, and irrational, the complaints and alarms of the Court of Directors respecting the designs which they supposed Lord Wellesley [Mornington] entertained against their authority in India and their future existence…” He was not shy in revealing his sentiments: he wrote letters to Lord Castlereagh denouncing the Directors.

By 1802 Mornington had come to the conclusion that the Company could ill afford to remain ensconced in Bengal with various Indian states open to French intrigue. In the long run it

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175 First Anglo-Maratha War, 213.
was more costly to continually be forced to defend the Company from threats than to simply acquire Indian states and preempt any possible future threats. Moreover, that this policy change ought to be maintained after the conclusion of the Napoleonic Wars. In his memoirs, he argued that: “the general foundation of the present system of government of India, and of the constitution of the Company, must be *Perpetuated* for the express purpose of maintaining our empire in India on its enlarged scale…”

Richard Wellesley’s new corporate vision represented an ideological break with the East India Company’s past and in this respect, it was perhaps one of the most important developments in the East India Company’s experience during the Revolutionary Era. He was advocating a fundamentally different vision of the Company, a complete transformation. Security, not profit, became the overriding concern of the East India Company. And the means to this new end was expansion. Expansion, Wellesley argued, was the vital interest of the Company and its future. Thus Wellesley’s new vision was more than just at odds with the Company’s past and purpose; it was a tacit acknowledgement that the Company’s previous modus operandi no longer sufficed and that the Company could no longer remain timid. It is interesting that Wellesley used the term “empire” and not “company” because beginning at this time the Company morphed into more than just a corporation or state but arguably also an empire. Vincent A. Smith described Wellesley’s policy best “his personal policy was simple: all traces of French influence must be swept from India in order to allow no foothold to an invading army, and since Indian anarchy encouraged such footholds… [it] must be replaced by British supremacy in India.”

To achieve his security objectives, Richard Wellesley expanded the Company’s holdings and redrew the political map of India. As the Company signed subsidiary treaties it effectively took these Indian states on as vassals. In 1803, during the Second Anglo-Maratha War, in what may be one of the most telling actions of Richard Wellesley’s tenure, the East India Company took the Mughal emperor Shah Alam II under its protection. The Company now was the suzerain of what had formerly been one of the greatest Indian empires of the early modern era. Wellesley’s acquisitions did not stop simply with the Mughals either. In November 1801, Richard Wellesley compelled the Nawab of Awadh into a subsidiary treaty. Wellesley also

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178 Memoirs of Marquess Wellesley, 375.
179 Oxford History of India, 551.
180 Constitutional History of India, 115.
181 India in the Eighteenth Century, 269.
required that the Nawab cede fully half of his territory to the EIC. In return, Wellesley left the Nawab to administer his domain largely free from interference.

The origins of the Second Anglo-Maratha War lay in a mix of Mornington’s growing impatience with the Marathas, his expansionist agenda and an internal Maratha political battle. The British also still feared a French-Maratha entente which could undo British influence in India. However, the French had few resources to assist the Marathas, except from some advisors and a very limited number of troops. After the British seized the Maratha coasts, no more aid was forthcoming. Meanwhile, Europe was still enjoying the tranquility of the Peace of Amiens. It would be several months before news of the Second Anglo-Maratha War would reach Europe and then some time for Napoleon to formulate a response followed by several more months for the response to reach India. (Assuming the Royal Navy did not intercept Napoleon’s response.) Nevertheless, the war had momentous consequences for the British Empire and India. It was longer and larger than the Third and Fourth Anglo-Mysore Wars. By the end of the war the East India Company was the most powerful entity in South Asia. The war itself can be roughly divided into two episodes. A campaign in 1803 along two fronts against the Maratha Confederacy as a whole and then a two year campaign 1804-1805 against one Maratha chieftain, Yashwantrao Holkar of Indore.

At this time the Maratha Confederacy was led by a Peshwa, a hereditary king from the Brahmin caste. However, the peshwa had to contend with powerful chieftains who vied for their own power and interests. As a consequence, the Maratha Confederacy was internally weak and divided. Many of these chieftains ruled their own principalities within the Maratha state, much like feudal lords in medieval Europe. However, many of these states within the Confederacy were far larger and more powerful than their earlier medieval European counterparts and had the strength and ambition to threaten their nominal ruler.

In 1795 the Maratha peshwa, who lacked an heir, committed suicide after being relegated to a puppet reign by his chief minister, Nana Phadnavis. This started a succession crisis that lasted five years and precipitated a civil war. The various factions of the Confederacy settled

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182 Ibid.
183 History of All the Events, 8.
184 India Under Wellesley, 212.
185 Anglo-Maratha Campaigns 8.
186 The Marathas, 169.
187 Ibid.
on Bajirao II as the new peshwa as a compromise, despite the fact that he was only a collateral relation of the recently deceased peshwa. But the agreement broke down and Bajirao was taken prisoner by a rival Maratha leader, Daulat Rao Shinde. Meanwhile, the former peshwa’s chief minister Nana Phadnavis attempted to raise an army to restore Bajirao to the throne. After several years of infighting, Bajirao was restored to the throne with Nana Phadnavis as his chief minister and Daulat Rao Shinde as one of his prime supporters. All of this happened amid the relative calm of the mid 1790s.

In 1800 Nana Phadnavis died leaving Bajirao II free from his interference. In the aftermath it became clear to the Maratha chieftains that Bajirao was an ineffective ruler and he lost the support of one of them, Yashwantrao Holkar of Indore. He and another Maratha chieftain, Daulat Rao Shinde, then initiated a civil war amongst themselves for primacy within the Confederacy. Daulat Rao fought to defend Bajirao and the Maratha Confederacy from Holkar’s power grab. Holkar, in Mornington’s opinion, wanted to kidnap Bajirao and compel him to peace with Holkar in a position of “ascendancy in the state to the exclusion of Dowlut-Row-Scindeah’s [sic] influence.” Daulat Rao initially defeated Holkar and even sacked his capital, Indore. But by 1802 the situation for Bajirao grew tense. While Holkar was on the move, Bajirao commenced serious talks with Lord Mornington and the East India Company for support to prop up his weakening throne. Meanwhile, on October 23, 1802 Holkar defeated the combined forces of the Maratha peshwa and Daulat Rao at the Battle of Poona.

