

### *Charles I and the East India Company*

AMONG the many expedients adopted by King Charles and his ministers in their desperate need of money wherewith to meet the Scottish invasion of August 1640 undoubtedly the most curious was that by which a large quantity of pepper was purchased from the East India Company on credit and resold for cash at a loss of 5*d.* per lb., with the result that over 50,000*l.* was obtained for the immediate needs of the exchequer. The story has been told differently by different writers, but nearly all of them agree in blaming the king severely for the transaction, and in representing him as forcing the company to accept the bargain against their will. Now if Charles really did oblige a body of merchants to part with their goods for such a purpose, with little or no probability of being able to discharge the liability he had thus incurred, we may agree with Sir William Hunter<sup>1</sup> that his action was one 'which would be called by an ill name in a modern law court.' But a re-examination of the story in the light of the East India Company's records has placed a somewhat different aspect on the affair, and in the following brief narrative I hope to show that the transaction does not involve any bad faith on Charles's part; that it arose in part from the company's own action in offering the pepper to public tender on credit terms; that the king was, in fact, absent from London when the first overtures were made, though he may have been aware of what was intended; that the bargain was accepted by the company—with reluctance, possibly, but without ostensible demur—and was in some respects advantageous from a mercantile point of view; that substantial private security was provided for the payment of the money; and that the unfortunate result was largely due to causes which were not foreseen at the time and which were beyond the control of the king and his ministers.

In Aug. 1640 the committees of the East India Company, engaged in one of their periodical sales, had to decide how best to dispose of a large quantity of pepper—2,310 bags, containing

<sup>1</sup> *History of British India*, ii. 44.

607,522 lbs.—which they had on hand. They resolved upon the not unusual course of inviting any one who pleased to subscribe for parcels of not less than a hundred bags at a given price, viz. 2s. 1d. per lb. if the pepper was to be sent abroad, or 2s. 2d. if it was to be garbled for sale at home. The customary amount of credit was to be allowed—four months from Michaelmas for the first half of the money, and six months longer for the balance—and it was agreed that no allotment should be made unless practically the whole amount were taken up.

A 'preamble' announcing these terms was accordingly made public, but there seems to have been no eagerness on the part of the merchants to avail themselves of the offer. As appears from the later proceedings the price had been fixed at too high a rate; indeed, only a year later the company were glad to accept eightpence a pound less, with longer credit. On 22 Aug., however, the committees found an unexpected customer. It was announced that Lord Cottington, the chancellor of the exchequer, was without and desired speech with the court. He was admitted and quickly made known his business. After representing 'the many and urgent occasions His Majesty at present hath, and especially against the Scotts' (Charles had left London for the north two days before), he announced his desire to purchase the whole of the pepper in his majesty's name upon the terms set forth in the company's preamble, hinting also that their compliance would entail 'His Majestie's grace and favour to the Company to graunte their request for mitigation of Impost, etc., as was desired.' The embarrassed governor (Sir Christopher Clitherow) stammered out that they really could not spare the money, that they were looking to the sale of the pepper to discharge part of their debts, which amounted to a quarter of a million sterling, that any rumour of a transaction of this nature would frighten stockholders and damage the company's credit. Lord Cottington, however, made light of these 'pannick feares' and assured the court that both the king and himself were determined to see the company paid by the dates fixed. Nevertheless the committees would not determine hastily a business of such importance, and the fact that many of their number were out of town was made an excuse for deferring a decision until the next meeting, four days later, for which date a general court of the members of the company was also summoned to ratify or reverse any resolution the court of committees might adopt.

Accordingly on the morning of 26 Aug. the committees met to discuss the matter. Since the previous meeting a conference had taken place between the governor and other representatives of the company on the one hand and the lord treasurer and Lord Cottington on the other, with the result that a more definite proposal had been arrived at. The government was to take the

pepper at the 2s. 1d. fixed by the company, thus incurring a debt of 63,283*l.* 11s. 1d.; this was to be discharged by four payments of 14,000*l.* each at intervals of six months, while the odd 7,283*l.* was to be paid on 29 Dec. 1641; and for the due performance of the bargain bonds making themselves jointly and severally liable were to be signed by Lord Cottington, the farmers of the customs, and others. The names included such wealthy and well-known men as Sir Paul Pindar, Sir Nicholas Crisp, Sir Peter Wyche, Sir John Jacob, and Sir John Nulls; and the security offered was thus of the most unexceptionable character. Influenced by this fact and by the arguments of the lord mayor, Sir Henry Garway (a well-known royalist), the court decided to recommend the proposal for acceptance.

