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***British Exports of Raw Cotton and Piece Goods from India to China
during the Late Eighteenth and Early Nineteenth Centuries***

‘The [Chinese] people are remarkable for industry and perseverance: they are largely engaged in the manufacture of cotton goods; and although the cotton shrub has long been cultivated in China, the extent of their consumption obliges them to import much of the raw material. It is the raw produce generally which meets with the best market in China.’

Peter Auber, *China. An outline of its government, laws, and policy: and of the British and foreign embassies to, and intercourse with, that empire* (London, 1834), p. 93.

Historians of Britain’s early modern trade in Asian cotton textiles have concentrated most of their attention on exports from India to Europe, and re-exports to West Africa and the Americas, and comparatively little detailed attention has been paid to increasing British involvement in the intra-Asia trade in cotton and cotton goods, a process which saw China emerge as a key market for Indian producers of raw cotton. Indian piece goods never found much of a market in China [Figure 1], but raw cotton came to be imported in substantial quantities, especially from Bombay after 1785 and then later from Calcutta [Figure 2]. At a time of rising prices for cotton grown in China, and dislocations to the traditional domestic supply routes, especially in the north, Indian raw cotton proved to be substantially cheaper, despite the addition of freight, preparation, and transaction charges.¹ Moreover, trials conducted by Chinese merchants found the Indian cotton to be ‘of a quality fit for their every purpose.’² Indeed, British and Parsi merchants in Bombay reported (somewhat optimistically) in 1787 that ‘from the ample supply the Chinese merchants had received from hence for the two years last past, they would now be inclined to relinquish the growth of this commodity to convert their cotton grounds into Batty fields and to depend on Bombay for a future regular supply.’ The growth of this trade added a significant new dimension to the overall profile of cotton and cotton textiles exported from India [Figure 3].

¹ . During his famous embassy to Peking in 1793-4, Lord Macartney found that, at 10 to 12 taels per picul, Indian cotton was 3 to 5 taels per picul cheaper than ‘the native cotton of China.’ 1 tael = 8s 6d (£0.425); 1 picul = 133.5 lbs.

² . Bombay merchants to the Council, 11 May 1787, BL, OIOC, P/414/47 (1787), p.67.

Background and framework

The British in India were looking eastwards as well as westwards as they sought to expand and diversify their commercial activities. The East India Company had a presence at Canton, where a handful of supercargoes managed trade and, in particular, organised the shipment of large quantities of tea to London. Since the 1660s and 1670s, however, private traders had been active and innovative participants in port-to-port trade in Asia, or the ‘country trade’ as it was known, although it was not until the last decades of the eighteenth century they began to concentrate single-mindedly on the shipment of raw cotton from India to China. As historians have long recognised, the Company encouraged this, as well as the notorious trade in opium, primarily in order to generate funds to finance the tea trade at Canton;³ indeed, broadly speaking, the growth of the trade in cotton moved in line with the increase in tea purchases stimulated by William Pitt’s Commutation Act of 1784 [Figure 4]. But the actions of private traders (that is, Company civil servants, licensed ‘free’ merchants, the commanders and officers of East Indiamen, and Indian merchants) also had the effect of further integrating the global trade in cotton textiles by facilitating the supply of a very large volume of raw cotton to Chinese weavers, notably to those in the Foshan District of Lingnan, just to the west of Canton. Finished cloth found its way into domestic market, but it is very likely that some was also exported to London as Nankeen or Canton cloth, for which there proved to be a small but steady demand in Britain [Figure 5].

During the 1760s only a few hundred bales of Indian cotton were imported into Canton (from Madras and Calcutta, as well as Bombay). By 1785 the number had risen to 4,500; but in 1793 it reached 60,000; and in 1804 a remarkable and unprecedented 105,000 bales were imported.⁴ Where once cotton had been one of only several staple commodities shipped to China from India, it came to dominate the legal branch of the trade, that is the non-opium trade [Figure 6], and this considerable growth had consequences that bore upon important economic developments far beyond the trade itself. After the conquest of

³ . The monopolist Company made only occasional efforts to participate in the ‘country trade’, but it drew benefit from the trade by stipulating that the proceeds of any private goods sold in Canton were paid into the Company’s Treasury in return for bills of exchange drawn on London or India. This arrangement suited both parties: the Company gained access to much-needed liquid funds in Canton, while the private traders were given a convenient and secure means of remitting their monies elsewhere.

⁴ . Of course, bales are an imprecise unit of measure, and these figures are only illustrative of a general trend. Before 1788 a standard Bombay bale was calculated to be of 35,429 cubic feet; thereafter it was 32,612 cubic feet.

