Abstract: The East India Company's "regulated" trade monopoly more effectively served Britain's national interest during the French wars than might be inferred from contemporary complaints and recent scholarship. The Board of Control's assessment of India's importance to the British balance of payments in the 1780s was well informed and was borne out by subsequent developments. British net inflows from India remained substantial through 1765-1812 and were arguably least dispensable.
Company's monopoly of British direct trade with both India and China with only moderate concessions to private interests. Dundas's main argument was that the Company's "investment" in Indian goods, in the context of what he described as a "regulated monopoly", remained the safest channel of remittance to Britain. In the background of his decision was a novel perception, already expressed by Pitt the Younger in 1784, that the importance of India had "increased in proportion to the losses sustained by the dismemberment of other great possessions". As late as 1799, Dundas was still writing of his hopes "for the payment of tribute to this country, through the medium of a beneficial and encreasing commerce".

How effectively did this policy serve British national interests to the end of the Company's monopoly of British trade with India (1813)? In 1968, Peter Marshall could confidently state that "few economic historians would now argue that [the Asian Empire's] contribution had been of major importance". Historians' views were naturally influenced by the Company's apparent failure to succeed as a viable corporation in its double role as territorial ruler and commercial operator. Confronted as it was with corruption and patronage within its own ranks, with stepped-up competition from private traders since 1793, with massive diversion of bullion exports to India from commercial to military purposes since 1798, and with weakening European markets for Indian textiles in the 1800s, the Company saw its home and Indian debts soar to the edge of bankruptcy. The precise determinants of this growing indebtedness must remain obscure owing to an inextricable confusion, in the Company's accounts, between its various administrative, military, and commercial activities. Meanwhile, the ailing Corporation's image was not enhanced by its seemingly detrimental use of its monopoly privileges. It was argued at various times that the Company restricted supplies and charged extravagant prices; that the shipping services it contracted were unduly costly and inefficient; that its commercial operations in India were a "losing trade"; that its imports of Indian raw materials fell short of British requirements; that Indian textiles unfairly competed with British cotton fabrics; and that the Company's conservative
practices stood in the way of British manufacturers' efforts to break into Indian and Chinese markets.\(^5\)

Some of these claims have been challenged by recent work. One obvious testing ground for the Company's commercial operation is the conduct of its trade at Canton, where all foreigners competed on equal terms under the Hong merchants' tight control. It has been shown that the Company's rates of commission were no higher than those charged by private traders; that its profits appear to have been similar; and that the principal tea dealers at the public auctions in London had nothing but praise for the Company's conduct. Any Company advantage as a relatively large buyer in Canton should be weighed against the quantity and quality of the special services it rendered.\(^6\)

A second line of enquiry has qualified the perception that the Company's seemingly insignificant exports to Asia made little contribution to British industry. It has been noted that the Company's ships could have been carrying some 16 percent of British exports of manufactures in the mid-1790s; and that the Company's purchases of traditional woollens and worsteds breathed new life into the ailing textile industries of East Anglia and the West Country.\(^7\) To be sure, the more dynamic industrial sectors were not equally served by the Asian markets. But British cotton printers could profitably use Indian white calicos as inputs, and their finished products had long been shielded from Asian competition in domestic markets. In any event, as late as 1812 British policy makers did not regard India primarily as a potential market for domestic manufactures, but as a temporary source of raw materials under the pressures of warfare.\(^8\)

Further re-assessment of traditional views should arguably focus on what was seemingly regarded by government policy makers as the Company's principal role. The size of British unilateral transfers from India, and their course and fluctuations through more than 50 years, have been ignored in recent surveys.\(^9\) The sums "sent home" in 1757-1784, and the sterling value of various kinds of "drain" in 1783-1792, were estimated some decades ago with considerable sophistication; the figures were used to
downplay their importance in terms of British national income and to underscore the offsetting burdens of Empire. It has since been suggested, with due caution, that the India transfers accumulated since 1757 may have played a vital role in the British balance of international payments during the French wars. Such an ex-post argument, even if fully substantiated, by itself could hardly validate the wisdom of evolving government policy in the context of conflicting contemporary perceptions of the British national interest.

This article takes a wider tack by focussing on a number of issues that lend themselves to quantitative analysis. A useful point of reference is Dundas's decision to promote a steady flow of India transfers to Britain by retaining the substance of the Company's trade monopoly in the new Charter Act of 1793. There are indications that Dundas's perception of India's importance to Britain was not anchored on vulgar bullionism. Company officials had stressed that re-exports of Indian goods to European markets played a strategic role in the British balance of trade. Dundas appears to have concurred when he stated that "the Legislature will not be disposed rashly to change a current which is turning the greatest wheel of British commerce". In this context we may fruitfully ask two related questions. How accurate were these assessments of the place of India within the British commercial system in the 1780s? And to what extent was Dundas's decision borne out by the subsequent course and continuing importance of India transfers?

Partial answers to these questions are organized as follows. Section 2 draws on new annual estimates of British net transfers from India to document the East India Company's continued ability to fulfil Dundas's principal goal beyond 1793. The largest transfers appear to have been made on Company account -- at first directly from India but increasingly in the form of China goods sent to London; but the new figures also point to a significant surge in private transfers in 1803-07 and to growing interaction among the Asian transfer channels involved. Section 3 further suggests that British total inflows from re-exports of Indian commodities alone most frequently doubled, and at
times tripled, those arising from net India transfers including government flows. Section 4 builds on these and other findings to examine the place of India within the British commercial system; it will be suggested that British net inflows from India were relatively substantial and arguably the least dispensable.