What came afterwards would have terrific ramifications for the future of India and the British Empire. After the defeat at Poona, Bajirao II fled to the British and negotiated a subsidiary treaty with the EIC, the Treaty of Bassein. The treaty technically marked the end of the Maratha Confederacy as an independent power as they were now, legally at least, a subsidiary of the East India Company. Throughout this time Mornington played a double game. He told the Court of Directors of the East India Company that “War was not likely to follow from the treaty…” But he knew full well that the treaty would be unacceptable to the Maratha chieftains and would then require British involvement. However, he needed the treaty. It gave

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188 History of All Events, 25-26. Note: Almost all of the Indian names in this paper have multiple spellings in English. I will retain the unedited forms when used in quotations.
189 Cambridge, 172.
190 India, 189.
191 History of the Mahrattas Vol III,151.
192 India Under Wellesley, 212.
him the political and legal cover necessary to carry out an expansion into Maratha territory and to counter the Maratha threat. Without the treaty, he risked the wrath of Parliament and the Company’s directors. Mornington did, however, draw the ire of Lord Castlereagh and was forced to defend himself from charges of overstepping his mandate. The purpose of the 1784 India Act was to curtail the Company’s adventurism and corruption. The treaty, then, was a godsend. Richard Wellesley would later claim that Bajirao II negotiated the treaty in bad faith with little intention of keeping it and therefore British intervention was required. However, Wellesley later admitted that the treaty was the cause of the Second Anglo-Maratha War. He wrote “The conclusion of the treaty of defensive alliance between the British government and his highness the Peishwah[sic] must be considered as connected with the primitive causes of the last [the Second Anglo-Maratha] war.”

And so it was. The Company still attempted to win over the Maratha chieftains to the newly British-controlled Maratha regime, particularly Daulut Rao and Holkar. However, both men knew that the new regime meant their political end. Mornington admitted as much in his History of All Events and Transactions Which Have Taken Place in India. He wrote “The principle aim of the treaty of Bassein was to prevent the union of the different branches of the Mahratta empire[sic] in one sovereign power, and to hinder the Mahratta states from passing into unknown hands.” Moreover, he wrote that “Policy would also require, that the treaty should be so conceived as to prevent the aggrandizement of the chiefs, or the union of several against the Peishwah’s[sic] authority, or against the company, its allies, or subjects…” Wellesley’s policy was a calculated and cynical policy of divide and conquer. In response, Daulut Rao and Holkar led much of the Maratha Confederacy against British claims of supremacy and supported a rival claimant as peshwa. To back their claims they each raised large European-style sepoy armies.

The Treaty of Bassein did not end the war. In fact, the war would not end for another two years. But the treaty did have several important ramifications. Not only did the treaty technically make the Maratha Confederacy a vassal of the East India Company, it also made the Company

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193 Despatches of Wellesley, 302-337.
194 History of All Events, 6. Note: Mornington refers here to the Second Anglo-Maratha War. But there was in fact a later Third Anglo-Maratha War in 1818 that marked the end of the Maratha Confederacy for good.
195 In most, if not all, primary sources of the era the Marathas are referred to as the Mahrattas.
196 History of All Events, 87.
197 History of All Events, 86.
the dominant power in India, at least from a purely legal and technical standpoint. However, there was a gulf between theory and practice. In actuality there remained numerous Maratha princes who opposed the treaty and would continue to resist the Company’s efforts. Second, it was an astute means of divide and conquer. Bajirao’s followers would, presumably, follow him into the Company’s camp while his opponents would continue to oppose the Company’s expansion into Maratha territory. The net result was to prevent the Marathas from uniting against the East India Company. One may even argue that the rest of the Second Anglo-Maratha was not so much a war against the Maratha state as it was against renegade Maratha princes, and that the second half of the war was a separate war altogether.

The Treaty of Bassein itself also represented a break with the company’s past practices. Wellesley’s predecessors generally used treaties to end wars and secure peace. Wellesley used the Treaty of Bassein as a cynical tool of realpolitik. Ironically, it resembled some of Napoleon’s treaties. Like some of Napoleon’s treaties, Wellesley used the treaty as a justification for further expansion and to suit his own aggressive and imperial vision. The treaty was not intended to bring peace but to be a stepping stone to further supremacy in India.

The East India Company took advantage of the perennial Maratha flaw: division. Internecine strife had long vexed the Marathas and in typical Maratha fashion they fought the Second Anglo-Maratha War independent from one another. They divided their efforts. Although the Maratha chieftains were on the defensive and outnumbered the Company’s forces, the EIC countered their advantages with a divide and conquer strategy. The EIC campaigned on two main fronts. (There were smaller campaigns that secured lesser objectives, one of which was the seizure of the Maratha coast line which prevented the Marathas from raiding EIC’s territory and from contact with the French. Evidently the EIC had learned its lesson.)\(^{198}\) The British 1803 campaigns centered on the Deccan in the south and Hindustan in the north. Major-General Arthur Wellesley, the younger brother of Lord Mornington and the future Duke of Wellington, was named commander of the Deccan campaign and the Governor-General’s political agent to the Deccan.\(^{199}\) Meanwhile, the Hindustani campaign was commanded by General Gerard Lake who also served as the Commander in Chief of the East India Company’s military forces.

\(^{198}\) Anglo-Maratha Campaigns, 10-11.
\(^{199}\) History of All Events, 99.
Governor-General Wellesley feared that the Marathas would collude with the French much as Tipu Sultan had. It was true that the Marathas retained the services of French mercenaries as military advisors and officers. General Lake argued that one of the purposes of the war was to eliminate “the French state erected on the banks of the Jumna”.\(^{200}\) (The Jumna River flowed through the Maratha chieftain Shinde’s territory.) Lake also wanted to win control over the Mughal Emperor and wrest him from French influence and intrigue.\(^{201}\) Ironically, the most famous of the French mercenary-advisors that the Company feared and used as a justification for war was in fact not French. Benôit de Boigne was actually a Savoyard commoner who assumed the name de Boigne to appear noble.\(^{202}\) He had served in the French Army’s Irish Regiment and was stationed in Mauritius during the early 1770s where he learned excellent English.\(^{203}\) In 1777 he joined the British East India Company as an officer,\(^{204}\) one of the many adventurers out to make a fortune serving in India. In 1786 he was offered a position as military advisor to the Marathas, who were at the time allied to the British East India Company.\(^{205}\) But unlike the Fourth Anglo-Mysore War, during the Second Anglo-Maratha War it is difficult to determine the full extent of French support for the Marathas. Napoleon certainly kept abreast of the Second Anglo-Maratha War. In fact, he wrote a letter to Talleyrand ordering Talleyrand to place details of the new Anglo-Maratha struggle in the *Moniteur*.\(^{206}\) After the war ended Napoleon still demanded news of Anglo-Maratha relations.\(^{207}\) Napoleon, moreover, did not limit his interest to the Marathas. He demanded from Minister of the Navy Denis Decrès news from India with some frequency.\(^{208}\)

In the first episode of the war Holkar remained quiet and avoided campaigning against the British in an attempt to weaken both Dauluat Rao Shinde and the East India Company. Holkar hoped to let the two forces exhaust themselves and then seize the situation. The EIC and Daulut Rao then faced off. The EIC’s forces numbering between 60,000 and 50,000 troops while