Bengal between 1757 and 1765, the export of raw cotton to China came to be regarded as absolutely central to the workings of the East India Company's entire system for remitting wealth from India to Britain through the tea trade.⁵ But growth also profoundly altered long-established patterns of trade in the Indian Ocean region and beyond. To Ashin Das Gupta, the expansion of this trade enabled the British break out 'from the folds of the Indian structure [of overseas trade]' and it 'transformed the commerce of the Indian Ocean during the later eighteenth century'. The British did this by 'linking the Europe trade with the trade of the Indian Ocean', so much so that 'The distinction between the two trades begins to break down.'⁶

The growth of the trade in cotton between India and China was inextricably bound up with, and driven by, the process of imperial expansion on the subcontinent, and by successive attempts by those in London to generate funds at Canton in order finance the tea trade, and this is very clearly reflected in the distinct chronological phases of development through which the trade passed, and which are discussed in detail in the long version of the paper, viz., pre-1765, 1765-1785, 1785-1802, 1802-1815, and 1815-30. Between 1765 and 1802 the cotton exported to China was almost exclusively shipped from Bombay, and at first it was predominantly 'Surat' cotton, especially the fine, short staple, yellow cotton grown in the Broach district, although cotton grown in Northern Gujarat rose to prominence during the 1790s. Attempts were made to sell cotton cultivated in other regions, but before 1800 received wisdom always declared that that Chinese merchants favoured raw cotton from the western side of India. The cotton exported from Bombay was considered to be particularly well suited to the manufacture of 'white' Nankeen cloth', which, as Macartney confirmed in 1793, was in fact cream in colour. Yet, after 1803, sharply increasing amounts of raw cotton began to be shipped from Calcutta following the annexation of Awadh, and this cotton was soon deemed to be superior to that from Bombay, not because it was of intrinsically better quality but because it was cleaner and thus able to command a marginally higher price at Canton. Gloomy pronouncements were made on the future of the Bombay cotton trade, but it did not collapse as predicted, and by 1812 the cotton exported from Bombay and Calcutta to Canton was more or less equal in value [Figure 7].

⁵ . For a good, succinct overview of how the 'country trade' between India and China became the 'keystone' of the whole structure of Company trade and finance see Michael Greenberg, *British trade and the opening of China, 1800-1842* (Cambridge, 1951), pp. 5-17

⁶ . Ashin Das Gupta, 'India and the Indian Ocean merchant in the eighteenth century', Uma Das Gupta (comp.), *The world of the Indian Ocean merchant, 1500-1800, Collected essays of Ashin Das Gupta* (New Delhi, 2001), p.214.

Main argument

The main argument of the paper is that, for all the interplay that occurred between imperial and commercial expansion, the British in practice were able to exert very little control over the trade in raw cotton before 1800; and as such, despite seemingly impressive growth, the trade was characterised by chronic inefficiencies and discontinuities of supply that caused violent short-term fluctuations in volume, which in turn created enormous risks for all participants, be they British, Indian, or Chinese. The trade always remained, in contemporary parlance, a highly ‘speculative’ one. There were two very general reasons for this.

1. Supply and maritime logistics. The British provided only one link in an extended commodity chain, and raw cotton passed through many hands before it arrived at the point of manufacture of China. Before the first decade of the nineteenth century, direct British control could only be exerted over the processing and shipping of the cotton; production and procurement was undertaken by others, and this introduced considerable uncertainties. In the case of the large shipments made from Bombay, for example, the cotton was grown in areas to the north that lay well beyond spheres of British military and political control, and conditions were far from stable within a Maratha Confederacy where warfare, politics, and internecine administrative strife all had the capacity to disrupt production and supply. Moreover, Bombay merchants were at the mercy of dealers in Surat, Cambay, and elsewhere who procured raw cotton from the growers. The dealers often acted in combinations, as in 1802 when they forced up prices with damaging effects in Canton; and at times high prices forced the Company to suspend altogether its own involvement in the trade. The dealers also stubbornly resisted efforts to impose stricter degrees of quality control over the consignments dispatched by them to Bombay. Throughout the period, the merchants in Bombay remonstrated regularly and bitterly about bales that contained unacceptably high levels of seed, were filled with rubbish, or were deliberately made heavier through wetting. Accordingly, they had to invest much time and effort in cleaning, screwing, and re-packing cotton at Bombay, but even then there was still much cause for complaint from Canton. Finally, the Bombay merchants were very much at the mercy of the elements. In general, harsher than usual famines and monsoons could completely destroy crops, as was notably the case in 1803-4; but, more specifically, sailing times to Canton were dictated by the arrival of the monsoon. Ships for Canton had to leave before

30 May each year, or they would ‘miss the season’, and this introduced an acute organisational pressure because the crop gathered in the north during January and February had to be transported by sea to Bombay, and then prepared, packed, and stowed, either on board the Company’s East Indiamen or the magnificent teak-built ships of the Bombay ‘country fleet’. Much depended upon the cotton arriving in Bombay in good time, but repeatedly the ships from the north were delayed by bad weather, piracy, or a failure of the dealers to assemble cargoes according to schedule. At worst, a combination of factors could result in little or no cotton being received at all, and, unsurprisingly, the private merchant community increasingly pressed the Company to establish greater influence, and ultimately direct control, over the cotton-producing regions.

