



Universiteit  
Leiden

The Netherlands

**Investing in French Overseas Companies: A Bad Deal?  
The Liquidation Processes of Companies Operating on  
the West Coast of Africa and in India (1664-1719)**

Heijmans, E.A.R.

**Citation**

Heijmans, E. A. R. (2019). Investing in French Overseas Companies: A Bad Deal? The Liquidation Processes of Companies Operating on the West Coast of Africa and in India (1664-1719). *Itinerario: International Journal On The History Of European Expansion And Global Interaction*, 43(1), 107-121. doi:10.1017/S0165115319000081

Version: Publisher's Version

License: [Creative Commons CC BY 4.0 license](https://creativecommons.org/licenses/by/4.0/)

Downloaded from: <https://hdl.handle.net/1887/77831>

**Note:** To cite this publication please use the final published version (if applicable).

# Investing in French Overseas Companies: A Bad Deal? The Liquidation Processes of Companies Operating on the West Coast of Africa and in India (1664–1719)<sup>1</sup>

---

ELISABETH HEIJMANS\*

E-mail: [e.a.r.heijmans@hum.leidenuniv.nl](mailto:e.a.r.heijmans@hum.leidenuniv.nl)

Although French chartered companies operating on the west coast of Africa and in India followed a similar model of organization, their liquidation processes differed depending of the area of their monopoly. As well as exploring the reasons for the distinction between these two regions of exclusive trade, this article demonstrates that the differing liquidation processes negatively impacted company shareholders in the two regions. Taking the perspective of shareholders farther, it explores the case of a specific investor and the informal economic profits he benefitted from. This approach contributes to deepening our understanding of the French early modern companies' bankruptcies by examining informal aspects that would not be readily visible from an exclusively institutional point of view.

**Keywords:** Overseas companies, French early modern empire, informal bankruptcies, shareholders, informal profits

French overseas companies in the early modern period were frequently declared insolvent, with the famous bankruptcy of the Company of the Indies in 1720, following the Mississippi Bubble, being one of many examples of their economic failure.<sup>2</sup> Other royal companies, too, suffered the same fate, with both the West and East India Companies, for instance, which were established in 1664, ultimately going bankrupt.<sup>3</sup> But how did these overseas companies' insolvencies affect their shareholders? Although French chartered companies operating on the west coast of Africa and in India followed a similar model of organization, their liquidation processes differed depending of the area of their monopoly. As well as exploring the reasons for the

distinction between these two regions of exclusive trade, this article examines whether the differing liquidation processes impacted differently on shareholders.

What set the French overseas companies apart from their Dutch and most of their English counterparts was the prominent role played by the state in their funding.<sup>4</sup> In the French case, the decision to declare a chartered company bankrupt was a choice made by the king or his naval minister, regardless of shareholders' opinions. However, despite the repeated bankruptcies and the French Crown's control of their management, these companies still found investors. This article also aims, therefore, to examine these chartered companies' failures from the shareholders' perspective by exploring their possible informal economic profits. This approach contributes to deepening our understanding of the French early modern companies' bankruptcies by examining informal aspects that would not be readily visible from an exclusively institutional point of view.

The article starts by examining the different types of liquidations witnessed among chartered companies operating on the west coast of Africa and in India between the creation of the East and West India Companies in 1664 and the dissolution of the East India Company in 1719. The various processes associated with the companies' insolvencies need to be examined in detail if we are to understand why these processes differed and also whether they entailed differing consequences for shareholders. The second part of the article takes the perspective of a specific investor and the informal profits his investments in chartered companies brought him. The conclusion assesses how this change in perspective adds to our understanding of French early modern bankruptcies.

### Formal and Informal Bankruptcies

French overseas companies operating on the west coast of Africa and in the Indian Ocean between 1664 and 1719 underwent multiple formal and varying degrees of informal bankruptcies. While the companies under scrutiny in this article followed a similar organizational pattern, their bankruptcy processes varied. When the West India Company was declared bankrupt in 1674, only ten years after being established, the king took full responsibility for all the company's debts, which amounted to around three million *livres*, while also contributing two hundred and fifty thousand *livres* to reimburse voluntary subscriptions.<sup>5</sup> The king's decision to take over all the company's debts and reimburse some of the subscriptions can be partly explained by his role in financing and managing the West India Company.

