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Myopia or strategic behavior? Indian regimes and the East India Company in late eighteenth century India

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ABSTRACT

The East India Company's conquest of India was facilitated by the behavior of its Indian rivals who not only did not ally against it, but often supported it militarily. Historians have typically attributed this to myopia, the failure to understand the long-term threat represented by the Company. We examine the negotiations leading up to a key conflict, the Third Mysore War, and find that the Company's allies were not myopic. The British parliament had, in 1784, passed Pitt's India Act, which limited the scope for unprovoked military aggression by the Company in India. This had changed the behavior of the Company, making its promises more credible. This enhanced credibility made it possible for the Company to secure as allies Indian regimes that were acting strategically in their self-interest. This is a new explanation for an old puzzle.

> So the English are going to act against Tipu [Sultan, ruler of Mysore] and if we ally with them and provide them with military help then [subsequent to the victory] they will restore to us our territories exactly as per our agreement with them. I can provide you with this assurance. If in spite of me saying this it is decided that we should not ally with them it will cost us dear. Just note that while Tipu is only limited to Karnatak the English are all over the place. Therefore after they have dealt with Tipu they will turn on us and we will not be in a position to cope with them. Mahadji Sindia to Nana Fadnis' Emissary, March 3, 1790

1. Introduction

Why was the East India Company able to conquer India? The conquest was not quick or easy – it occurred over a century – and there are numerous explanations in the literature. The first, and entirely plausible, step of most explanations is that the break-up of the Mughal Empire created political opportunities which the European companies, alongside the emergent local powers, contested to exploit. The Company was able to benefit, it is then usually argued, because of its military prowess, broadly defined. The Company's armies had greater firepower, employing more heavy infantry and artillery than its Indian adversaries. The Indian regimes that did imitate European military techniques were not necessarily able to do so effectively — indigenous armies were resistant to change and hired European mercenaries with technical/organizational knowledge often deserted at key moments. The Company's armies also brought from Britain a military culture that was more professional and disciplined. It was able to develop an effective military force consisting of European officers and Indian soldiers. The Company paid its soldiers and officers more regularly, thereby ensuring greater loyalty. It also developed superior systems of military intelligence.[1]

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[1] These arguments are fleshed out by Barua (1994, 2005), Bayly (1999), Bryant (2004), and Roy(2005).

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The measures described above required resources and credit, and several authors mention the importance of this factor. Bayly (1999) argues that the early conquest of the wealthy province of Bengal gave the Company a financial edge. More recently Roy (2010) argues persuasively that the Company also acquired a reputation as being credit-worthy, and was able to raise capital locally.[2]

Yet another perspective focuses on Indian political factors. Indian regimes did not trust each other and failed to combine against the Company, which was able to pick them off one-by-one (Roy, 2005).

This abundance of arguments notwithstanding, we still have a puzzle: the Company often defeated its Indian opponents, *with the help of Indian allies* who were subsequently at its mercy. Why did Indian regimes help the Company's conquest? Even if they did not trust the other Indian regimes, surely they could have remained neutral. To explain this behavior as well as the above-mentioned failure of Indian regimes to unite against the Company, historians and some contemporary observers have invoked myopia: Indian regimes simply could not think ahead and anticipate the consequences of the Company's growing strength. John Malcolm wrote in his famous *The Political History of India from 1784 to 1823* (published in 1826) that Indian regimes "became aware, too late, of the error which they had committed in allowing it [the Company] to attain a strength which they could not shake" (p. 8). In a similar vein, M.S. Mehta invoked the short-sightedness of Indian regimes: "It is a sad commentary on their sagacity and judgment that they should have failed to understand the simple phenomenon that mutual enmity and disunion were bound to destroy the sovereignty and independence which they so proudly wished to preserve."[3]

We are skeptical of this "myopia hypothesis": one can imagine that the Company did not appear to be a threat in 1750, when it had little territory. But by (say) 1785 it had successfully fought numerous wars, and controlled substantial territory, including the wealthy province of Bengal. It is hard to believe that Indian regimes, which were still forming alliances with the Company, did not realize that they could be a long-term threat. What we need, therefore, is research on the *process* of alliance-formation, i.e. the nitty-gritty of how and why the Company was able to obtain allies at crucial times. This is what we do in this paper, focusing a key event in Indian eighteenth century political history, the Third Mysore War (1790–92).