2. British net transfers from India, 1757-1812

How large were British transfers from India between the battle of Plassey (1757) and the end of the East India Company's monopoly of Britain's direct trade with India (1813)? Partial answers to this question can be found in the extensive literature on the India "drain". Unfortunately the best available estimates are variously specified and cover different periods. Marshall's calculations were limited to private remittances to Britain from Bengal alone up to 1784. Furber focused on commodity and bullion flows, carefully distinguishing between the "drain" to Europe and British overall returns from involvement in India; but his detailed calculations were confined to the period 1783-92. The analysis that follows rests on new annual series of British net transfers from India through five separate channels, on a consistent basis through 1762-1812.

The mechanisms of transfer to Britain were well known to contemporaries and have been exhaustively studied. One such mechanism involved funds accumulated in Calcutta and elsewhere from the "country trade" between India, the Eastern Archipelago, and China: the English Company drew on these funds, against bills payable in London, to cover its own deficits in the Canton trade. Victory at Plassey in 1757 opened an era of corruption and plunder by Company officials and British administrators that did not begin to be checked until the late 1780s. Some of the local fortunes were remitted to Britain in bullion and diamonds, but most unilateral transfers involved since 1765 are thought to have been made in the form of Indian commodities purchased with Indian revenue. In the 1760s, the Company's trade was explicitly organized to secure large surpluses of commodity imports into London over total exports of goods and bullion to India. To this end the Company remained free to benefit
from coercion over Indian weavers, from barriers to entry of potential competitors in India, from local judicial control, and from monopoly or taxing powers in saltpetre, rice, salt, cotton, raw silk, and opium. The Company's ships also carried small "privilege" cargoes on the account of commanders and officers. Additional tonnage allotments in Company ships were granted in 1793 to independent private traders. Since 1798, British private interests were at times allowed to use Indian teak vessels. Other local surpluses were channeled to Britain, at times with British encouragement, through foreign companies and neutral shipping also trading in India and China.

The closest approximation to the concept of net India transfers in the balance of payments sense was succinctly formulated by Furber: "the only true drain resulting from contact with the West was the excess of exports from India for which there was no equivalent import". Furber's use of the term "drain" in this context is debatable, but his unusually well specified calculations of commodity and bullion flows in 1783-92 can be replicated and arguably improved upon.

Objections to Furber's procedure pivot around his reliance on invoice values of British exports and imports. Such invoice valuations are not strictly comparable with one another because they were made in distant locations under different market conditions. Whereas British exports were invoiced in England, presumably at fair competitive cost, valuations of outward cargoes in India incorporate unfathomable bias owing to the English East India Company's ability to retain a degree of monopoly and monopsony power. Nor is it clear that Furber's approach for 1783-92 can be safely applied to the inflationary period 1793-1812, because the invoice values of British imports exclude substantial carrying costs to Britain at widely fluctuating rates of freight and insurance. Most ominously, after 1790 the prime-cost data from which the invoice values were calculated were said to incorporate arbitrary adjustments by the Company's account Inspectors. Other concerns over Furber's procedure turn out to be less worrisome. To be sure, the invoice values of British outward cargoes also exclude freight and insurance, merchants' profits, and the Company's "charges on merchandise"
-- thus understating receipts from non-British subjects in India. Judging from the present calculations, however, British carrying costs on exports remained relatively small and the Company's export profits were most often negative.

[Table 1]

A plausible account of net transfers to Britain through various channels, excluding government flows, is outlined in Table 1. The net commodity transfers on Company, "privilege", and private account in panels A, B, and C are here defined, following Furber and others, as British imports from India minus British exports of goods and bullion to India. To avoid reliance on the questionable invoice values and rates of exchange used by Furber, and on the British official trade statistics for "Asia", the adopted figures of imports and exports are those given in the Company's records. Since the Company's figures were valued in Britain at British market prices, they meet the conventional definitions of CIF import values (including cost, freight, and insurance) and FOB export values (free on board). For Table 1 the given trade figures at British ports have been adjusted to approximate the value of the goods in India, at the points of exchange with non-British residents. Thus the estimated British import values "FOB India" are meant to exclude, and the British export values "CIF India" to include, all payments by British nationals to the British Treasury, to British shippers and insurers, and to the English East India Company on account of "charges". The resulting net import values in panels A, B, and C should thus approximate net commodity transfers to Britain for balance of payments accounting. The same can be said of the additional returns from the inter-Asian "country trade" in panel D, which are uncertainly proxied here with the value in Canton of those British imports of China goods that were not covered with British commodities and bullion. The rationale for this approach is that these British trade deficits were financed with surpluses accumulated by "country" merchants in India and with Indian goods directly exported to Canton by the Company. The additional transfers to Britain through foreign East India companies and neutral ships will be examined with some detail in connection with Table 2.
The new estimates of net commodity transfers to Britain in Company ships may be regarded as minimum estimates on the given sources. Furthermore, the British debits on Company bullion transfers to India in 1798-1805 are likely to be overstated. The average for 1803-07 in Table 1 incorporates, as a debit item, £832 thousand per year (£4.16 million) recorded as "bullion" exports to India in the official source adopted here. But we also know that bullion worth £4.2 million, sent to India by the Company Directors in 1803-05, was diverted by Wellesley for war purposes. We cannot discard the hypothesis that these sizeable remittances are not included in the officially recorded totals; but the presumption remains that little or no British bullion was used in this period for Company purchases of Indian commodities. Similar considerations apply to the period 1798-1800, when more than £2.5 million worth of Company bullion exports were also spent on warfare. In one of several efforts to underestimate total net transfers to Britain, the £6.7 million in question have been debited twice: as Company bullion exports to India in Table 1, and as bullion transfers to India on government account in Table 3.