\(^{200}\) British Conquest and Domination of India, 322.  
\(^{201}\) Ibid.  
\(^{202}\) Edge of Empire, 90.  
\(^{203}\) Ibid.  
\(^{204}\) Ibid.  
\(^{205}\) Edge of Empire, 92.  
\(^{207}\) Letter from Napoleon to Denis Decrès, December 11, 1806, *Le Correspondance de Napoléon Ier, Par Ordre de L’Empereur Napoléon III Tome XIV*, (Paris: Imprimerie Impériale, 1863), 81  
\(^{208}\) Letter from Napoleon to Denis Decrès, April 26, 1805, *Le Correspondance de Napoléon Ier, Par Ordre de L’Empereur Napoléon III Tome X*, (Paris: Imprimerie Impériale, 1862), 433.
Daulut Rao Shinde’s forces were twice that size. Before the outbreak of hostilities, Wellesley had marched his ‘Army of the Deccan’ from Seringapatam into the interior and retaken the Maratha capital of Poona. Now he marched his army out and on August 12, 1803 captured the Maratha fortress-garrison Ahmednugur. Thence he continued to maneuver his army through the sweltering Indian landscape and the harassing hit and run attacks of the Maratha *pindaris*, or irregulars, to Assaye, where he decisively defeated the Maratha army of Daulut Rao Shinde on October 23, 1803. It was Wellesley’s first decisive victory over a major enemy.

The battle subsequently went down in history as part of the lore surrounding Arthur Wellesley. He considered it the “finest victory of his career.” It was called “A triumph more splendid than any recorded in Deccan history.” The Marathas apparently did not expect Wellesley to attack that day and had anticipated the attack to come the following day. As a result, they were not ready for the assault when it came. Since they outnumbered Wellesley’s force 50,000 to 4,500 they considered it sheer folly for any commander to attack. (However, approximately 30,000 of the Maratha troops were *pindaris*.) Wellesley launched an audacious frontal assault upon the Maratha line, crushing it. The Maratha troops broke ranks and routed leaving the British the masters of the field. The British, however, paid a heavy cost, suffering 33 percent casualties. After the battle Wellesley regrouped and reinforced his forces. Meanwhile, the Marathas retreated westwards to Burhanpur and Asirgarh. After several more weeks of fighting, both fortresses fell to the British and Shinde sued for peace. The Maratha lands in Deccan plateau were now under British control.

Meanwhile, in the Hindustani campaign, General Lake and his force of 10,500 men captured the Maratha fortress of Aligurh on September 4, 1803 after a week of fighting. Lake then headed northwest for Delhi. With 4,500 troops General Lake attacked and defeated a Maratha force of 19,000 troops. After heavy fighting the Marathas retreated on September 11, 1803. With Delhi, the British now controlled the Mughal Emperor Shah Alam II, who signed a

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209 History of the Mahrattas Vol III, 166-167.  
210 History of the Mahrattas Vol III, 168.  
211 British Conquest and Domination of India, 320.  
212 History of the Mahrattas Vol III, 173  
213 Anglo-Maratha Campaigns, 100.  
214 History of the Mahrattas Vol III, 170.  
216 India Under Wellesley, 218.  
217 History of the Mahrattas Vol III, 177.  
218 History of the Mahrattas Vol III, 178.
subsidiary treaty with the East India Company. With the treaty in hand the Company now controlled what remained of the Mughal Empire. The move was largely symbolic, but historic, for now the preeminent Indian state was a vassal of a private company. Although the empire was a mere shadow of its former self, the name of the Mughal Emperor still commanded tremendous respect throughout India. Thus, the Company could invoke the Mughal emperor’s name on its behalf. Moreover, the Mughal Emperor had been a puppet of the Shinde family’s since 1784. By ‘liberating’ him from the Shinde family, the Company undercut the Shinde family’s political clout while at the same time ensuring that there would be no future threat to the Company from the Mughal throne. Next General Lake moved southeast on Agra, which was known as the ‘key to Hindustan’. The city fell after seven days. From there Lake confronted the Maratha forces to the west at Laswari on November 1. Again the British defeated the Marathas, and now Hindustan, the northern lands of the Marathas, lay in the hands of the East India Company. The bulk of the northern half of the Maratha Confederacy was now Company controlled.

Subsequently, the Company and the Marathas maneuvered for better terms. The Company and Bajirao II renegotiated the Treaty of Bassein. The Company also signed the Treaty of Surjee Anjengaom with Shinde, which brought him into the British camp, while Major-General Wellesley secured the support of lesser chieftains within the Confederacy. The treaty also saw Shinde cede territory to the EIC. The Company was, therefore, further expanding its direct control over India. Meanwhile, the former vassals of the Shinde family signed treaties with the East India Company further eroding the Shinde family’s power. (Evidently the Company distrusted its new ally.) The Company then granted favorable terms to the lesser Rajput princelings of Hindustan in exchange for their support.

Meanwhile, Yashwantrao Holkar of Indore still menaced Company rule. He was the last major Maratha holdout. In a case of bad timing he demanded terms which the Company

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219 Anglo-Maratha Campaigns, 187.
220 Ibid.
221 Ibid.
222 Anglo-Maratha Campaigns, 199.
223 History of the Mahrattas Vol III, 180.
225 History of the Mahrattas Vol III, 187.
226 Ibid.
227 Dispatches of Wellington Vol II, 588-595.
228 India Under Wellesley, 229.
considered outrageous. The EIC, in turn, demanded that before negotiations continue, he return to his territory. He was diplomatically isolated; the Honourable Company had eliminated all other potential allies. The Portuguese were confined to Goa, the Dutch had lost their possessions and influence on the Subcontinent, the French were at their nadir in India, while the Marathas, the Kingdom of Mysore and the Mughal Empire were now all British puppets, and the Persians were too distant and busy playing the British and French off of each other. Finally, after negotiations broke down, the British decided to force Holkar into submission.

On April 16 Lord Mornington anticipated that Holkar would be an easy victory\(^{229}\) and ordered Generals Lake and Wellesley to invade Indore. Shinde cooperated with the company against his one time rival as the Treaty of Deogaom required. By mid April, General Lake made rapid gains on Holkar. On April 23 Lake took Tonk-Rampoorah,\(^ {230}\) but on May 16 Holkar defeated a British force.\(^ {231}\) The British remained on the defensive all summer long. The situation rapidly deteriorated throughout June and July and the British forces began a general retreat out of much of Holkar’s territory.\(^ {232}\) In August Holkar defeated the British again in a series of battles. The one bright spot occurred in August, when a minor British force attacked Holkar’s capital of Indore unopposed and took it.\(^ {233}\) Holkar continued to capitalize on Lake’s uncharacteristic timidity. Holkar then advanced in to Company territory and besieged Delhi from October 8 to 14.\(^ {234}\) but was forced to lift the siege and withdraw. Finally the British were able to decisively defeat Holkar in battle at Deeg on November 13, 1804. He then withdrew.\(^ {235}\) By the end of the year the Company began to regain the initiative.