The general meeting, which was held the same afternoon, had evidently been looked forward to with some trepidation by the authorities. It was well known at Whitehall that the sympathies of the citizens of London were almost wholly with the opposition, and the summary rejection of recent applications to the city for loans was still fresh in the memories of the court. The precaution had, therefore, been taken to warn the leading members of the company 'soe tenderly to handle the businesse that noe affront should bee putt upon his Majesty or the Lord Cottington.' The proceedings were opened by a speech from the governor, in which he laid before the assembly the proposal that had been made, and informed them that

the Court of Committees have seriously debated the propoicion and Conceive it noe prejudice to the Company to sell off the whole parcel of pepper roundly together at the Companies owne price and tyme and the security proposed, none having Come to underwrite within the tyme lymited, and the Lord Cottington promising to discompt after a short tyme; and if some fewe had underwritt, yett had it bin noe sale unles all had been underwritt for; besides, if it had staid unsold a weeke longer, it would have abated in price, as was Conceived, and bin sold at 22*d.* per lb.

Only two members ventured to offer any criticism of the proposal, and one of these qualified his remarks by the admission that the security offered was 'such that if his owne estate were answerable, hee wold trust that security with more then the vallue of the pepper.' To refuse the royal offer, backed as it was by adequate financial guarantees, would be construed at court as proceeding from nothing but hostility to the king and a desire to embarrass the government; and evidently the company's representatives shrank from taking such a step. They plainly told the assembly that

as the case nowe stands it will not bee safe for the Governor and Courte of Committees to goe any other way then by the treaty proposed, this

being Conceived a service that will give good satisfaccion to the King and bee a meanes to incite his Majesty to graunt favour to the Company in those particulers they have formerly represented, adding further that if any Strainger had made the same offer hee shold have had it, nor Can it bee worse for the Company because the King hath the bargayne.

That there were some malcontents is suggested by the fact that a ballot was proposed; but the governor refused to permit such a course, as being 'distastfull to the Lords and in a manner forbidden.' A suggestion was next made that the decision should be left to the court of committees; to this, however, the latter objected, on the ground that they had no wish to assume so great a responsibility. The governor then urged the assembly not only to assent, but to assent unanimously

to this soe acceptable service, which in his opinion wilbee the best Act the Company ever did, and as he Conceives will Conduce most to the future good of the Trade, either to the present Adventurers or their posterity, Mr. Governor freely acknowledging that first hee was very fearefull, but upon better Consideration hee hath laid aside all feare. [And thereupon] the question being proposed to the Court, with a generall yea the bargayn with the Lord Cottington for the whole parcell of pepper, according to the opinion of the Committees and the Preamble to the booke of subscripcion, was assented unto and Confirmed.

So far, then, from the bargain having been forced upon the company, it had been concluded without articulate protest. Nor, indeed, was there any reason why the members, looking solely to their interests as merchants, should object to it. They had secured a much better price for their pepper than they would otherwise have got; and although they were obliged to allow rather longer credit than was at first contemplated they had excellent security. In the first place the public revenues had been emphatically pledged by Lord Cottington, and the customs due from the company—which the king could hardly refuse to devote to this purpose, should the ordinary resources of the exchequer fail—would by themselves extinguish the debt in a comparatively short time; and in the second place, should it come to the worst, they had the bonds of eleven substantial men, including some of the wealthiest merchants in the kingdom. We may conclude, therefore, that while a few may have regretted the transaction on political grounds, as to some extent relieving the king from his pecuniary embarrassments and thus postponing the necessity of calling a parliament, the majority were not dissatisfied with their bargain.

The acquiescence of the members having thus been secured, the bonds were signed and the pepper made over to Lord Cottington, who thereupon disposed of it—of course at a sacrifice, as the price for cash was necessarily lower than the price for credit—at 1*s.* 8*d.*

per lb., or 50,626*l.* 17*s.* 1*d.* in all. The result was an apparent loss of 12,656*l.* 14*s.*; but against this was reckoned, in the exchequer accounts, 6,075*l.* 13*s.* 2*d.* as the amount of interest (at the usual rate of eight per cent.) which would have had to be paid for such a loan, leaving 6,581*l.* 0*s.* 10*d.* as the net loss on the transaction.<sup>2</sup> Considering the desperate straits to which the treasury was reduced for money, this price—equivalent to borrowing the cash at about seventeen instead of eight per cent.—was not unreasonable; and doubtless Lord Cottington and his city friends (who probably had suggested the plan) thought that on the whole a neat stroke of business had been done. It is evident that no one on the government side had any doubt that the debt would be discharged in due course, or Lord Cottington and his fellow bondsmen would scarcely have pledged their private estates so readily. Thus both sides had reason, if not for rejoicing at the bargain, at all events for contentment with it as a fairly satisfactory solution of a difficult situation.