Firstly, his naval minister, Jean-Baptiste Colbert, had been the main initiator of the French West India Company in 1664, while the king himself was also a major shareholder. A document from 1684 shows how the king owned around a quarter of the West India Company's capital (27.4%), while just under half (44%) came from *financiers* close to the Crown.<sup>6</sup> Early modern French *financiers* were individuals involved in handling the revenues of the French monarchy; as well as collecting these revenues, they provided short-term loans to the king.<sup>7</sup> As such they were part of what is called by Guy Rowlands the French "fisco-financial" system.<sup>8</sup> Furthermore, some 11 percent of the

company's capital came from a specific group of *financiers*, who had been ordered to pay fines in 1661 by an exceptional judicial institution, the Chamber of Justice.<sup>9</sup> Through the Chamber of Justice, the king forced these convicted individuals to invest part of their fines in the West India Company. As these subscriptions were not considered "voluntary," they did not fall within the category of shares eligible for reimbursement by the king.

Another part of the explanation for the king's involvement in repaying the company's debts and other amounts owed to shareholders was that by terminating the West India Company, the king enabled lands falling under the company's jurisdiction to be tax farmed in order to finance the company's debts. The right to collect taxes in, for example, the French West Indies, which became known as the *Domaine d'Occident*, was granted to *financiers* in return for annual payments of three hundred and fifty thousand *livres* to the king. Of this, two hundred and fifty thousand *livres* was intended to be used to cover the company's debts.<sup>10</sup> All French overseas possessions in the Atlantic, with the exception of the Senegambian Coast, then became part of the Royal Domain and were opened up to all French private traders. The newly founded Senegal Company was granted a thirty-year exclusive privilege to trade on the Senegambian coast in 1674, and the whole west coast of Africa in 1681.<sup>11</sup>

However, the prominent role played by the king and the naval minister in the West India Company can hardly be considered specific to that company. Indeed, the French East India Company, which was created by Colbert in the same year as the West India Company, shared many organizational features with its western counterpart, most particularly with regard to the state's ability to intervene. The patent letters establishing the two companies' privileges and obligations were also almost identical and became the model for the Guinea Company and the reorganized East India Company that succeeded them in 1685.<sup>12</sup> The main differences were to be found in the areas covered by their exclusive trading privileges and their duration; a fifty-year privilege from the Cape of Good Hope to the South Sea for the East India Company, and a forty-year privilege from the west coast of Africa to the West Indies and the Americas in the case of the West India Company.<sup>13</sup> The king and the royal family were also major investors in the East India Company, as evidenced by the fact that, in 1667, the majority of the other shareholders were *financiers* and courtiers.<sup>14</sup> By 1668, and so only a few years after the chartering of the East and West India Companies, the king and his minister appointed themselves the directors.<sup>15</sup> As a result, the companies' accounts were controlled by individuals chosen by Colbert, while management of both companies was largely in the hands of the minister.

Although the East India Company suffered financial difficulties as early as 1671, it was not officially declared bankrupt like the West India Company. Instead, in 1675 and for the first time in seven years, Colbert held a general assembly with the directors of the company to seek more funds.<sup>16</sup> The king had already given an additional four million *livres* to the East India Company, and the shareholders were then asked to contribute at least eight thousand *livres* each. But despite this increase in capital, Colbert ultimately had to open up the trade to private merchants in 1682.<sup>17</sup> Declaring the East India

Company bankrupt does not seem to have been regarded as an option for Colbert or his successor as naval minister, Jean-Baptiste Colbert de Seignelay.