The next year was a far better one for the British. In January 1805 the British besieged one of Holkar’s primary vassals, the Raja of Bhurtpoor. Holkar attempted to break the siege and rescue his ally to no avail. After a three month siege, the Raja offered the British terms. The British accepted and the Raja renounced his alliance with Holkar and became a British ally.\(^ {236}\) In the meantime, Sinde grew restless and increasingly hostile towards the British.\(^ {237}\) He claimed the

\(^{229}\) British Conquest and Domination of India, 331.  
\(^{230}\) History of the Mahrattas Vol III., 196.  
\(^{231}\) Ibid.  
\(^{232}\) History of the Mahrattas Vol III, 197-198.  
\(^{233}\) History of the Mahrattas Vol III, 206.  
\(^{234}\) History of the Mahrattas Vol III, 203.  
\(^{235}\) History of the Mahrattas Vol III, 205.  
\(^{236}\) History of the Mahrattas Vol III, 211.  
\(^{237}\) History of the Mahrattas Vol III, 213.
Company had given his lands to a rival chieftain. He began to collude with Holkar and even attempt to coordinate operations against the British, but it was not enough. The British began to prepare for a campaign against him as well so he backed down publicly while secretly abetting Holkar.\textsuperscript{238} Holkar, along with Shinde, retreated to Kotah in the north and then to Ajimere in the vain hope of finding allies among the Sikhs and Afghans, but none was forthcoming.\textsuperscript{239}

At this time both the Company and the Marathas were shaken by political turmoil. Back in Calcutta, Mornington resigned. He wanted Sir George Barlow to succeed him. The Company felt otherwise and reappointed Lord Cornwallis. At about the same time a power struggle broke out between the Shinde and Holkar’s factions. Cornwallis wanted peace as soon as possible, so he opened negotiations with Shinde. Cornwallis did not share Mornington’s views on the necessity of British involvement in Maratha affairs. He also felt the defensive treaties negotiated with the minor princes of the north would only drag the Company into another Maratha civil war and cost a fortune. Moreover, he questioned the use of necessity of the Subsidiary Alliance System that Mornington favored. He ordered Lake to abrogate the treaties with the princelings, however Lake dragged his feet and in the interim Cornwallis died on October 5. He was replaced by Sir George Barlow, Mornington’s first choice.\textsuperscript{240} The British signed a treaty with Shinde on November 22, 1805.\textsuperscript{241} The British continued to pursue Holkar and eventually caught up with him. He finally relented and signed a treaty with them on December 24.\textsuperscript{242} Finally, the Second Anglo-Maratha War was over. It was the costliest war in the Company’s history to date.

Richard Wellesley’s tenure was a crucial turning point in the corporate evolution of the British East India Company. The end of his tenure as governor-general marked the end of an independent India. The East India Company’s victory in the Second Anglo-Maratha War secured its supremacy in India and laid the foundation for the Company’s further expansion throughout the Indian Ocean. The Company had eliminated its chief rivals, both European and Indian. Although the Company allowed the Marathas to continue to exist, they were no longer a major organized threat to the Company’s Indian empire. (The EIC would finally eliminate them in 1818 after the end of the Napoleonic Wars.) Moreover, the EIC had become the suzerain of the Mughal Empire. This coupled with the Company’s decisive victory over Tipu Sultan, allowed

\textsuperscript{238} History of the Mahrattas Vol III, 214.
\textsuperscript{239} History of the Mahrattas Vol III, 215.
\textsuperscript{240} History of the Mahrattas Vol III, 216.
\textsuperscript{241} Ibid.
\textsuperscript{242} History of the Mahrattas Vol III, 219.
the Company was able to redraw the Indian political landscape to suit its whims. Thus, Richard Wellesley’s governor-generalship is symbolic for three reasons. One, it marks the point at which the Company broke with the past and terminated the non-interference policy. Second, and more importantly, it marks the point at which the Company truly became an Indian empire. Third, his tenure marks the point at which the Company began to conceive of itself as a state. Where, previously the Company had developed the trappings of a state but continued to think solely as a company, now the Company began to acknowledge this new identity. (Although it simultaneously also thought of itself as a company.) Henceforth, either directly or indirectly, the Company would be the hegemon in India. Its influence and reach extended throughout the Subcontinent and there were few places where the Company’s power did not extend. By 1805 the EIC’s hybrid nature had come to fruition and the EIC would continue to build on this peculiar foundation to become the dominant power in the Indian Ocean by 1813 under Lord Minto.
CHAPTER 7
THE EAST INDIA COMPANY AFTER WELLESLEY

By 1805, the East India Company was warped into a wholly new complexion. Not only had the Company developed many of the trappings of a state but it, or at least its governor-general, had acknowledged its status. After Richard Wellesley’s dismissal in 1805, his successors grappled with his legacy and the continued French threat. The need for security combined with the ever-present French threat compelled Wellesley’s successor, Lord Minto, to embark on an ambitious expansion throughout the Indian Ocean. In its quest for security, the Company had by 1813 expanded its reach throughout the Indian Ocean as far east as the Malacca Straits. Thus, the East India Company had implicitly acknowledged and accepted Richard Wellesley’s ambitious imperial vision. The Company, therefore, renounced its past timid existence in favor of bold and aggressive new imperial existence.

The Court of Directors of the East India Company dismissed Wellesley in 1805 after a protracted political battle. Wellesley nearly doubled the EIC’s debt during his seven-year administration from 17 million pounds to 31 million pounds.243 In fact, he nearly bankrupted the Company.244 His wars brought nearly the whole of the Indian subcontinent under the heel of the Company. He transformed the Company into a continent-sized state. The EIC conquered vast swathes of territory at an alarming rate, extending its influence either through outright annexations of territories, as was the case with Bengal and Bihar, or through indirect means like the subsidiary treaties. All of this expansion, though, cost fortunes and ate into profits. Wellesley did not start this trend; it began in 1763, before Wellesley was born. He was simply the most egregious offender of this trend.

Another indication of transformation into statehood was the growth of the East India Company Army. Between 1763, the end of the Seven Years War and 1805, the end of Wellesley’s administration, the East India Company Army ballooned from 18,000 in 1763 to a staggering 154,000 in 1805.245 It was paltry compared with medium sized European states of the age, but the East India Company was not legally a state, it was technically a private company. (Imagine BP or Royal Dutch Shell with an army that size.) But Wellesley’s aggressive

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243 Oxford History of India, 558.
244 The Marathas, 176.
245 Corporation, 143.
expansionist policy did more than just expand and indebt the EIC: it turned the Company into a quasi-state.

