

Reversals of Fortune in the Tea Industry

Part XIII: The Triumphs and Trials of Warren Hastings.



Illustration from Four Heroes of India, based on a portrait by Joshua Reynolds

“When the star of Clive was rising to its zenith, another bright orb was just appearing above the Anglo-Indian horizon. In that small army with which Clive recaptured Fort William and began to avenge the terrible outrage of the Black Hole, was a volunteer, – a writer in the Company’s service, even as the great commander himself had been, – named Warren Hastings”

E.M. Holmes, *Four Heroes of India*

The *British East India Company* (EIC) appointed Warren Hastings to the position of Governor-General of British India in 1774. This was a time when King George, Parliament, and the directors of the EIC in London were all questioning the policies and practices that nearly bankrupted the EIC. With round-trip communications between Bengal and England often taking over a year, it was no wonder that closer supervision of British India was deemed necessary. There was no easy solution to this problem. Lord North’s attempt to solve the problem only complicated matters further.

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To allow our employees to enjoy a four-day workweek during the month of August, Upton Tea Imports will be closed on Fridays from July 31 thru August 28. Orders received after 2:00 PM on Thursdays will be shipped promptly on Monday.

Reversals of Fortune in the Tea Industry, Part XIII

Warren Hastings was born on December 6, 1732 to a ne'er-do-well father and a mother who died just a few days after his birth. Soon thereafter his father skipped to Barbados, leaving young Warren in the care of his grandfather, Penyston Warren. Although Penyston had graduated from Oxford, he was essentially bankrupt, and Warren's early education was at a charity school.

A few generations earlier, the Hastings family had its share of "barons and earls", and owned Daylesford estate in Worcester. But in the mid-seventeenth century the family fortune declined and part of Daylesford was sold. By 1715, the Hastings had sold what remained of Daylesford. Warren was a dreamer and believed that one day his fortunes would improve. At the age of seven, he vowed that he would one day repurchase Daylesford and restore it to its former glory.

By the age of eight, Warren's life took a turn for the better. His uncle, Howard, who worked in the Customs House, took custody of Warren and decided to give him a proper education at Newington Butts boarding school. Unlike Clive, Hastings was a serious and talented student. In 1743, Howard whisked him off to Westminster, one of the top public schools in England, where he proved to be one of their top students. He would likely have remained in academia had Uncle Howard not died in 1749.

It is unlikely that Warren left school that same year for financial reasons. He was so highly regarded that, upon hearing of Warren's lack of funds, the headmaster assured him that "If the want of means to keep you here—aye, and at college too—be the only hindrance, we can easily remove that. You shall go on with your education at my charges. I cannot afford to lose the reputation which I am sure to obtain through you." This was to no avail. At the age of eighteen, Warren decided to start a new life in India.

Jeremy Bernstein poses the question:

If Hastings's uncle had not died in 1749, would there have been a British Empire in India? Would Hastings have ever gone there? One wonders. He was apparently headed for a great university career. With his scholarly bent, evident all his life, he might have become an Oxford don or gone into British politics.

Hastings joined the EIC as a writer, or clerk, earning just five pounds per year. This was a token salary and, like Clive and other servants of the company, Hastings earned substantially more than his official salary by private trading on the side. Unlike Clive's meteoric rise within the Company, Hastings's career growth was steady but not stellar in his early years in India.

His keen mind and forthright personality were less appreciated in India than at Westminster. His peers, as well as his superiors, were generally more interested in self-promotion and reaping the spoils of war than they were in cerebral pursuits. By contrast, Hastings regarded India as an opportunity to learn about diversity as much as an opportunity for plunder. During his early years in India, he absorbed the diverse languages and cultures of India, and learned to truly respect its heritage.

Clive was seven years his senior and well on his way to becoming a legend when he met Hastings for the first time. He may have initially appreciated some of the qualities in Hastings's character that were lacking in his own, but he later discounted them.

Clive had learned much about Indian culture and values, but he had taken the popular British view that Indian culture and values were inferior. This limited his ability to relate to India, as well as to Hastings. Clive utilized Hastings as a reliable interpreter and consultant at a certain level, but there was friction between the two.

Most EIC servants, including Clive, saw India as a wealthy, if not limitless, source of revenue for the Company as well as for their own personal gain. Hastings, with a sensitive finger on the pulse of Bengal, realized that what Clive and others were extracting from

the economy was not sustainable. Nobody in the EIC wanted to hear this. His view was prescient, but it also earned him the reputation of being “too pro-Indian” among the directors of the EIC. Clive was quite critical of Hastings on this matter later in life.

Hastings became more dissatisfied with EIC policy when conditions deteriorated after Clive left India for the first time in 1760, appointing Henry Vansittart as his successor. Believing he had earned enough from private trading, he returned to England in 1764. He was just 32 years old and while he was not nearly as wealthy as Clive, he believed he could live comfortably for the rest of his life. His small fortune, however, was soon depleted.

When Hastings first left England for India, he had only experienced life as a poor student. He had yet to learn of the huge differential between the cost of living in India and that of England. In India, a servant of the EIC could live like a prince, and that is what Hastings tried to do in London. Ignoring reality, he launched into a spending pattern that was as unsustainable as the exploitation of India by EIC servants.