Seignelay's strategy was to start a process described by Kaepelin as "informal bankruptcy."<sup>18</sup> In 1684, he asked all the company's shareholders to increase their investments by one-quarter of their existing shareholdings. Otherwise, they would be excluded from the company and only a quarter of their existing investments would be repaid. One-eighth of the shareholders accepted this request. Seignelay then declared that the company had to be restructured. Instead of dividing the capital into many shares of one thousand *livres*, as Colbert had done, Seignelay created a system in which twelve investors each provided thirty thousand *livres*, or four-fifths of the capital needed.<sup>19</sup> In this way he drastically limited access to the shares and steered the French chartered companies even further away from the joint-stock model initially followed.<sup>20</sup>

Although the East India Company was not declared bankrupt in 1685, it nevertheless underwent certain deep organizational changes that adversely affected its shareholders. Article 5 of the East India Company's patent letter and Article 8 of that of its western homologue guaranteed that investors' personal property would be protected from creditors of the companies.<sup>21</sup> In the case of the West India Company, the fact that the king took full responsibility for the debts meant that the shareholders' limited liability was respected. While this was not at stake during the East India Company's reorganization, there was no benefit in limited liability if the naval minister could arbitrarily ask for more funds from shareholders under penalty of being excluded from the company, even though Article 2 of the East India Company's patent letter explicitly stated that "no directors or shareholders will be forced to provide any funds beyond the capital they already invested in the Company at its creation."<sup>22</sup> It appears from these first two cases that, for investors, it was better for the company to be officially declared bankrupt. The shareholders' rights specified in the patent letter of 1664 were respected in the bankruptcy of the West India Company, even though only voluntary shareholders were repaid, whereas the informal liquidation of the East India Company blatantly ignored shareholders' right not to be forced to increase their investments in the company.

However, the successors of the West India Company did not benefit from the Crown's protection and support to the same degree. Instead, the naval minister applied the strategy of replacing the current group of shareholders with a new group willing to provide more funds. Indeed, in 1685, patent letters creating the Guinea Company were issued. This company's area of exclusive trading privilege conflicted with a trading monopoly that had been granted to the Senegal Company a few years earlier. In order to revoke part of the privilege granted to the Senegal Company, the naval minister argued that the Senegal Company had not delivered the number of enslaved Africans it had committed to providing, that its area of monopoly was too vast, and that part of the area under exclusive trading privilege should therefore be given to a new company.<sup>23</sup>

Seignelay created the Guinea Company on the same model as the reorganized East India Company, with a dozen main shareholders providing the total capital.<sup>24</sup> The same mechanism was used twenty-five years later, when the Guinea Company was replaced by the Asiento Company: the king granted the exclusive trading privilege of

the Guinea Company to a new group of shareholders under the pretext that the Guinea Company had not met its obligations. More credibly, the abrogation of the Guinea Company's privilege happened while a larger commercial contract, the Spanish Asiento (granting a monopoly to supply enslaved Africans to Spanish America), was being negotiated. When France and Spain signed the treaty granting the Asiento to a French chartered company on 14 September 1701, the French King needed a company to take on the contract.<sup>25</sup> As a result, it was decided to establish the Asiento Company, with sixteen new shareholders taking over the exclusive trading privilege and the debts of the Guinea Company.

Unlike the investors in the West India Company, the Senegal and Guinea Companies' shareholders were not compensated for the loss of their privileges. Since no official bankruptcy had been declared, no official indemnity was granted. The arbitrary nature of the termination (or partial termination) of the Senegal and Guinea Companies resembled the informal liquidation of the East India Company back in 1685. One major difference with the East India Company, however, was the higher rate of informal liquidations and changes of companies operating on the west coast of Africa: four in total until 1701. This contrasted with the East India Company, where, despite its weak financial position, the next liquidation was not seen until 1719, when the Company of the Indies was established thirty-four years after the East India Company's first reorganization.

The 1685 reorganization of the East India Company did not, however, prevent the company's downfall. Indeed, by 1702, the company was in such difficulties that the king lent it eight hundred and five thousand *livres* and pressured shareholders to increase their capital investment by 50 percent.<sup>26</sup> Once again, the king breached Article 2 of the East India Company's patent letter, which stated that shareholders would not be forced to increase their capital. By 1708, however, the directors of the East India Company were desperate to start bankruptcy proceedings. In October that year, therefore, they sent a joint letter to the naval minister, Jérôme Phélypeaux, count of Pontchartrain, explaining that some of the "creditors have already seized the possessions of multiple directors, have assaulted one of them, and the same creditors will exert pressure on the assets of the heirs of the directors and shareholders who have passed away."<sup>27</sup> Rather, however, than allowing the directors of the company to start bankruptcy proceedings, the naval minister came up with some solutions for paying the most pressing creditors and, in 1708, granted licences allowing private traders to engage in commerce in the company's area of exclusive privilege. Not only were the shareholders coerced into investing more money, but their limited liability guaranteed by Article 5 of the East India Company's patent letter was also not respected.