Another issue the East India Company had to contend with was a balance of trade. As the Company’s trade with China increased, it purchased more and more Chinese goods, especially tea. The Chinese, however, were not interested in British-made goods and the result was an increasing deficit in the EIC’s coffers. Moreover, since this was the age of mercantilism and protected markets, the Company had few other trading outlets. Trade with French, Dutch, Spanish, Portuguese or American markets was limited. This trade deficit, coupled with continual warfare and a growing military expenditure, spelt diminishing returns for Company stockholders. To recoup the losses the EIC increased opium smuggling to China. Via Macao, the Company smuggled and sold opium at high prices. (In 1758, Parliament granted the company the monopoly in the Chinese opium trade.) In the short-term the opium trade was small, in 1800, for instance, only 2,000 chests of opium were smuggled into China. (Each chest weighed roughly 140 pounds.) It was not until after the Napoleonic Wars that the opium trade ballooned. The Company’s Chinese opium smuggling illustrates the lengths to which the Company would go to plug the fiscal hole as well as the severity of the situation.

Between 1805 and 1807 the East India Company attempted to settle down in the aftermath of the Second Anglo-Maratha War. Wellesley’s successor was the Court of Directors’ appointee Lord Cornwallis. The Directors wanted someone without Wellesley’s imperial vision who would refrain from costly wars. Cornwallis had previously served as governor-general and had far more restraint than Wellesley. He was the perfect antidote Wellesley’s ambitious excess, but Cornwallis died within months of arriving in India and the Court of Directors allowed Sir George Barlow to govern in the interim until a suitable successor could be found. Barlow curtailed spending and expansion, going so far as to cede some of the Company’s recently annexed lands in an attempt to reduce debt. The downside was that Maratha depredation increased, thus fuelling turmoil within central India.

In 1807 Parliament appointed Lord Gilbert Elliot-Murray-Kynynmound as governor-general. (At this time he was Lord Minto, after 1813, the 1st Earl of Minto. I will refer to him as

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*Corporation. 151.*
*Iris MacFarlane & Alan MacFarlane, The Empire of Tea (New York: Overlook, 2009), 110.*
*Corporation. 152.*
Lord Minto however.) Lord Minto’s task was to reduce Company debts and contain the French threat. In the early part of his tenure, he sought to reduce these debts to manageable levels.\textsuperscript{250} Minto was a relatively obscure politician. He had, by his own admission, only served as President of the Board of Control for a few months and was something of a “dark horse”.\textsuperscript{251} He was respected, if little known. Lord Minto was principally known for his caution which is ironic given his tenure as governor-general.\textsuperscript{252} His policies would continue those of Lord Mornington and take the expansion of the British Empire in the Indian Ocean basin to the next level.

\textbf{The Persian Problem Again}

In Europe, the War of the Third Coalition ended in early 1806. By the end of the war Napoleon was the undisputed master of Europe. The French emperor was at the zenith of his power and wanted to strike a blow at the British Empire but lacked the means to do so. Any French invasion of India had to go by sea and the British had decimated the combined Franco-Spanish fleet at the Battle of Trafalgar in 1805.\textsuperscript{253} Moreover, since the British controlled the world’s oceans, they easily seized French colonial possessions with impunity. After Trafalgar, Napoleon had two means of striking at the British Empire: the Continental System, which was nothing more than a French dictated European embargo of British trade beginning in 1806, or another proxy war against British India. By 1806 Napoleon had the other proxy in Asia: Persia.

During the 1790s, Russia had encroached into the Caucasus region and intruded upon Persia’s traditional sphere of influence, invading and keeping portions of Georgia and Azerbaijan.\textsuperscript{254} By 1801 the British had a military alliance with Persia, but abandoned it rather than face a Russian threat towards India.\textsuperscript{255} Subsequently France and Britain attempted, with little success, to conclude trade and defensive treaties with Persia. France saw her as a valuable ally with which to threaten the British East India Company and had long had diplomatic relations with Persia. Persia, meanwhile, saw an alliance with Britain or France as a valuable defense against an ever more acquisitive Russia. Persia, like the Ottoman Empire and the Indian states especially, wanted European arms and military advisors to equip and train her military to deal with any threat.

\begin{footnotes}
\item[250] Gilbert Elliot, \textit{The First Earl of Minto, Lord Minto in India: The Life and Letters of Gilbert Elliot, First Earl of Minto from 1807 to 1814 while Governor General of India}, (London: Longmans, Green & Co., 1880), 53.
\item[251] Lord Minto in India, 49.
\item[252] Lord Minto in India, 50.
\item[254] Napoleon’s Wars, 248.
\item[255] Ibid.
\end{footnotes}
With the War of the Third Coalition in full swing, Napoleon feared a possible growing Anglo-Russian rapprochement and considered that a treaty with Persia could threaten the EIC and Russia. (It would not be until the end of this war in December 1805 that he would be the master of Europe.) He sent three missions beginning in March 1805 to negotiate with the Shah of Persia. As mentioned above, he also dispatched messages to the Ottoman sultan in an attempt to win his support despite the fact that he had invaded his province of Egypt in 1798. Each of these missions attempted to lure the Persian shah into an alliance with Napoleon.

The British did not remain idle. As early as 1800 the British East India Company realized the importance of Persia to the defense of British India. Governor-General Wellesley sent John Malcolm, a then little-known Company man to the Court of the Persian shah and attempted to negotiate with him. (Malcolm in time would become one of the greatest British orientalists of his generation.) Under Lord Minto’s tenure, these overtures reached a fever pitch with British and French missions simultaneously wooing the Persian Shah, Fath Ali Shah. Lord Minto could not use the aggressive tactics that Lord Mornington had; he simply did not have the resources as Britain diverted much of her strength to the European theater. The Persian interlude also helped awaken Minto to the necessity of a pro-active Company policy. It impressed upon him the reality that the Company could not afford to sit back and allow threats to emerge. For the moment the Company could not afford the massive expenditure that war entailed. Therefore, Lord Minto used patient diplomacy to outmaneuver the French, who in the end had other priorities.

The British and French then spent the next several years attempting to woo Fath Ali Shah into their respective camps. The diplomatic machinations were far too byzantine to go into great depth but suffice to say that by 1807 Napoleon had won over Persia. After his resounding victory in the War of the Third Coalition and then the costly War of the Fourth Coalition of 1806-7, Napoleon commanded the respect of many, including Fath Ali Shah, who dearly needed a powerful ally to halt the Russians. (Never mind the fact that the British had failed the Persians previously.) On May 4, 1807, France and Persia signed the Treaty of Finckenstein. In it, France

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256 Napoleon and Persia, 56.  
257 Great Game, 22.  
258 Lord Minto In India, 22.  
259 Ibid.  
recognized Persian claims to Georgia, promised to aid Persia against any Anglo-Russian alliance, and to equip and train Persian forces. In exchange, Persia would cease all political and commercial contact with Britain, support any future French invasion of India, attempt to induce the Afghans to invade India, and support and French naval squadron that entered the Persian Gulf.\footnote{Napoleon and Persia, 205-208.} It was everything the British feared. Napoleon now had a base from which he could threaten India, station a naval squadron to isolate India or just sever British lines of communication with India.

