The Honourable East India Company

business history transformation

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Strong cultural influence of the EIC

Source: imdb.com
The Beginnings

• Charter of Queen Elizabeth I in 1600 granted “The Governor and Company of Merchants of London trading to the East Indies“ a monopoly of all English trade east of the Cape of Good Hope to the Straits of Magellan.

• The EIC was a joint-stock company with the purpose of taking part in the valuable trade in spices.

• In December 1602 four EIC ships arrive in Indonesia after a several month journey
Organisational structure in England

- Governor
  - Court of Proprietors
  - Court of Directors
  - Board of Control
    - Committees
      - Offices
Organisational structure in Asia

Size/ Success/ Trading Volume
Networking Difficulties

- Trade of European companies was quite insignificant compared to the amount of Asian trade
- Risk of rough seas, pirates and diseases
- Different cultures and languages
- Strong European competition in Asia
- Communication to Europe
- Negative effects of European conflicts
- Regional instabilities in Asia
A glimpse on history

- Strong Dutch presence made EIC trade in Indonesia problematic
- Similar problems in China
- EIC concentrated on India
- It was not until the end of the 17th C that the power of the VOC declined
- By that time the EIC had flourishing trading outpost along India’s east and west coast
- Trade with China started in the 1670s with the Manchu invasion. It was very valuable
- Mid of the 18th C civil wars brought the Mughal Empire on the verge of collapse. EIC took their chance for expansion
Points of interest
The empire: beginning of the end

- Empire building using the example of St. Helena: Discipline as foundation of trade
- The Company under pressure: Free traders demanded the abolition of the EIC monopoly. Worse: Many objections to the EIC take-over of Bengal
- The Regulation Act of 1773 made Calcutta the seat of government under governor-general in council: Warren Hastings
- An India Bill in 1783 and Act of 1784 introduced the Board of Control, which dealt with the political affairs of EIC India
- Close to bankruptcy due to huge expenses of war the EIC’s monopoly was limited to China in 1813 and completely abolished in 1833. By that time private trade outran the official company trade
- The Revolt of the Bengal Army resulted in close down of the Company in 1858 and marked the end of more than 200 years history of a very unique business model
The secret of success

• A very precise form of organisation leads to an effective knowledge pool despite of several poor decisions
• Persuasion and the emphasis on business convinced rulers to grant the formation of several factories and privileges - especially in India
• Strong army and navy forces as protectors and enforcers of free trade
• Favourable conditions in Europe. William III claimed the English throne, the 4th Anglo-Dutch War, the French Revolution and the Napoleonic Wars weakened the VOC
good / evil?
References

Books:
- *The Business of Empire: The East India Company and Imperial Britain, 1756-1833* by H.V. Bowen Cambridge: Cambridge University Press, 2006

Journal papers:
- *The VOC and the expansion of the worldsystem 1602-1799* by Jan Nijman Department of Geograph, University of Miami, Coral Gables, FL 33124, USA
- *Peaceful Intentions: the First British Trade Commission in China, 1833±5* by Glenn Melancon Historical Research, vol. 73, no. 180 (February 2000)

Usefull stuff:
- [http://www.bl.uk/collections/asiapacificafrica.html](http://www.bl.uk/collections/asiapacificafrica.html)