By this time, the company was clearly perceived as a state matter as its failure would have incurred "immense costs."<sup>28</sup> Apart from the financial consequences, it would have resulted in the loss of the settlements in Asia, and this, in turn, would have weakened the French presence in Euro-Asian commerce and intra-Asian trade. The period between the end of the seventeenth and early eighteenth century witnessed changes in the European power relations in Asia. The Dutch East India Company's position was gradually fading, while the English and the French were gaining strength in Asia.<sup>29</sup> For France, therefore,

losing all its strongholds in the region during that period would have put an end to any chance of its developing a stronger commercial position in Asia and competing with its European rivals.

The solution devised was to postpone the bankruptcy proceedings to the end of the War of Spanish Succession. The French East India Company was consequently kept artificially alive for a further thirteen years, with the decision to prolong the company being purely politically motivated. As the company could not find replacements for directors who had died, a royal edict was issued to force their heirs to designate successors to attend the meetings of the company and, most importantly, to take on the deceased persons' share of the debts.<sup>30</sup> In 1709, the shareholders finally reached a deal with merchants from Saint Malo in partnership with a wealthy businessman, Antoine Crozat. This partnership was granted the exclusive privilege to trade in India, without having to endorse the company's debts, and the right to retain the settlements in exchange for 10 percent of the partnership's profit.<sup>31</sup> When the charter granted to the French East India Company came to an end in 1715, it was extended for a further ten years, probably in an attempt to repay all the debts. In 1719, however, the newly created Company of the Indies created by John Law bought off the privileges and debts of the East India Company in return for issuing twenty-five million shares. One year later, John Law's Company of the Indies was declared bankrupt and the shares lost all their value.

By contrasting the different bankruptcies and informal liquidations of the companies operating on the west coast of Africa and in India, we can see that the East India Company was artificially maintained afloat for most of its existence. The West India Company, by contrast, was declared bankrupt ten years after being established, and its successor companies underwent regular informal liquidations, as shown by the frequent change in shareholders and in the names of the companies trading on the west coast of Africa. The divergent trajectories can be explained by the king's political interest in keeping French settlements in Asia as a means of maintaining trading connections. However, the artificial survival of the East India Company was to the detriment of its shareholders. Despite appearances to the contrary, the position of the shareholders in the East India Company was no better than that of their western counterparts. The regular and arbitrary changes in shareholders in the companies operating on the west coast of Africa mirror the frequent and forced increases in investment demanded of shareholders in the East India Company. The fact that the shareholders could neither declare the bankruptcy of nor sell their shares in their company is evidence in both cases of their total lack of power.

### **A Shareholder's Perspective**

The rights of the shareholders—although explicitly stated in the patent letters—were blatantly disregarded in practice. Shareholders knew that the decision of the King or the Naval Minister ultimately prevailed. In the event of financial difficulties, the Crown could prematurely terminate a company's activities with little if any compensation for the shareholders. Alternatively it could choose to keep the company artificially afloat

by requiring shareholders, willingly or otherwise, to increase their investment. From an institutional perspective, therefore, shareholders were essentially victims of the varying liquidation processes. Viewing the matter from an informal perspective may therefore provide a different understanding of the role of the companies' bankruptcies or liquidations. If companies were repeatedly in precarious financial positions and the decision-making powers regarding the possibility of declaring them bankrupt were entirely in the hands of the King or the Naval Minister, could shareholders nevertheless hope for informal economic profits?