Napoleon, however, abrogated the treaty before he even signed it. His paramount concern was peace with Russia, and at the end of the War of the Fourth Coalition he came to a rapprochement with the Russian Tsar Alexander I. The two signed the Treaty of Tilsit and became allies. The Treaty of Finckenstein came to naught. The Treaty of Tilsit reset the European alliance system. Now France could claim Russia and Prussia as allies, two of the most powerful states in Europe. For Napoleon, Tilsit made strategic sense because it vastly aggrandized his power in Europe. By contrast, the Treaty of Finckenstein was nothing more than a means to threaten British India.

The British, however, greeted the Persians with open arms and after a year of haggling, came to an alliance with Persia in 1808. At the same time, Lord Minto secured the northwest border of the Company’s lands from foreign threats.\footnote{Oxford History of India, 560.} He also restored British authority after a period of lax British control.

The practical significance of the Franco-Persian Treaty of Finckenstein was limited. The treaty never took effect technically, and in any case the Persians shortly afterwards allied with the British. But the Persian interlude was important for more than just the treaty. First, the diplomatic overtures to Persia revealed the extent to which the East India Company could operate like a state. After all, technically the British East India Company negotiated with Fath Ali Shah. (John Malcolm was an agent of the British East India Company and he was sent by the British East India Company.) Second, the Persian interlude demonstrated the East India Company was not just vulnerable to threats from within India but also from outside.
Beyond India

For the duration of the Napoleonic Wars, Napoleon would attempt to threaten the EIC from outside of India. His chief tactic was economic warfare in the form of privateers. Whereas in the past Napoleon had relied on local proxies to threaten the East India Company, now with the East India Company largely in control of India, Napoleon had few options. His chief hope would be to inflict as much of an economic toll through commerce raiding or privateering as he could. It was simply an economic war of attrition. This in turn provided the impetus for the East India Company’s expansion throughout the Indian Ocean. Much as the need for security within India had compelled Richard Wellesley to eliminate all potential threats within India, so the need for security outside of India compelled Lord Minto to eliminate all potential threats outside of India.

Commerce raiding neatly complemented Napoleon’s other economic warfare tactic, the Continental System. Taken together, the aim of both was to cripple the British economy and compel Britain to seek peace. Commerce raiding was also a relatively cheap a way to overcome the limitations and shortcomings of the French Navy, especially after the disaster at Trafalgar. Moreover, the tactic was nothing new; the French had relied on commerce raiding for decades. Louis Adolph Thiers, the French politician and historian of the French Revolution, Consulate and First Empire, noted that during the American Revolution, France had used Île de France as a base for commerce raiders. The most famous of these commerce raiders was the illustrious French admiral Pierre André Suffren.263

In 1802 Napoleon sent General Charles Mathieu Isidore Decaen to Île de France as the new governor-general of the island. The condition of Île de France ports had deteriorated significantly because the French government had not been able to resupply the island264 and as early as 1802 Napoleon began reinforcing troops to the Île de France and stepping up operations from there.265 After the defeat at Trafalgar, Napoleon decided to restart a naval campaign against the British and considered the effect such a campaign may have on British commerce.266

264 Ibid.
266 Letter from Napoleon to Denis Decrès, December 10, 1806, Le Correspondance de Napoléon Iᵉʳ, Par Ordre de L’Empereur Napoléon III Tome XIV, (Paris: Imprimerie Impériale, 1863), 72-3.
Île de France, present-day Mauritius, is part of an archipelago roughly 600 miles east of Madagascar in the Indian Ocean. Sitting astride the East India Company’s trade route with Europe, Île de France was perfectly situated for a raider base, despite the fact that by this point the Indian Ocean was, for all intents and purposes, a British lake. Under Napoleon, French raiders put it to good use, attacking British East Indiamen transiting the area. For example, in 1806 alone, two frigates, the *Semillante* and the *Piémontaise*, raised havoc among East Indiamen. They had, in Louis Adolph Thiers’ words, “performed prodigies…and captured between them the amount of nearly eight millions.” French commerce raiding had become such a threat that Lord Mornington had considered mounting an expedition to seize the island but decided against it.

By 1808 Lord Minto began to consider a renewal of Britain’s past practice of colonial seizures. He resurrected Wellesley’s Île de France proposal and began planning operations against the island. Lord Minto’s decision to embark on this expedition marked another turning point for the East India Company. Where Richard Wellesley was concerned with acquiring Indian states in order to develop the supremacy of the Company and thus guarantee the Company and the empire’s security, Lord Minto took Wellesley’s vision to the next level.

When the Netherlands and Portugal fell to Napoleon in 1806 and 1808 respectively, the British drew up plans to seize Macao, Goa and Batavia, the latter the capital of the Dutch East Indies and now known as Jakarta. As in the past the British began to seize the colonial possessions of rivals. Much of the rationale behind this was strategic as well as commercial. Many of Britain’s rivals held colonies which could potentially threaten British shipping. In 1806, for example, the British seized the Dutch colony of the Cape of Good Hope, in present day South Africa, albeit with some Dutch colonial collaboration. The result was that the British were now able to restrict European traffic rounding the cape into the Indian Ocean. These acquisitions also aided British commercial interests, since the British could restrict commercial shipping as they could restrict enemy fleet movements. The economic effect could cripple enemy economies and further expand British trade. (This was what happened in Latin America during the

267 History of the Consulate and Empire, 28.
268 Lord Minto in India, 52.
Peninsular War 1808-13. With Spanish trade with Latin America severed, Britain filled the void.

But in 1807-1808 the EIC restrained its impulse to seize Macao and Goa, largely because of Minto’s argument that the Company ought to get its finances in order and Lord Castlereagh, the British foreign minister’s, opposition even though there was some ministerial support for British seizures.\(^{270}\) (Also likely to have effected this restraint was the fact that Portugal was a British ally in the Peninsular War.) But by 1808, as noted before, the Company and the British government had a change of heart. The finances of the Company had gotten better and the situation in Europe had started to shift in Britain’s favor. Minto by this point argued that: “The main advantage that would result from such an enterprise would be the eradication of a hostile power and influence from every part of the East, and the necessity which that event would impose on our enemies and rivals, of conducting every enterprise against us from Europe, without any established post of their own in this hemisphere for the various indispensable purposes of shelter, of supplies, military depots, naval arsenal, or even political intrigue or combination”.\(^{271}\)

Lord Minto sounded like Wellesley taken to the extreme. It was no longer enough to annihilate French influence in India, now all European rivals in the Indian Ocean and possibly beyond must be eliminated as well. The need for security in India had previously led to the British conquest of most of the subcontinent, while the need to protect these new Indian possessions led the British to conquer and eradicate all enemies and rivals in the Indian Ocean basin and potentially throughout Asia. Thus, The British East India Company was locked in a vicious cycle: new conquests to protect past conquests. This was the exact opposite of the Company’s historic policy and indeed what the Court of Directors had intended when they appointed him. Minto and the Company took Wellesley’s argument and extended it further than anyone could have imagined just a few years before. But as much as Lord Minto expanded outside of India, he technically obeyed a strict non-interference policy within India. He kept his operations against Indian states to a minimum and thus could claim that he had not violated the Company’s strictures on interference like Richard Wellesley had.