With these qualifications, by far the largest transfers to Britain in Table 1 appear to have been made on Company account -- at first directly from India but increasingly in the form of China goods sent to London. The British private trade also turned positive transfers from India at various times since 1793, but the one significant surge in 1803-07 was short lived. One limiting factor here stemmed from the tonnage allotments granted to "privilege" and private traders in Company ships. These allotments were larger for exports than for imports and thus biased non-Company commodity flows against net imports from Asia. A second factor favoring higher export values and lower transfers to Britain is that "privilege" and private traders were keen to secure the largest possible returns for their British cargoes to finance their growing involvement in the prosperous inter-Asian "country trade". Certainly the Company's commanders and officers, who alone enjoyed a share of the silver-hungry China trade in Company ships,
had a known preference for low-volume, high-value goods including bullion in their export cargoes.25

The new estimates in Table 1 also point to growing interaction among the Asian transfer channels involved. Through 1793-1807 private imports and net transfers from India into London grew by leaps and bounds, eventually at the Company's expense. This pattern was reversed in 1808-12 with the contraction of European markets for Indian commodities at the height of Napoleon's Continental System. At this time the Company regained its role as the principal transfer agent, and the inter-Asian "country" trade appears to have become the most profitable outlet for private capital. It will be noted in Section 5 that private traders may also have secured growing shares of China goods with the complicity of Company "servants". By reference to Table 1, it is perhaps significant that the first positive net transfers from China to London on "privilege" account in 1808-12 coincided with a sharp rise in British private exports to India.

[ Table 2 ]

Foreigners participated in the carrying trade to Britain by taking advantage of untapped opportunities, conflicts among British decision makers, and lower transport costs. Estimates of transfers to Britain through various foreign channels are specified in Table 2. French and Dutch inroads had a long standing and prospered in the 1760s through private agreement with British subjects in India, often at French initiative.26 The French and Dutch Companies, and the Spanish Philippine Company, received British official encouragement in the late 1780s through the joint efforts of the English Company's London interest and of Henry Dundas -- then the most influential senior Commissioner for India affairs.27 No data have been found on French and Dutch participation since 1791, but the relevant Asian territories fell under British control in the 1790s and were not returned until 1815-16. Feldbaeck's figures of net transfers to Britain under the Danish flag through 1772-1808 are said to be minimum estimates since 1787. Since 1795, the neutral trade between the United States and British India was predominantly engaged in remitting fortunes of the English Company' "servants" to
Europe, despite provisions to the contrary in the loosely worded Jay Treaty of 1794. This "clandestine" or "illicit" trade at times exceeded the English Company's by taking advantage of cheaper ships, lower freight and insurance costs, and the ability to sail without convoy protection; it also was encouraged by British agency houses and by British private traders in India. Despite a setback in 1804, a complete stoppage during Jefferson's embargo of 1808, and renewed British attempts to encroach upon the rights of neutrals since the spring of 1806, transfers to Britain under the United States flag appear to have remained substantial until 1810.28

3. Total net inflows into Britain on India account, 1765-1812

The net transfers from India in Table 1 represent positive contributions to the British balance of payments in so far as they gave rise to net inflows of foreign exchange or to other claims on foreigners. New estimates of such net inflows are given in Table 3. It will be recalled that, for the purpose of calculating unilateral transfers, British imports of Indian commodities have been adjusted to approximate their current value in India, at the points of exchange with non-British residents. The costs of transport to London in Company ships do not belong in Britain's external balance because all the payments involved were settled among British nationals. One relevant component of British inflows is the CIF value of re-exported Indian goods beyond the public auctions in London, inclusive of transport and profits at the points of delivery to foreign merchants in British or foreign ports (total of lines 1-6). Some of the imported Indian commodities were re-exported as such to Continental Europe and elsewhere; others were embodied as raw materials in British domestic exports; most such re-exports afforded British residents additional foreign exchange in the form of carrying earnings and mercantile profits. A second component of British inflows is the savings of foreign exchange on account of Indian goods for home consumption that would otherwise have been imported from elsewhere (lines 7-9). On the debit or cost side, British outflows should include the total "CIF India" value of British exports and re-
exports to India on Company, private, and government account (lines 10, 12-13). The totals in line 14 suggest that the British net inflows involved most frequently doubled, and at times tripled, those reckoned in the preceding Section as net transfers directly from India.