But though both Charles and his minister undoubtedly meant that their obligations should be duly met they had not foreseen the tornado that was to follow the meeting of the Long Parliament. By 10 Jan. 1642, when the king left London—to return only as a prisoner—payments to the amount of 35,283*l.* had fallen due. Of this the farmers of the customs had discharged nearly 13,000*l.* by remitting the payments due to them from the company, leaving a balance of over 22,000*l.* Nor was this all, for the parliament threatened to force the company to pay the remitted duties—a piece of injustice which, however, was not carried out. The court of committees, seeing no prospect of payment, determined to put the bonds in force, whereupon Lord Cottington appealed to the king, declaring that he would be ruined. Charles wrote at once to the company, begging them to wait awhile, and at the same time he directed the commissioners of the treasury to do their best to find means for discharging the debt. The only suggestion the latter could offer was that certain royal parks should be sold, and that in addition assignments should be given on the timber and soil of the Forest of Dean. To all this Charles was willing to agree; but before anything could be effected the Civil War broke out and all hope of recovering money from the king was effectually extinguished.

A threatened loss of 50,000*l.* was far too serious for the company to accept without a struggle. At first they hoped to make it up by withholding their customs as they became due; but the parliament, needing every penny they could get, and regarding the pepper debt as a matter in which they had no liability, in August 1643 sent the company a sharp order to pay up the amount in dispute (about

<sup>2</sup> *Cal. S. P., Dom.* 1640–1. p. 522.

4,000*l.*). After waiting awhile it was decided to sue the available bondsmen, and by the beginning of 1644 steps had been taken to this end. On 3 Jan. Sir Paul Pindar, Sir Job Harby, and Sir John Nulls came into court and entreated the committees to suspend their action. They did not doubt, they said, that Lord Cottington, who was now with the king and had recently been appointed lord treasurer, would find means to carry out his undertaking to save them from loss in the matter. A week's delay was accordingly granted, at the end of which they produced a letter from the king to the company, urging forbearance, whereupon, 'being unwilling to give his Majesty any distaste, yett considering their owne necessity at present and the stopping of the mouthes of divers who are and would bee Adventurers and seeme to take exception that noe course is taken for the recovery of this debt,' it was agreed to forbear the principal for a while on the understanding that interest should be paid on the amount due.

The years 1644 and 1645 passed away without the recovery of any portion of the debt, though the company took some legal steps towards securing a judgment. Pindar and his associates in misfortune were busily engaged on their side in trying to induce the parliament to redeem this and similar liabilities incurred on behalf of the exchequer prior to the outbreak of the war. In May 1646 an order of the house of commons protected the persons of Pindar, Jacob, Harby, and Nulls from arrest, thus materially reducing the number of persons upon whom pressure could be brought. Early in 1649 a petition appears to have been addressed to parliament, urging that the debt should be discharged from the proceeds of the projected sale of the king's lands; but nothing came of this, and in April the company, growing desperate, procured the arrest of one of the bondsmen, James Maxwell, Earl of Dirletoun. He offered to pay 5,000*l.* down, or to assign a sum of 3,866*l.* 13*s.* 4*d.* due to him from the parliament and make up the amount to 7,000*l.* The company, however, declined to be satisfied with less than 10,000*l.*—a course they had reason to regret, for he stood firm, and a few months later they were glad to compound with him for 4,000*l.* During the next two or three years negotiations dragged on with the remaining bondsmen, who were still in hopes of obtaining from the parliament the means of discharging this and other debts incurred on behalf of the late government. In Dec. 1652 they brought a curious project to the notice of the company. It was in contemplation to sell the late king's lands for the purpose of satisfying the claims on the former farmers of the customs, and, as an inducement to the parliament to sanction this, it was proposed to make a condition that the parties interested should make a farther advance to the state equal to the amount already due; their claims, thus doubled, were then to be satisfied by assignments of



the royal lands at a given rate, twelve years' purchase being suggested as a suitable figure. After some hesitation the company undertook that if the bill passed before the next Lady Day they would advance 25,000*l.* on these terms.