The first targets in this new round of acquisitions were the French-held islands of the Indian Ocean. For more than a decade, commerce raiders from Île de France were operating and

\(^{270}\) Ibid.
\(^{271}\) Lord Minto in India, 54.
striking shipping as far away as the Straits of Malacca.\textsuperscript{272} The threat was by no means illusory. Lord Minto feared that given the means and opportunity the French might use them as a base from which they could invade India.\textsuperscript{273} (Thiers mentions that General Decaen at Île de France “devoured with his eyes the peninsula of India, and demanded 10,000 men only to throw the whole of it into insurrection.”)\textsuperscript{274} The British first seized Île de France’s neighboring island Île de Bourbon, present day Réunion.\textsuperscript{275} Shortly thereafter Île de France fell to the British as did the tiny island of Rodriguez. These were the biggest threats to the Company’s security.

The EIC also had its share of failures in its quest to seize enemy colonies. At the Portuguese-held island of Macao, the Company landed a small expedition in September 1809 to take the island but left in haste when it faced furious Chinese authorities.\textsuperscript{276} The Company had a monopoly on British trade with China and as much as the Company would like Macao, since owning the island would cut out the middleman in the Company’s opium smuggling operation, it could ill afford to offend the Chinese Emperor. Meanwhile in India, the British failed to take the Portuguese possession of Goa.

Lord Minto did not content himself with the western part of the Indian Ocean. He targeted the Dutch East Indies. An old seventeenth-century rival of the EIC, the Dutch East India Company competed with the British East India Company for control of the East Indian spice trade. Napoleon’s 1808 overthrow of the Batavian Republic and his creation of the Kingdom of Holland with his own brother, Louis as king\textsuperscript{277} helped convince the British that the Dutch East Indies were fair game. Governor-General Minto decided an expedition against the Dutch East Indies would suit British national security concerns and could potentially aid the Company. The Company would control the lucrative Dutch East Indies, which in the seventeenth-century the British had lost to the Dutch. Meanwhile, the British government could control trade and shipping between the Indian and Pacific Oceans.

The expedition reached the Dutch East Indies in August 1811 and on August 9, four days after arrival, seized Batavia, the capital of the Dutch East Indies.\textsuperscript{278} However, the Court of
Directors of the EIC made no provision for a permanent, or even temporary, occupation of the Dutch East Indies.\textsuperscript{279} Officially, the British expedition was a raid to destroy Dutch commercial interest in the region and arm and support the native Indonesians in any future contest with the Dutch. But Minto, the man many felt was overly cautious, disobeyed this policy and advocated an annexation of Java, one of the main islands in the Dutch East Indies. He lobbied aggressively for this policy. (Although in his letters, however, he couched it in humanitarian language. He argued the Company had an obligation to protect the European inhabitants of the Dutch East Indies from French depredations and that the present government of the Dutch East Indies was corrupt and uncivilized.)\textsuperscript{280} He even went so far to name a potential governor of a British Javan colony: Stamford Raffles, founder of Singapore, which is another colorful but off topic tale.\textsuperscript{281}

**Anticlimax**

The Napoleonic Wars ended for the Company quietly. Unlike Europe, which witnessed the titanic campaigns of Napoleon’s Russian campaign, the North German campaign of 1813, or epic defeats of Napoleon in 1814 and then 1815, the Company lacked any comparable dénouement. By 1813 the French threat had largely subsided: Napoleon’s attention was turned towards Europe and the immediate European political arena. The Russians had defeated Napoleon’s invasions, and along with the Germans and Austrians, had routed his forces across Central and Eastern Europe. In Spain, the French were caught in a losing guerrilla war while in Holland Napoleon’s brother, Louis, was deposed. In the Indian Ocean, French power was virtually annihilated. Lord Minto was recalled to Britain. He never enjoyed the backing that Cornwallis or Wellesley had from any one party.\textsuperscript{282} He was a political appointee from the short-lived Whig dominated Ministry of All Talents,\textsuperscript{283} and was an old friend of Edmund Burke’s.\textsuperscript{284} When the prime minister, Spencer Perceval, was assassinated the Prince-Regent maneuvered to have Lord Moira, the Earl of Hastings, one of his supporters, installed as governor-general of the East India Company.\textsuperscript{285} In return for his services, Lord Minto was given an earldom but he died on his way home to Scotland.

\textsuperscript{279} Lord Minto in India, 306-7.
\textsuperscript{280} Lord Minto in India, 310.
\textsuperscript{281} Ibid.
\textsuperscript{282} Oxford History of India, 564.
\textsuperscript{283} Ibid.
\textsuperscript{284} British Conquest and Domination of India, 353.
\textsuperscript{285} Ibid.
The Napoleonic Wars in India ended with an anticlimax. There was no great battle like Waterloo to herald the end of the wars. Instead French influence subsided as the geopolitical situation in Europe deteriorated for the French Empire.

At the Congress of Vienna in 1815 Britain returned much of the seized colonies in the Indian Ocean (Except for Île de France which was strategically too important to relinquish.) That they were restored to their former colonial masters does not undermine the argument. The Company had by 1813 become a corporate-state, if not an empire. Moreover, the East India Company in this new guise served as the British Empire’s arm in Asia. The Company’s influence and residents extended as far west as the Middle East and as far east as China. Lord Minto’s successor, the Earl of Hastings, followed Richard Wellesley’s example and further expanded the Company’s control of India. Under his leadership the Company embarked on a war and invasion in Nepal, the Gurkha War and another war with the Marathas. With the Third Anglo-Maratha War or Pindari War, the Company eliminated the Maratha Confederacy and had almost all of India under its direct or indirect control.