2. Knowledge and information about Chinese markets.

The second problem for the cotton merchants of British India was that they knew very little indeed about Chinese markets. Europeans were restricted to the port of Canton, and all commercial transactions had to be conducted with the small body of powerful Hong merchants, who were licensed by the Imperial authorities to deal with foreigners. As far as the British were concerned, this meant that in theory the Company’s supercargoes dealt with the Hong merchants on behalf of all those trading from British India, although it is evident that in practice an extensive unofficial clandestine trade was conducted with unlicensed merchants, notably of course in opium. Importers of cotton thus had no direct contact with purchasers, for the Hong Merchants acted as intermediaries, and in the absence of commercial links with the interior remarkably little information about Chinese demand found its way back to India. In marked contrast with every other branch of the overseas trade of British India, commodity specification details are conspicuously absent from the extensive exchanges of communication that passed between India and China. The whole trade was built on the recycling of accepted ‘facts’ about what Chinese people manufactured and wore, and until Macartney’s Embassy of 1793-4 there was little by way of direct observation of tastes and habit. Moreover, the Hong merchants appear to have offered little assistance on the matter, and indeed they themselves proved unable to gauge accurately the strength of annual demand for cotton. Some of them were caught with very large stocks of imported Indian cotton on their hands, and this caused or contributed to their bankruptcy.⁷ In view of this, it proved difficult, if not impossible, for the Company’s supercargoes to estimate correctly the number of bales required in Canton each year, and

⁷. Wee Eang Cheong, *The Hong merchants of Canton. Chinese merchants in Sino-Western trade* (Curzon Press, 1997), p.285.

this further complicated matters for those trying to organise supply in India. As one frustrated official in Calcutta declared in 1806, 'It appears to be strange yet it is not less true that persons concerned in a particular branch of trade should have so imperfect an idea of the nature and extent of it as the European merchants at Canton appear to have of the Cotton trade at Canton carried on between this port and Bombay with China...'.⁸ He then went on to write that, 'The merchants at Canton attribute their want of information ... to their extremely confined situation and the want of a freer communication with the interior of the country which prevents their obtaining knowledge of such circumstances as are likely to increase or lessen the value of any article in the market, and often times in attempting to form a judgement for the guidance of their friends [in India], they have found their opinion erroneous.'⁹ These 'erroneous opinions' undoubtedly contributed to the wild annual fluctuations that sometimes occurred in the movements of raw cotton from India to Canton, but they represented only one of a number of serious systemic weaknesses that existed within the trade. The long-term existence of these weaknesses suggests that any contribution that Indo-China trade made to the integration global market in cotton textiles occurred almost as much by accident as it did by design.

Historiographical and methodological issues

The Indian context for the expansion of the trade in raw cotton is reasonably well established, and from different perspectives historians have explored the factors behind, and consequences of, the East India Company's post-1800 establishment of control over cotton-producing regions, notably in Gujarat and Awadh. Far less well understood are the organisational arrangements that underpinned the procurement and processing of cotton, and its subsequent transportation to Canton, in the years before 1800. Consequently, it is primarily these issues that are addressed in the extended paper. Although attention has recently been devoted to various aspects of the cotton industry in China, very little is known about what precisely happened to Indian cotton after it arrived in Canton, and the secondary literature is, unfortunately, largely silent on the interface between the Hong merchants and their domestic clients. It is thus difficult, as yet, to comment with any degree of accuracy on the purchasers of Indian cotton or on the places to where the cotton was eventually sent.

⁸ . BL, OIOC, P/174/16, Bengal Commercial Report 1804/5, para. 81.

⁹ . Ibid., para. 82.

The main methodological problems centre on the creation of an adequate statistical picture of the trade. The bulk of the trade in Indian raw cotton was conducted by private traders, and not by the East India Company (for which copious commercial records have survived), and this raises some important issues in relation to establishing the value and volume of the cotton shipped between Indian ports and China. Although summary import/export data on private trade was generated in increasingly consistent fashion by the customs authorities in Bombay, Calcutta, and Madras, and by the supercargoes in Canton, thus enabling broad trends to be established, the statistical coverage of the trade remains patchy for the years before 1800 and this leaves important gaps in our knowledge. For the inner workings of the trade – procurement and shipping from Gujarat, as well as the whole specialised process of cleaning, processing, and packing at Bombay and Calcutta - we are largely reliant on the chance survival of accounts and papers of those who were participants. Fortunately, the papers of several commanders of East Indiamen throw light on the nature and scale of their cotton transactions, but we are far less well served for those licensed ‘free’ merchants or Indian merchants who operated in the ‘country trade’.

In order to amplify the points above, the conference presentation will focus on:

1. Establishing the main trends evident in the trade.
2. The supply of cotton to Bombay for export to Canton; and the types of cotton exported.
3. The post-1800 rise in exports of cotton from Calcutta.
4. Alternative export routes from India to China.