As Jeremy Bernstein states:

He spent money he did not have. He bought paintings and a carriage, which he had decorated with his arms. He spent like someone who had known poverty and hated it. And, inevitably, the money ran out. His investments in India failed. He sought reemployment with the only employers he had ever known, the British East India Company.

On March 26, 1769, Hastings set sail for India, where he would be second in command to the governor of Madras. This was five years after his departure, and Clive had already served his second term as “emperor”. Hastings’s associate, Henry Vansittart, set sail for India later that year to resume the governorship of Bengal. The ship never reached India and Vansittart was never seen again.

Had the outcome been different, British India may have come to a close just a few

years later. Vansittart had already failed in his governorship, and it is unclear why the directors of the EIC would give him a second chance. However, this is consistent with many of the decisions that the EIC was forced to make during this critical time. It was impossible for them to appreciate the real challenges that their servants faced in India, and it was equally impossible for them to know who could help them succeed. How much confidence should be placed in those who had tried and failed?

Robert Clive had left India for the last time two years earlier, and things were deteriorating further as the great famine of 1769-70 was taking its toll. One-sixth of the population of Bengal starved to death and an equal number succumbed to some form of disease.

Hastings was finally appointed governor of Bengal at the end of 1771, at a time of great financial stress throughout the British Empire. The American colonies were staging tax protests, which were soon to be manifested in the *Boston Tea Party* on December 16, 1773. Perhaps Hastings, who had once been labelled “too pro-Indian”, was the right person for the job. Ironically, many of the directors would not live long enough to know.

As Hastings assumed his new position as governor, the financially strapped EIC was asking Parliament for a loan of £1.5 million. This was, however, less than the total of just its *overdue* bills. Their total debt was over £9 million against assets of half that amount.

Perhaps the EIC was simply the first company that was simply *too big to fail*, for Lord North agreed to an emergency rescue plan for the EIC. A loan of £1.4 million was granted, but at the same time he introduced the *Regulating Act of 1773*, which was intended to limit the power of the EIC and provide more accountability for their actions. This was also the bill that attempted to resolve the revolting American colonists’ protests over “taxation without representation,” but that’s another part of history.

The Regulating Act created the expanded position of *Governor-General*, theoretically with the power to govern all of British India. At the same time, however, a Council of four members would be appointed by Parliament and King George III to co-govern with the Governor-General. Decisions would be made by majority vote, with each Council member's vote having the same weight as that of the Governor-General. This form of *rule by committee* would, naturally, be a disaster.

Hastings, who had already assumed the role of governor of Bengal, was offered the elevated position of Governor-General. He chose to accept the position. If he wanted a life of peace and tranquility, then he chose poorly. But the only alternative for him would likely have been a return to a life of limited means in England, with no chance for realizing his childhood dream.

Governing India in 1773 was difficult enough. Governing by committee proved to be nearly impossible. What made it especially problematic for Hastings was that one of the Council members was an especially querulous character by the name of Philip Francis. Clive appears to have befriended Francis in an attempt to reinstate his influence in India. Frequent visits to the Clive mansion prior to his departure for India instilled in Francis a lust for Clive's opulent lifestyle and an aspiration for the position of Governor-General.

Francis had never been to India and even friends were surprised at his appointment to the Council. His primary assets were a sharp mind and gift for persuasion, which he could use as a weapon. He began plying his talents on two members of the Council during their passage to Bengal, forming an alliance that would have decisive control over Hastings. The fourth Council member, a supporter of Hastings, was already in India.

With Clive's support in London and control of the Council, Philip Francis was sure to succeed. But Clive died (supposedly from his own hand), a few weeks after the Francis triad arrived in Bengal. It would be months before

Francis would learn of Clive's death. In the meantime, Francis and his allies were confident of their authority.

It is beyond the scope of this article to list the petty and contentious issues that were voiced by the three Council members upon their arrival on October 19, 1774. Bernstein's *Dawning of the Raj* (which is the primary reference for this article) discusses these issues at some length. Perhaps the most insane grievance is the claim that they were not paid due respect on their arrival. Hastings did not greet them in formal attire. Even worse, their seventeen-gun welcoming salute was shy by four guns! These folks expected *at least* 21 guns.

In time, the Council's focus turned from the *petty and contentious* to direct accusations of treachery and fraud. It was easy to find faults in some of Hastings's decisions. His job was Herculean even without the obstacles presented by the Council and his other foes. He knew India better than the Council members, but still had to get their support on issues of substance. Every slip by Hastings resulted in a damning letter to London.

Contentions reached a climax when Hastings was accused, by a notorious rogue and forger named Nand Kumar, of taking a bribe of 350,000 rupees in exchange for a favor to a nawab's mistress. Had they known of Nand Kumar's reputation, the Council may have acted with a bit of caution and investigated the accusation before acting. But Francis acted blindly, and seized upon this accusation as an opportunity to bring charges against Hastings. In the end, these charges were disproved and the case was dropped.

The greatest mistake of Philip Francis was underestimating the strength and tenacity of Warren Hastings. It became clear that India was not large enough for the two of them. On Thursday, August 17, 1780 they fought a pistol duel at fourteen paces. As we shall see, the duel was not the end of their war.

Our series on *Reversals of Fortune in the Tea Industry* will continue in the next issue of the *Upton Tea Quarterly*.