In 1813 an equally revealing event occurred. The Company’s trade monopoly was up for renewal. The Company’s charter was for twenty years. In 1813 Parliament renewed the Company’s charter but not the trade monopoly with China. The Company only kept the trade monopoly with India. (It lost this monopoly in 1833 during the next renewal.) With this act the Company drifted further from its corporate heritage. (In fact, the Company was slowly being forced to accept free trade.) The Company’s raison d’être had slowly been whittled away to the point that by now even this facet of its mercantile character was history. By now the East India Company was a semi-state owned enterprise which ruled and administered India on behalf of the British government.
CONCLUSION

What I have attempted to show is how the corporate evolution of the East India Company was the product of four crucial factors: the decline of the Mughal Empire, Anglo-French imperial rivalry, British Reform efforts, and the French Revolutionary and Napoleonic Wars. This explanation better situates the Company’s evolution within Indian and World history and acknowledges the important role warfare, economic, international relations, and business had on the Company’s evolution. It is also not as overly reductive as other explanations. The East India Company’s evolution culminated with the East India Company transforming into a curious hybrid: a corporate-state. The transformation was a relatively rapid progression spanning barely fifty years. By 1813, the East India Company bore many of the hallmarks of a state. It had an army, acquired vast territory, established a judiciary, taxation system, foreign relations, and employed warfare as both a means of survival and as an instrument of policy.

During the War of Austrian Succession/the First Carnatic War, the Company made the first step in its evolution with the advent of a standing army. However, the evolution began in earnest with the end of the Seven Years War in 1763. By 1763, the East India Company controlled Bengal and shortly thereafter developed a taxation and revenue system for a region. Motivated by profit, the Company extracted immense sums from the region, which coupled with a drought led to a catastrophic famine. This in turn provoked Parliament to initiate a series of acts intended to regulate and reform the East India Company, culminating in the landmark 1784 India Act. This act redesigned the East India Company’s corporate structure and gave Parliament the single greatest voice in the Company. Moreover, Parliament assumed for itself the right to appoint the Company’s governor-general.

The pace of the Company’s evolution quickened after the passage of the India Act. Beginning with Governor-General Cornwallis, the Company embarked on a series of reform efforts itself, some successful others less so. Cornwallis reformed the Company’s judicial system and code. The result was an efficient and successful legal system. His successor, Sir John Shore, by contrast had less success with army reform. Nevertheless by the early stages of the French Revolution the East India Company had firmly developed some important traits of a state. The Company also found itself mired in the Third Anglo-Mysore War against the Kingdom of Mysore and its aggressive king, Tipu Sultan. After a difficult two-year war, the Company emerged victorious in 1793. In the treaty that followed the East India Company acquired vast
new territories from Mysore as did the Company’s Indian allies. This was the first time the Company had significantly altered the Indian political landscape. By the French Revolution and the Third Anglo-Mysore War the East India Company began to behave like a state acting out of national interest.

As the French Revolution progressed, India remained comparatively quiet. The Company refrained from major wars and limited itself to expeditions against the Rohillas in the Second Rohilla War. What this did demonstrate was that East India Company would defend itself, militarily, from Indian threats. Moreover, the Second Rohilla War demonstrated the Company would intervene in Indian affairs and the non-interference policy was not as absolute.

However, the East India Company’s final rupture with its past was ideological. The rupture came with Richard Wellesley’s governor-generalship starting in 1798. Wellesley, a Parliamentary appointee, articulated a radical new vision for the East India Company. He argued the Company ought to take a pro-active approach rather than remain ensconced in Bengal waiting for threats to arise. Richard Wellesley effectively argued that the Company ought to unashamedly act like a state and defend and expand its burgeoning empire. Thus, he provided an alternative which was thoroughly at odds with the Company’s given purpose, to make profit.

And Richard Wellesley implemented his new vision. He quickly led the Company into war against the Kingdom of Mysore, the Fourth Anglo-Mysore War. After the short war, the Company divided the territory of Mysore among itself and its Indian allies leaving a minor rump kingdom in place. The East India Company had totally eliminated a potent threat and expanded its power into south India. Then, in 1802, Wellesley led the Company into its greatest war yet, the Second Anglo-Maratha War. The three-year war was the Company’s largest, costliest and grandest to date. By war’s end the East India Company had a massive debt, a massive seasoned army and massive swathes of newly conquered territory. Furthermore, the East India Company effectively had neutralized its last remaining rival, the Maratha Confederacy and had taken the Mughal Empire as a vassal. By 1805 the Honourable Company was the dominant power in India.

After Richard Wellesley’s dismissal his successor, Lord Minto, built on Wellesley’s imperial vision and extended the Company’s power and influence throughout the Indian Ocean and Persian Gulf. Concerned more with the Company’s security than with profit, he also neutralized hostile influence from the Indian Ocean. Minto took advantage of the Treaty of Tilsit to secure a Persian alliance with Britain, thus securing the Company’s northwestern front from
French intrigue. After a French commerce raiding campaign threatened the Company’s shipping, Lord Minto finally seized Île de France, the last remaining French naval outpost in the Indian Ocean in 1811. Then in 1813, he seized the Dutch East Indies including its capital Batavia; and in the process established British influence at Singapore. By the end of his administration in 1813, the British East India Company was not just the dominant power in India but throughout the Indian Ocean from the Malacca Strait to Madagascar. The East India Company had become an empire within an empire.

The principle motive forces behind the East India Company’s transformation were the political instability surrounding the Mughal Empire’s decline, Anglo-French imperial rivalry, Parliament’s East India Company reforms, and the French Revolutionary and Napoleonic Wars. These factors were closely related and they catalyzed the development of the EIC’s institutional structure. As the Mughal Empire declined, the British and French rushed to fill the void. To meet these challenges, the Company developed an army. Britain’s decisive victory in the Seven Years’ War established the East India Company as a principle power in India. The Company, then, began to administer territory and so developed many attributes of state: a taxation system, bureaucracy, and judiciary. In an effort to rein in the Company, Parliament enacted legislation, the 1784 India Act, which not only curtailed the Company’s excesses and corruption but also asserted a measure of Parliamentary control over the East India Company and redefined the Company’s purpose. Finally, during the French Revolutionary and Napoleonic Wars, the East India Company began to act as a state. The East India Company, then, began a series of offensive wars against its enemies. First, the Company eliminated threats within India and then projected power throughout the Indian Ocean to eliminate hostile powers. By the end of the Napoleonic Wars the East India Company had radically transformed. Thus, by 1813, the twilight of the Napoleonic Wars, the British East India Company had transformed into a new entity fusing many of the attributes of both a corporation and state into a new hybrid entity: a corporate-state.
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BIOGRAPHICAL SKETCH

Matthew Williams was born in Miami, Florida in 1980. He graduated from Florida State University in 2009 with a BA in History. He is interested in business, politics, war and economics as historical forces. His research interests include Late Antiquity and Byzantine history, East-West interaction, the French Revolution and Napoleonic Wars, and imperialism and geopolitical rivalry in Asia and the Middle East from the 18th century to the present day. He plans on attending law school and eventually investigating oil companies in the Middle East in the aftermath of World War I.