However, the stipulated period elapsed without the passing of the promised act, and in April the committees resolved that the remaining bondsmen should be 'followed with a statute of bankrupt.' This action Crisp induced them to suspend for a time, on the ground that 'the Lord Generall hath promised to use his uttermost endeavour that the Forest and Chase lands formerly resolved on should bee made over unto them for satisfying the Farmours debts within six weekes or two moneths;' and on 10 Dec. 1653 he and his two companions in misfortune (Jacob and Harby; Nulls had died on the 29th of the preceding June) were able to announce that they had procured the desired act of parliament. By this enactment (22 Nov. 1653) commissioners were appointed to sell certain royal forests and apply the proceeds to the payment of the debts of the government. All persons holding 'public faith bills' and advancing further an equivalent amount of cash to the treasury were to receive bonds on this property. The debts incurred by the late farmers having been recognised by parliament to the extent of 276,146*l.*, they were to be allowed this amount, provided that they paid in an additional 100,000*l.* by 1 Jan. and the remainder by the beginning of May. The three ex-farmers therefore urged the company to renew their former offer of 25,000*l.*; but this was refused, the court alleging that, as the stock was drawing to an end, they had decided to divide up the debt among the various adventurers and to leave each man to do as he pleased regarding the recovery of his particular portion. The adventurers seem to have looked askance at the new scheme, for the requisite money was not forthcoming, and on 13 Jan. 1654 the council of state passed a resolution that, as the late farmers had failed to carry out the conditions of the act, the bargain must be regarded as at an end and the forest lands were to be discharged from any liability on this account.<sup>3</sup> At the same time some annoyance was felt at the inaction of the company, and on 25 Jan., the court having been informed that 'the State doth resent it as an ill omen that the mony was not paid in which was brought by severall Adventurers for doubling about the debt due from the late Farmours of the Customes,' it was resolved to prepare a memorandum for the secretary of state, showing 'why the Adventurers did Call for their mony backe againe.'

After this the records are silent until 4 June 1656, when the court of committees ordered the sealing of an instrument prepared in accordance with an agreement lately concluded with the ex-

<sup>3</sup> *Cal. S. P., Dom.*, 1653-4, p. 357.

farmers. The nature of this agreement does not appear, but it is inferred that, assessing each man's liability at the 4,000*l.* paid by Maxwell, an instalment of 6*s.* 8*d.* in the pound was accepted from all three for the present, and the rest of the claim held over. The amount of the debt was thus reduced to about 42,000*l.*

In four years more the Restoration raised fresh hopes in the breasts of the adventurers. The new government could not, of course, refuse to recognise a debt contracted under such circumstances. But, however willing Charles's ministers might be to admit their liability, the multitude of other claims, equally well founded, rendered the chances of an early settlement rather remote. After a time the principal persons concerned began to think of compromise; and at a meeting of the trustees of the now defunct Fourth Joint Stock held on 27 June 1661 a discussion took place on a proposal which had been made by the farmers of the customs for the gradual discharge of the debt. It was resolved to draw up a list of the adventurers, with their several proportions of the debt, and then to go forward with the negotiations. Of these we have no details; but the result is seen in a royal warrant to the commissioners of customs, dated 27 March 1662, authorising them to pay 10,500*l.*, which the trustees had agreed to accept in full satisfaction. The chief agent in bringing about the settlement was Sir Nicholas Crisp, who at the same time received a grant of 10,000*l.* from the king for his services in this and other matters.<sup>4</sup> The division of the money took some time, and the matter was not finally disposed of until 22 May 1668. On that day the adventurers, in public meeting assembled, formally approved the action of their representatives and ordered that a general release should be given to the farmers of the customs.

The net result, then, was that the company—or rather the shareholders in that particular stock—lost 81,500*l.* out of the 63,289*l.* for which they had bargained, or roughly half the amount, besides the loss of the use of the money and the expenses incurred. On the other hand we must remember that the actual value of the pepper at the time of its sale was evidently far less than the sum the crown agreed to give. It was an unfortunate transaction for all concerned; but it was only one of many hard cases resulting from the Civil War, and no doubt what happened to the East India Company happened also to many a private merchant, though of course on a much smaller scale.

WILLIAM FOSTER.

<sup>4</sup> *Cal. S. P., Dom.*, 1661-2, pp. 320, 321.