To explore the investors' perspective in more detail, this section analyses the case of Hugues Mathé de Vitry-la-Ville, a shareholder in the Guinea Company and East India Company (1685) among other investments. Vitry-la-Ville is a relevant investor to focus on because he would appear to be representative of the group of shareholders to which he belonged. Firstly, and like the vast majority of investors in French overseas companies, he was a *financier* in the sense that he handled the king's revenues and was well connected through family ties to the world of finance.<sup>32</sup> He held the title of General Receiver of Finances of Châlons as he invested in other tax-collecting offices.<sup>33</sup>

Secondly, like many of his fellow shareholders in the overseas companies, he invested in multiple enterprises. He was one of the main shareholders of the Compagnie du Bastion de France, which operated in North Africa, and was involved in tax collecting in Canada, which had been farmed out in return for payment of two hundred and twenty thousand *livres* after the bankruptcy of the West India Company.<sup>34</sup> In 1685, he became a shareholder in the Guinea Company and a director of the East India Company.<sup>35</sup> His fellow investors in the Guinea Company included Parent, who was a director of the reorganized East India Company (1685); Carrel, who was a tax farmer for the *Domaine d'Occident*; Dumas, who had invested in the first East India Company (1664) and the Senegal Company, as well as the Canada tax farm; and Pallu du Ruau, who had served as a director of the West India Company (1664). Meanwhile his fellow shareholders in the East India Company that was reorganized in 1685 included de Frémont, who had been a shareholder in the West India Company (1664) and invested in the Compagnie du Nord.

Thirdly, Vitry-la-Ville was declared bankrupt in 1687. While his inventory offers a unique insight into the informal investments and strategies of an overseas company shareholder, his poor financial situation was relatively common among *financiers* of his time. The assumption that *financiers* were all extremely wealthy is incorrect; it appears that most of them were not as rich as they were made out to be. Indeed, their main possessions consisted of royal revenues, bonds, and company shares, which were not as safe as ownership of land, since the value of these investments did not always correspond to the nominal value.<sup>36</sup> In his study on *financiers* during the reign of Louis XIV, Daniel Dessert concluded that 25 percent of them went bankrupt or ended up in an uncomfortable financial position. For the purpose of this article, Vitry-la-Ville and his fellow investors in the French overseas companies under scrutiny are primarily considered as businessmen rather than as holders of office. The focus here is placed on their

informal economic profit and, in particular, their private trade in the trading areas of the companies they invested in.<sup>37</sup>

Originally the companies had had a monopoly on these markets, both in India and on the west coast of Africa. However in 1682, the East India Company extended its privileges to private merchants by issuing a series of five-year licences that enabled merchants to access the Indian market, subject to a requirement to use the company's ships and to pay a fee amounting to 10 percent of the value of commodities shipped to India and from India.<sup>38</sup> Vitry-la-Ville had managed to gain access to this monopoly market a few years before he became a shareholder as, through his partnership with Jean-Baptiste Pocquelin, a shareholder of the East India Company before its reorganization, Vitry-la-Ville had sent 107,000 *livres* on one of the company's ships, the *Saint François d'Assise*, which sailed to India in October 1682.<sup>39</sup> Vitry-la-Ville and Pocquelin also asked whether they could use the company's infrastructure in India (i.e., its trading posts) in return for payment.<sup>40</sup>

In February 1683, Vitry-la-Ville and Pocquelin sent 125,109 *livres* on the *Blampignon*, while in November of that same year they shipped one hundred thousand *livres* of commodities on each of the three vessels the company sent to India.<sup>41</sup> In January 1684, the East India Company paid them 254,590 *livres* for the first part of their merchandise, while in November 1684 they received 440,720 *livres* for the rest of the cargo.<sup>42</sup> Overall, they made 263,201 *livres* of profit. Most of the licences for accessing the East India Company's market in those years were granted to Pocquelin and Vitry-la-Ville.<sup>43</sup> Being shareholders in the company gave *financiers* the opportunity to use the company's infrastructure to engage in private trade. Unsurprisingly, therefore, the 1685 register of the company's shareholders included Vitry-la-Ville, who had seen for himself how profitable the Indian market could be; in other words, the company was economically attractive to Vitry-la-Ville not because of its formal and institutional aspects, but instead because of informal benefits such as market access.