Table 3

Some of the re-export values of Indian commodities in Table 3, lines 1-6 are minimum estimates or are arguably understated. The values of non-textiles in line 2 are calculated at "in-bond" import prices and thus exclude mercantile charges within British territory and customs duties not returned as drawbacks upon re-export. The value of Indian commodities embodied in British domestic exports must remain uncertain. Around 1750, close to 60 per cent of the calicos printed in London were most likely Indian.29 The Indian share in the total supply of calicos in Britain decreased in 1775-83; 30 but retained imports of the Indian fabrics sharply rose from the late 1780s up to 1803. The calculations for "Indian calicos embodied in domestic exports" (line 4) rest on the assumption that the physical share of Indian calicos in the exported yards of cotton textiles printed in Britain successively fell from 35 per cent in 1764-73 to 5 per cent in 1794-1803 -- and to zero thereafter. There is an uncontrolled margin for error here, but not all the cotton fabrics finished for export in Britain from Indian calicos may have been entered as printed goods in the customs records. British textile exports also incorporated Indian dyes and fibers. India supplied 79 per cent of the indigo used in Britain in 1791-1811 and 45 per cent at least of the raw silk in 1764-1812; nearly 8 per cent of British cotton imports in 1793-1812 came from India.31 Perhaps conservatively, the values of "other Indian goods embodied in domestic exports" (line 5) are reckoned at 20 and 10 per cent of retained imports of Indian indigo and raw silk respectively.

Conceivable overstatement in the uncertain estimates of British carrying earnings and profits would not substantially alter the overall picture. The mercantile profits in line 6 have been calculated at a constant rate throughout 1765-1812, on the assumption that falling returns on re-exports of Indian muslins and calicos since the
The 1790s were offset by higher margins on the substantial shipments of non-textiles during the French wars. The constant profit rate has been set at one half the 10 per cent allowed by Nash for English re-exports in 1770. Imlah placed the re-export rate in 1816-18 at 5.5 per cent, but he appears to have suspected that profits had been higher during the French wars. In any event, there are some grounds for believing that profits on Indian textiles were larger than average. In economists' parlance, profit levels are directly related to the degree of market imperfection. The bewildering variety of Indian calicos, muslins, and coloured piece goods allowed for product differentiation in recipient markets. The product composition and the geographical destination of British textile cargoes varied significantly -- presumably to maximize returns by catering to the particular needs, tastes, and purchasing power of different consumers. The competitive edge afforded to British merchants by the Company's ability to impose lower prices on some Indian weavers should have been enhanced when French and Dutch Asian territories fell under British control in the 1790s. Seemingly unavailable data on individual textile fabrics by geographical destination might also point to the presence of price discrimination, in the sense that higher prices would have been charged in those sub-markets where demand was relatively inelastic.

The imputed values in lines 7-9 are proxies for British savings of foreign exchange on account of Indian and Chinese goods for home consumption that would otherwise have been imported from elsewhere. To be sure, had the means of obtaining large quantities of Indian calicos not existed through the exercise of Imperial power import substitution by British producers might have proceeded at a faster pace. But the bulk of Indian commodities retained in Britain was made up of cotton, Bengal raw silk, coffee, rice, salt peter, white pepper, and cinnamon. The imputed values of "net transfers of China goods" in line 9 are meant to include only those Chinese commodities that were financed with surpluses accumulated by "country" merchants in India and with Indian goods directly exported to China by the Company. Most such commodities would have been imported from less distant locations in America or in the
Mediterranean, but those brought in foreign ships would have involved a net loss in British foreign exchange on account of transport cost differentials. Moreover, some of the Indian and Chinese commodities in question were cheaper than their American and European counterparts. Perhaps conservatively, the British savings of foreign exchange on all three counts are imputed in lines 7-9 at four-fifths of the Asian goods' CIF value at British ports of arrival excluding customs duties.

The costs of procuring those Indian goods that were not purchased with Indian revenue represent debit items in the British balance of payments. The private component of these British outflows is proxied in line 10 with the total "CIF India" value of British exports of goods, stores, and bullion on Company, "privilege", and private account. Further entries on British government account recognize the indirect contribution of those war expenses in India that were not financed with Indian revenue. As noted in Section 2, the bullion exports charged in Table 1 to the Company's transfers to Britain seemingly include the £6.7 million that were diverted to Indian warfare in 1798-1800 and in 1803-05. At the risk of duplication, the full £6.7 million have again been debited in line 12 of Table 3 ("Bullion transfers to India on government account"). Still there is no guarantee that all bullion shipments to India are covered under "Exports 'CIF India' to India" and "Bullion transfers to India on government account" (Table 3, lines 10 and 12), but no reason has been found to question the officially recorded totals adopted for Table 1.\(^35\) The "Bullion transfers to India on government account" debited in line 12 also include a credit of nearly £1.9 million in bullion said to have been shipped from India to Britain in 1812.\(^36\) The allocation of "stores" to Company or government account is a matter of guesswork, but the "exports of 'naval & garrison stores'" debited in line 13 include only those "stores not for sale" that are not debited to the Company's transfers to Britain in Table 1.
4. Contributions to the British balance of payments

What did Henry Dundas have in mind when he described the Company's regulated monopoly as "a current which is turning the greatest wheel of British commerce"? In the early 1790s Britain's direct trade with India cannot have appeared substantial: the British tonnage employed in the India route, and the market value of the import and export cargoes, had seldom surpassed 3 percent of the respective worldwide totals. But Company officials had stressed that re-exports of Indian goods played a strategic role in the British balance of trade. Dundas's preoccupation with securing a steady flow of Indian transfers beyond 1793 suggests that he regarded Indian commodities as a major link of a clearing mechanism to balance external payments. It will be argued here that such a perception would have been justified at the time and was borne out by the subsequent course of events during the French wars.

