Any understanding of why most nineteenth-century imperial administrators and colonial reformers regarded proper British conduct in India to be crucial to the maintenance of British colonial prestige must be foregrounded, first, in the East India Company’s broader history. It, rather than the British government, conquered and directly administered India, the British Empire’s “crown jewel,” for nearly its entire first century of existence, from 1765 until 1858. As H.V. Bowen has rightly observed: “[n]o commercial body has ever extended its reach so far or become so fully preoccupied with the business of empire” than the Company did.2

The Company was a relative latecomer to Asia’s highly lucrative spice trade, only being chartered in 1600. The Dutch Vereenigde Oost-Indische Companie (VOC), although founded two years later, was better able to establish itself in the East Indies (modern-day Indonesia) and Ceylon (modern-day Sri Lanka) during the first two decades of the seventeenth century. Chased away by the Dutch, the Company mainly looked to the Indian subcontinent for its trading opportunities, managing by 1617 to negotiate trading rights with the Mughal Empire, then at the height of its global power.

Despite its early difficulties in attaining an Asian foothold, the Company had nevertheless managed by the end of the seventeenth century to become one of Europe’s largest and most profitable trading companies. This was partly due to its fortuitous trading position...
particularly as European demand for woven Indian cotton muslins and damasks accelerated during the second half of the seventeenth century due both to rising English and European demand and to the dramatic rise of English participation in the Atlantic slave trade after the 1660s. But also important were the Company’s early successes, in K.N. Chaudhuri’s words, in “imposing a centralized and bureaucratically directed system of exchange and distribution on markets that were traditionally decentralized, fragmented, and oriented toward individual efforts.” Of particular importance for us were the Company’s various strategies for controlling its employees several thousands of miles away from Britain, which it developed during the second half of the seventeenth century. Long after the Company’s primary emphasis shifted from commerce to colonial administration, it still drew to a large degree upon these earlier mechanisms for controlling their employees.

Essentially, Company directors in the mid-seventeenth century crafted a “trust network,” to borrow the term from historical sociologist Charles Tilly. Tilly defines trust as “placing valued outcomes at risk to others’ malfeasance, mistakes or failures” and a trust network as a combination of individuals or groups who place confidence in one another despite various risks of doing so. Tilly does not include institutions in his analysis, nor governments for that matter; rather he is interested in tracing modern Western “civil society’s” historical roots by examining how Europeans have largely resisted government authority since the late Middle Ages through trusting one another and creating trust networks independent of state power. Still, the theory is a helpful one in understanding how the Company (or any far-flung global organization) operated vis-à-vis employees it could not directly supervise. It applies both to the seventeenth and first half of the eighteenth centuries, when it was primarily a commercial enterprise, and to a later period when colonial administration became its main responsibility.

During the seventeenth century, the Company had devised three strategies for controlling its employees’ actions in Asia, which were generally successful for the time but later on during the following century, as we shall soon see, proved largely inadequate. First, despite the Company’s formal monopoly over all English (and after 1707 British) trade with Asia, Company directors informally allowed its factors and merchants to engage in their own private Asian “country” trade while keeping the more lucrative Asia to Europe trade totally off-limits. As one might expect from any savvy corporation, however, the