In the Third Mysore War the Company defeated and decisively weakened Mysore, often considered its most "formidable and most determined foe" (Moon, 1990, p.291) *with the help of the Marathas*, the other major power at the time. The Company also received the support of the Nizam of Hyderabad, though he was militarily much less important. After the Third Mysore War Tipu Sultan, the ruler of Mysore, lost half his territory. The Company delivered the *coup de grace* in 1799. Later, in the 19th century, it fell out with the Marathas and defeated them.

Why did the Marathas support the Company against Tipu Sultan? Even if they did not trust Tipu Sultan, why didn't they remain neutral? Ali (1982) proposes the myopia hypothesis arguing that the Marathas simply did not realize the long-term danger from the Company. We show that this is incorrect. Our alternative explanation has its roots in *changes* in the institutional structure of the Company that *changed* the behavior of its Indian officials and the way it was perceived by Indian states. The Company's conservative (in the military sense) supervisors in London had, after Pitt's India Act of 1784, imposed restraints on its leadership in India, forcing it to be more peaceable and to honor non-aggression commitments. The Marathas were aware of this legislation, and they also observed the corresponding changes in the Company's behavior. This was just enough to make them trust the promises the Company made in seeking their support against Tipu Sultan. And indeed after the Third Mysore War the Company did honor its promises, sharing a substantial amount of territory seized from Tipu with the Marathas. Even accounting for their subsequent fallout, the Marathas did better by allying with the Company than they would have by letting the Company fight (and most likely defeat) Tipu on its own. In short, the Marathas' collaboration with the Company was "rational" rather than myopic.[4] Thus, this paper contributes to the literature on the British conquest of India by showing why the Company might have received support from Indian allies, even when they were highly strategic and forward-looking: on at least one crucial occasion, *restraints* on the Company's behavior imposed from London made it a more trustworthy ally.

Our formulation is squarely in the mainstream of arguments in economic history in the last two decades, in which the stronger party can gain if its hands are tied. For instance, in their famous "Constitutions and Commitment," North and Weingast (1989) argued that political changes in 17th century England reduced the power of the Crown to act arbitrarily, making its promises more credible, thereby improving its ability to borrow. More recently, Acemoglu et al. (2000) argued that the expansion of the franchise in nineteenth-century England was a means for elites to make credible commitments to the working class.

Our focus on the Third Mysore War requires some explanation. We have already alluded to one reason: the defeat of the regime which "had the most potent and professionalized Indian army of the century" (Marshall, 2003, p. 11), which "brought the East India Company nearer to ruin than any other Indian foes had brought it, and nearer than any subsequent foe was to bring it" (Thompson, 1943, p. 4) and "paved the way for British supremacy throughout India" (Moon, 1990, p. 261) is an important historical event in its own right. But what makes this event especially useful for our purposes is the availability of extensive correspondence pertaining to the negotiations that preceded the war. Much of this consists of letters to and from the Company's Governor-General, Charles Cornwallis, to his representatives in the courts of the Indian regimes and sometimes to and from the Company to Indian regimes. These letters have been collated by historians of the region in a collection entitled the *Poona Residency Correspondence* (Sardesai (1936a and 1936b) and Ray (1937)), which is a key source for us. We have made less extensive, but still

2 Many scholars (Dodwell, 1929 p. 165; Gordon, 1998 p. 194; Marshall, 2005, p. 230) also highlight the importance of finance.

3 Mehta is quoted by P. Sreenivas Char in the introduction to Regani (1963, p.i).

4 Our argument, that the constraints imposed by Pitt's India Act facilitated conquest is in direct contrast with the views of Major-General John Malcom (1826, p.4) who argued that attempts to restrain the Company's administration in India arose from abstract systems of general policy "rather than a correct view of human nature (as it existed in the country for which they legislated)."