[ Table 4 ]

A conjectural context for this argument is laid out in Table 4. Despite massive expenses abroad at the height of the Napoleonic wars, Britain's external position is thought to have improved from a net foreign indebtedness of some £13 million in 1775 to a net credit of £10 million excluding Ireland by 1815. For the sake of consistence we may further infer, admittedly from scant evidence, that British claims over Ireland are included in the 1775 benchmark and stood at £20 million in 1815. The course of Britain's external position after 1775 may be reckoned by combining the net balance of total payments in each subsequent year with the worldwide debt or credit accumulated so far. The annual figures underlying the period averages in Table 4 represent a particular set of payments that yield a net British credit of £30 million by 1815; additional estimates for 1764-74 have been generated through backward extrapolation from the 1775 benchmark (-£13 million). In the absence of firm evidence on many of the entries involved, let alone on the particularly weak benchmark for Britain's net
credit in 1815, we can take little comfort from the fact that the long-term pattern is consistent with a range of alternative assumptions.  

The broad picture conveyed by Table 4 must remain conjectural, but only the relatively sounder figures bear directly on the central argument proposed here. The partial net balances excluding India in lines 1 to 5 are calculated at British ports with reasonable allowance for carrying earnings and mercantile profits, always including net British inflows on legal and illegal trade with each area and British re-exports of the respective commodities to the rest of the world. The most uncertain figures of total contraband trade are grounded in Cole's independent estimate for 1776-83; any conceivable resurgence after the sharp reduction in tea smuggling in 1784 could hardly have kept pace with the massive growth in British legal trade. In so far as the total value of contraband trade remained relatively small, we may safely ignore the inevitable errors in the regional allocation of illegal imports. Nor is the argument sensitive to reasonable variation in the given orders of magnitude for net inflows from the slave trade (line 6) and for British war expenses abroad through 1775-1812 (line 8).

With these qualifications, Table 4 highlights the relative size of net inflows from India by reference to the better documented components of the British balance of payments as specified in the preceding paragraph. The net balances on trade and services in lines 1-6 underscore the importance of Britain's colonial involvement excluding Indian and Irish transfers: whereas the largest British deficits through 1776-1812 were incurred in Continental Europe and in Ireland, the bulk of the offsetting credits on re-exports of American commodities, on freight and insurance, and on mercantile profits, most frequently originated in the West Indian trades. Despite major additional inflows from the United States in the neutrality period 1793-1807, the total net credits on "trade and services excluding India" could not have sustained Britain's war expenses in Continental Europe since 1793. The net inflows from India in line 11 by themselves might have paid for almost all such expenses through 1793-1807, and for nearly one third of the massive sums not covered by other trade balances in
1808-12. Net transfers from Ireland may also have been substantial, but the conjectural estimates of rental payments to absentee landlords residing in Britain (line 13) must be regarded with extreme caution.

Of these contributions to the British balance of payments, those from India were arguably the least dispensable. Unlike other British imports, those purchased with Indian revenue came home as unilateral transfers at little or no cost in domestic goods or bullion. It should be recalled here that the total net inflows from India in line 11 are meant to include those on government account, after subtracting all outflows to India for both commercial and military purposes. The transfer component of net inflows from India resembles the Irish rental payments to absentee landlords residing in Britain in that both types of gains arose from the direct exercise of military and political power. But the Indian sums involved appear to have been larger, and India's contribution to other branches of British trade possibly exceeded the British profits on Irish exports to British America in line 12. The net inflows from the slave trade in line 6 arguably owed much to the cargoes of Indian textiles that only British merchants could supply to West African middlemen at cut-throat prices. Britain's privileged Indian connection would thus have extended its beneficial influence, through its likely impact on the growth of the British slave trade, to the profitable triangular trades across the Atlantic. Here again, Ireland also contributed vital food supplies to the slave plantations and to Britain itself. While the British tonnage employed in the India route seldom surpassed three per cent of the worldwide total, however, the import and re-export values of Indian goods during the French wars often rivaled, and at times exceeded, those of West Indian commodities. As an added bonus, Britain's trade deficits with China, and the related tasks of aggression and defence in the Far East, were defrayed largely with Indian territorial revenue and with Indian commodities. A broad counterfactual analysis predicated on free western access to Indian wealth, or on fair market exchange in India for British commodities and bullion, would have to account for a consequent strengthening of Britain's European and North-American competitors. For all these
reasons, a substantial reduction in India transfers in particular could not so readily have been offset by diversion of resources within Britain's military and commercial ventures.

The changing importance of India's contributions through 1762-1812 would be further specified if we could lend some credence to the remaining figures in Table 4. As noted, the postulated course of Britain's external position through 1764-1812 must remain conjectural despite its consistence with the unchallenged benchmarks for 1775 and 1815. For the sake of argument, however, it is worth recalling that Britain is thought to have been heavily indebted to foreigners in the 1770s and to have enjoyed an external surplus of £10 million in 1800.  