Indeed, the inventory of Vitry-la-Ville's possessions drawn up after his bankruptcy in 1687 shows evidence of his private trade in India as a shareholder of the East India Company.<sup>44</sup> At the time of the inventory, Vitry-la-Ville still had two hundred and fifty thousand *livres* of textiles in a warehouse in Rouen, described in the sources as "painted textiles." These textiles can be assumed to be from India, given that all the companies' ships transporting Vitry-la-Ville's commodities in the early 1680s arrived in Rouen. Furthermore, the commodity itself, painted textiles, was one of the major Indian goods brought to France. Additionally, Vitry-la-Ville had thirty-five thousand *livres* of corals shipped to Surat and Siam. As well as precious metal, corals were also major exchange goods in the trade with Asia.<sup>45</sup> Since the Mediterranean was an important source for these commodities, they probably came from Vitry-la-Ville's involvement in the Compagnie du Bastion de France.<sup>46</sup> Corals connected the commodity chains between the two markets; therefore, it made economic sense for Vitry-la-Ville to be simultaneously a major shareholder in the Compagnie du Bastion de France—he owned one-quarter of the company—and one of the twelve main shareholders in the East India Company. Lastly, the inventory stated that Vitry-la-Ville owned eight thousand *livres* worth of commodities on the Gold Coast. These could have been textiles from India,

as these commodities were an important exchange good in trade on the west coast of Africa. This shows once again how the various companies in which Vitry-la-Ville invested were connected.

Final confirmation of Vitry-la-Ville's private business as a shareholder in the overseas companies can be seen in the bottomry loan—a contract combining credit and insurance—that he made for four thousand *livres* to Jean-Baptiste Du Casse. Du Casse was himself one of the founders of the Guinea Company and a former shareholder of the Senegal Company. In contrast to most of the other shareholders, however, he had made his career in the Royal Navy.<sup>47</sup> As Du Casse was a key figure in the nascent French slave trade, the voyage that was partially insured by Vitry-la-Ville was probably a slave trade voyage.<sup>48</sup> This voyage may have been that of 1687, when Du Casse sailed to the Bight of Benin on the King's ship *La Tempête*, arriving at Martinique in 1688 with 287 enslaved Africans.<sup>49</sup> Apart from engaging in slave trade, Du Casse was tasked with making a detailed description of the potential commercial opportunities and other European forts in the region for the king and the Guinea Company. Through a bottomry loan, Vitry-la-Ville indirectly contributed to Du Casse's enterprise, which probably also entailed some private trade. In this way, he enabled Du Casse to trade in the region covered by the monopoly of the Guinea Company, in which both men were shareholders.

Vitry-la-Ville was far from being the only person involved in private trade through the company. Indeed, such involvements seem to have been common practice. The official archive of the East India Company records how Le Brun, another shareholder, had asked the company official in Pondicherry to sell emeralds for his account.<sup>50</sup> Being a shareholder in French overseas companies provided easier access to monopoly markets for private merchants such as Vitry-la-Ville, Pocquelin, Du Casse, Le Brun and others. While companies granted licences, access to these licences in the early days of both the African trade and the Indian trade was still restricted to certain individuals, many of whom were shareholders in the companies. It was the hope of earning a profit through informal access to markets that compensated shareholders for the investment they made in a company that did not perform well on a formal level. While the investments in multiple colonial enterprises were risky and controlled by the state, they could nevertheless enabled private merchants to diversify their investments, thereby spreading the risk across different markets and commodities. Additionally, these investments enabled businessmen to connect these various markets by controlling both ends of the commodity chains.

As shown, however, by the example of Vitry-la-Ville, the multiple investments in contracts, offices, and companies did not always produce the desired results as, despite their informal access to monopoly markets, *financiers* still went bankrupt. Whether his investments in overseas companies played a role in Vitry-la-Ville's bankruptcy is, however, unclear. While it cannot be clearly established how much profit was made from private trade by shareholders of the companies under scrutiny, it has been demonstrated that there was an informal side to shareholder investments and that the narrative cannot, therefore, be limited to the various liquidation processes of the companies. In 1701, the exploitation of markets under monopoly by shareholders of overseas companies moved to another level, with the next generation of shareholders in the Asiento Company.<sup>51</sup> Through

these informal investments, French overseas companies increasingly acted as front companies for shareholders wanting to develop private trade. Could the various liquidation processes, and their impact on the companies' shareholders have been a necessary evil in order to gain access to the markets under monopoly?