Ralph Davis was bold enough to add that Indian wealth probably "supplied the funds that brought [the] national debt back from the Dutch and others". The annual figures underlying Table 4 support Davis's statement and place the decisive turning point in the late 1790s. In subsequent years, mounting British net gains on trade and services alone would have been compounded, for the first time, with positive returns on foreign investment. This turn of events would help to explain the apparent decline of contemporary concern for Indian remittances. In 1799, Henry Dundas was still writing of his hopes "for the payment of tribute to this country, through the medium of a beneficial and increasing commerce". Soon thereafter, his successors' attention would be drawn from the East India Company's role as the safest channel of remittance to the potentially wider benefits of the Indian connection under free trade.

5. Conclusion

This article has suggested that the Crown's Asian trade policy more effectively served Britain's national interest than might be inferred from contemporary complaints and recent scholarship. The size of British unilateral transfers from India, and their course and fluctuations through more than 50 years, have been ignored in recent surveys. Yet Henry Dundas's perception of the importance of these transfers to the British balance of trade was well grounded in the realities of the 1780s and was borne
out by subsequent developments. British net inflows from India remained substantial through 1765-1812 and were arguably least dispensable; those from re-exports of Indian commodities alone most frequently doubled, and at times tripled, those arising from net India transfers including government flows.

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PRO (Public Record Office), Customs: 3, 5, 10, 11, 14, 17.
Table 1:
British net transfers from India excluding government flows, 1762-1812 (period averages of annual values in £’000 at market prices; slight errors due to rounding)

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A. English East India Company trade with India:
Imports "FOB India" from India into London
-exports "CIF India" to India (goods)
-ibid, "stores" (1 description excluded)[1]
-exports to India (bullion)
=Net transfers on Company account

B. "Privilege" trade with India by commanders & officers in Company ships:
Imports "FOB India" from India into London
-exports "CIF India" to India (goods)
-exports to India (bullion)
=Net transfers on "privilege" account

C. Private trade with India under the 1793 Act, largely in Company ships[2]:
Imports "FOB India" from India into London
-exports "CIF India" to India (goods)
-exports to India (bullion)
=Net transfers on private-trade account

D. Inter-Asian "country trade" in Company ships[3]:
Company imports "FOB China"
  from China into London
-Company exports "CIF China"
  to China (British goods)
<table>
<thead>
<tr>
<th>Description</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
<th>Year 6</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Company exports to China (bullion)</td>
<td>158</td>
<td>48</td>
<td>397</td>
<td>148</td>
<td>233</td>
<td>0</td>
</tr>
<tr>
<td>- Company exports of Indian goods to China</td>
<td>48</td>
<td>36</td>
<td>38</td>
<td>19</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>= Net transfers on Company account</td>
<td>155</td>
<td>225</td>
<td>470</td>
<td>834</td>
<td>432</td>
<td>675</td>
</tr>
<tr>
<td>+ &quot;privilege&quot; imports from China into London</td>
<td>29</td>
<td>31</td>
<td>68</td>
<td>131</td>
<td>125</td>
<td>420</td>
</tr>
<tr>
<td>- &quot;privilege&quot; exports &quot;CIF China&quot; to China (goods)</td>
<td>35</td>
<td>37</td>
<td>98</td>
<td>136</td>
<td>178</td>
<td>177</td>
</tr>
<tr>
<td>- &quot;privilege&quot; exports to China (bullion)</td>
<td>35</td>
<td>37</td>
<td>98</td>
<td>136</td>
<td>178</td>
<td>177</td>
</tr>
<tr>
<td>= Total net transfers through &quot;country trade&quot;</td>
<td>114</td>
<td>181</td>
<td>341</td>
<td>694</td>
<td>200</td>
<td>740</td>
</tr>
<tr>
<td>E. Transfers to Britain through foreign East India Companies &amp; the United States [4]</td>
<td>280</td>
<td>271</td>
<td>318</td>
<td>282</td>
<td>315</td>
<td>105</td>
</tr>
<tr>
<td>TOTAL NET TRANSFERS TO BRITAIN (A+B+C+D+E)</td>
<td>546</td>
<td>1050</td>
<td>1246</td>
<td>1796</td>
<td>776</td>
<td>545</td>
</tr>
</tbody>
</table>

[notes and sources for Table 1 in a separate page]
[ notes and sources for Table 1 ]

[1] "Stores not for sale" including "Stores for the factory", "Braziers' tin and ironmongers' wares", and "Pitch, tar, wines, deals, medicines". A fourth description is entered in Table 3, line 16.

[2] Confusingly referred to by contemporaries as "privilege trade".

[3] Transfers to Britain proxied here with British trade deficits with China (imports "FOB China" minus exports "CIF China" including bullion as indicated): see the text. British trade with China in panel D calculated in much the same way as that with India; Company exports of Indian goods to China in 1762-99 from Pritchard (1936), p. 393: talers converted at 6s 8d.

[4] Panel E as in Table 2 below.

Table 2:
India transfers to Britain through foreign East India companies and neutral traders, 1757-1812 (period averages of annual values in £'000)

<table>
<thead>
<tr>
<th>Year</th>
<th>1757-</th>
<th>1767-</th>
<th>1774-</th>
<th>1784-</th>
<th>1791-</th>
<th>1795-</th>
<th>1802-</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1771</td>
<td>1778</td>
<td>1784</td>
<td>1790</td>
<td>1794</td>
<td>1801</td>
<td>1812</td>
</tr>
<tr>
<td>1. Dutch and French Companies</td>
<td>212</td>
<td>259</td>
<td>37</td>
<td>156*</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2. Danish Company</td>
<td>0</td>
<td>49</td>
<td>234</td>
<td>228</td>
<td>130</td>
<td>147</td>
<td>23</td>
</tr>
<tr>
<td>3. United States ships</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>168</td>
<td>198</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Transfers to Britain</td>
<td>212</td>
<td>308</td>
<td>271</td>
<td>384</td>
<td>130</td>
<td>315</td>
<td>221</td>
</tr>
</tbody>
</table>

* All non-British transfer channels to Britain except the Danish East India Company.

Sources and procedures: **Line 1**: Marshall (1976), pp. 241-43, 251-53: Bengal figures for 1757-84 times 1.3 to account for Madras and elsewhere (ratio in ibid, p. 253). Totals for 1785-90 in BL, OIOC, H/399, MSSpp. 1, 55: estimates of "English trade under foreign flags" with India, possibly for 1781-90 but more likely for 1785-90; given import and export figures adjusted here respectively to approximate "FOB India" and "CIF India" values at Indian ports, with similar procedures to those used for Table 1. **Line 2**: Feldbaeck (1969), pp. 45, 72-73, 121, 150, 211, 229, 303, 310, 320-21, 327, 340, 345: given figures in current rupees converted here to pounds sterling, and compounded with commissions of the Merchant Houses in Copenhagen with information supplied by Feldbaeck. **Line 3**: exports from Calcutta in United States ships as in Tripathi (1979), pp. 70, 86, 89, 90, 109, 122: transfers to Britain placed here at half the given annual figures in 1797-1803, a third in 1804-07, and a fourth in 1808-12; missing data for 1795-96 and 1801 conservatively estimated from given average for 1795-02.
Table 3:
British net inflows from India including government flows, 1765-1812 (period averages of annual values in £'000 at market prices; slight errors due to rounding)

<table>
<thead>
<tr>
<th>Period</th>
<th>1765-1776</th>
<th>1775</th>
<th>1776</th>
<th>1783-1786</th>
<th>1787-1788</th>
<th>1793-1807</th>
<th>1808-1812</th>
</tr>
</thead>
<tbody>
<tr>
<td>Re-exports of Indian textiles FOB</td>
<td>1788</td>
<td>2351</td>
<td>1550</td>
<td>2045</td>
<td>967</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Re-exports of other Indian commodities FOB</td>
<td>5</td>
<td>16</td>
<td>136</td>
<td>1381</td>
<td>1384</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Freight &amp; insurance earnings on lines 1+2</td>
<td>40</td>
<td>82</td>
<td>29</td>
<td>140</td>
<td>166</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indian calicos embodied in domestic exports</td>
<td>25</td>
<td>47</td>
<td>47</td>
<td>87</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Indian goods embodied in domestic exports</td>
<td>14</td>
<td>25</td>
<td>61</td>
<td>162</td>
<td>364</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mercantile profits (5% of lines 1+2+4+5)</td>
<td>92</td>
<td>121</td>
<td>90</td>
<td>183</td>
<td>135</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retained imports of Indian goods (imputed value)</td>
<td>332</td>
<td>52</td>
<td>919</td>
<td>980</td>
<td>789</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ibid in foreign ships (imputed value)</td>
<td>264</td>
<td>217</td>
<td>254</td>
<td>234</td>
<td>85</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net transfers of China goods (imputed value)</td>
<td>100</td>
<td>145</td>
<td>272</td>
<td>423</td>
<td>592</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exports &quot;CIF India&quot; to India (goods + stores + bullion)</td>
<td>-645</td>
<td>-626</td>
<td>-678</td>
<td>-1624</td>
<td>2315</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net inflows from India excluding Government flows</td>
<td>2016</td>
<td>2432</td>
<td>2682</td>
<td>40152</td>
<td>167</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bullion transfers to India on Government account</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>-453</td>
<td>371</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exports of &quot;naval &amp; garrison stores&quot;</td>
<td>-47</td>
<td>-87</td>
<td>-70</td>
<td>-208</td>
<td>-271</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total net inflows from India</td>
<td>1969</td>
<td>2345</td>
<td>2612</td>
<td>3354</td>
<td>2268</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Sources and procedures: **Line 1:** see Cuenca Esteban (2001), p. 77. **Line 2:** Minimum estimates as indicated in the text from re-export quantities for 1791-1811 in MacGregor, 1843-50, vol. IV, pp. 416-19 (negligible values for earlier years roughly estimated from import data); in-bond prices (excluding customs duties) as in Cuenca Esteban, 2001, pp. 71-75 (prices of East India or Ceylon cinnamon in Gayer and Tooke, usual dates). **Line 3:** with some adjustments as in Cuenca Esteban (2001), p. 79 (Indian commodities only; re-export quantities as in line 2; freight rates on longer routes divided by 5 here). **Line 4:** Export yards of British cotton prints in 1764-1803 only (compiled from PRO, Customs 3, 14, 17) times the re-export prices of Indian calicos used in line 1, with falling decadal weights as indicated in the text; yards converted to Indian "pieces" as in Baines (1835), p. 324. **Line 5:** respectively 10 and 20 per cent of the retained imports of Indian indigo and Bengal raw silk (import minus re-export quantities as in line 2 and from PRO, Customs 3, 14, 17, 5, 10, 11: re-exports include unspecified quantities of raw silk from China, Italy, Turkey, and France; duty-added prices from the relevant sources given in Cuenca Esteban, 2001, pp. 72-73). **Line 7:** See the text and notes to lines 1 and 2 above. Four-fifths of Indian goods retained for home consumption (imports minus exports at British import prices). **Line 8:** See the text. Four-fifths of "Transfers to Britain through foreign East India Companies & the United States" in Table 1. **Line 9:** See the text. Four-fifths of "Total net transfers through 'country trade'" in Table 1. **Line 10:** Total of relevant entries in Table 1. The shares of British and foreign goods sent to India are hard to ascertain, but re-exports to India and China were worth less than 5 per cent of total exports to Asia. **Line 12:** Philips (1940), pp. 106, 124, 179. **Line 13:** as for Table 1.
### Table 4: Selected components of the British balance of payments, 1764-1812

<table>
<thead>
<tr>
<th></th>
<th>1764</th>
<th>1775</th>
<th>1782</th>
<th>1792</th>
<th>1807</th>
<th>1812</th>
</tr>
</thead>
<tbody>
<tr>
<td>Period averages of annual values in £’000:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Ibid with Ireland excluding lines 12 and 13</td>
<td>-659</td>
<td>-1005</td>
<td>-1090</td>
<td>-929</td>
<td>-1232</td>
<td></td>
</tr>
<tr>
<td>3. Ibid with rest of Europe and Levant</td>
<td>163</td>
<td>-1556</td>
<td>-2139</td>
<td>-7499</td>
<td>-2879</td>
<td></td>
</tr>
<tr>
<td>4. Ibid with the United States</td>
<td>903</td>
<td>188</td>
<td>2728</td>
<td>6681</td>
<td>2012</td>
<td></td>
</tr>
<tr>
<td>5. Ibid with the rest of the world excluding India</td>
<td>312</td>
<td>1250</td>
<td>123</td>
<td>4074</td>
<td>7150</td>
<td></td>
</tr>
<tr>
<td>6. Net inflows from the slave trade to 1807[3]</td>
<td>504</td>
<td>183</td>
<td>471</td>
<td>661</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>7. Balance of trade &amp; services excluding India</td>
<td>845</td>
<td>-1203</td>
<td>-140</td>
<td>2503</td>
<td>4001</td>
<td></td>
</tr>
<tr>
<td>8. British war expenses abroad excluding India</td>
<td>-14</td>
<td>-644</td>
<td>-96</td>
<td>-3513</td>
<td>-11657</td>
<td></td>
</tr>
<tr>
<td>11. Total net inflows from India as in Table 3</td>
<td>1969</td>
<td>2345</td>
<td>2612</td>
<td>3354</td>
<td>2268</td>
<td></td>
</tr>
<tr>
<td>12. Profits on Irish exports to British America</td>
<td>213</td>
<td>247</td>
<td>352</td>
<td>385</td>
<td>202</td>
<td></td>
</tr>
<tr>
<td>13. Irish rents (conjectural estimate)[5]</td>
<td>366</td>
<td>472</td>
<td>613</td>
<td>780</td>
<td>1000</td>
<td></td>
</tr>
<tr>
<td>14. Current account balance (total of above)</td>
<td>2831</td>
<td>626</td>
<td>2828</td>
<td>3986</td>
<td>-1725</td>
<td></td>
</tr>
</tbody>
</table>
[1] Includes change in foreign reserves and capital outflows.
[2] The net balances in lines 1-5 include British domestic exports, legal and illegal imports (all imports subtracted), re-exports of goods imported from the respective areas, net earnings on freight and insurance, mercantile profits, net ship sales, and emigrants' funds.
[3] These balance of payments flows should not be confused with British profits on the slave trade. Detailed calculation in Cuenca Esteban (2004), Table 2.4.
[4] Britain's total debt service (-) or foreigners' debt service (+). In the absence of the "Total net inflows from India" in line 11, Britain's debt service might have reached £4 million by 1808-12: see Cuenca Esteban (2001), pp. 64-68.

Sources: Line 1 estimated as in Table 3 but with data on China (see also sources for Table 1). Line 11 as indicated. All other estimates with minor improvements as in Cuenca Esteban (2004). Underlying sources, procedures, and independent benchmarks for Britain's external position in Cuenca Esteban (2001). Slight errors due to rounding.
Endnotes:


5. Tripathi, 1979, pp. 25-26; Webster, 1990, pp. 408-410.


8. Webster, 1990.


14. Furber, 1948, pp. 305-310. Other "drain" estimates are far less specified and seemingly overlook a wealth of annual figures in the extant records: see Cuenca Esteban, 2001, pp. 66-67. The total transfers in Table 1 remain close enough to Marshall's private flows from Bengal alone in 1757-84, and sufficiently below Furber's total "drain" to Europe in 1783-92, to lend independent support to the new procedure.

15. See Greenberg, 1951, pp. 11-12, 156-159; Pritchard, 1936, pp. 180-185.


34. See Mitra, 1978, pp. 107-130, 144.


36. Philips, 1940, p. 179.


43. Davis, 1979, p. 55.