### Conclusion

From an institutional perspective, the French overseas companies' repeated bankruptcies and informal liquidations were in most cases disadvantageous to the shareholders. Although investors could receive minor amounts of compensation during company reorganizations, as in the case of the East India Company in 1685, most of the time they did not. More importantly, the right to decide whether to initiate bankruptcy proceedings was entirely in the hands of the naval minister and the king. This meant that companies could be consistently terminated or maintained against the will of their shareholders. Despite following different trajectories, therefore, the failures of the companies operating in the Indian Ocean and those active on the west coast of Africa all had adverse consequences for their shareholders.

On the one hand, although the first and only official bankruptcy of the West India Company was positive for most of the shareholders, who are reported to have been refunded the value of their shares, shareholders of the successor companies were not so lucky. These successor companies—the Senegal Company and the Guinea Company—underwent similar types of informal liquidations in 1685 and 1701 respectively, with no official bankruptcy being declared, but shareholders being put under pressure either to increase their investment in or to leave the company. On the other hand, while the East India Company did not undergo any major reorganization processes between 1685 and 1719, it does not mean that shareholders benefitted from a safer investment than their western counterparts. Instead, the latter was regarded as a state matter and was artificially kept alive to the detriment of investors, with shareholders being asked in 1708 to invest more capital, while the king also refused to let them leave the company.

However, despite the arbitrary powers of the King and the naval minister in the management of the overseas companies, shareholders invested in many such enterprises. From the shareholders' point of view, they could still hope to make a profit, not necessarily formally, but probably more commonly by gaining access to markets under monopoly. Private trade through these companies' infrastructures gave shareholders a competitive advantage and could compensate them for the money they invested in the companies. Furthermore, involvement in multiple overseas enterprises increased the merchants' opportunities to connect both ends of commodity chains and to earn more profit. More information on other shareholders might confirm that they could use these state-sponsored companies as fronts for furthering their own business interests, while knowing that their investments in the official companies were likely to be lost.

Even though it is not possible to assess the exact informal profit made by shareholders, the existence of private trade has to be acknowledged when analysing companies'

liquidation processes and their impact on shareholders. The companies' frequent formal and informal bankruptcies have to be understood, therefore, from both an institutional and an informal perspective. While further research on a larger group of shareholders will deepen our understanding of the relationship between investors and companies in general, the example of Vitry-la-Ville encourages us to change our perspective on French early modern companies bankruptcies. In light of his investments, it appears that the king and the naval minister provided shareholders with informal access to markets under monopoly through the various overseas companies and, in return for this, the companies were provided with regular capital reinvestments by the shareholders.

## **Bibliography**

### **Unpublished Primary Sources**

Archives nationales d'outre-mer (Aix-en-Provence) [ANOM]:

- Série C2 administration en France
- Série C2 correspondance à l'arrivée
- Série F documents divers: F2a7–11 Compagnies de commerce

Archives nationales (Paris) [AN]:

- AN série E Conseil du Roi:
- AN minutier central des notaires

Bibliothèque nationale de France [BNF]:

- Mélanges Colbert

### **Published Primary Sources**

Dernis. *Recueil ou collection des titres, édits, déclarations, arrêts, règlements et autres pièces concernant la Compagnie des Indes orientales établie au mois d'août 1664*. 4 vols. Paris, 1755.

BNF, Collection des actes royaux [CAR] 756, *Edit ... pour l'établissement de la Compagnie des Indes occidentales*

BNF, Collection des actes royaux [CAR] 767, *Edit ... pour l'établissement de la Compagnie des Indes orientales*

### **Secondary Sources**

Ames, Glenn Joseph. "Colbert's Indian Ocean Strategy of 1664–1674: A Reappraisal." *French Historical Studies* 16,;3 (1990): 536–59.

Banks, Kenneth. "Financiers, Factors and French Proprietary Companies in West Africa, 1664–1713." In *Constructing Early Modern Empires: Proprietary Ventures in the Atlantic World, 1500–1750*, edited by B. Van Ruymbeke and L. H. Roper, 79–116. Leiden: Brill, 2007.

Bonnassieux, Pierre. *Les grandes compagnies de commerce*. Paris: Plon, 1892.

Bosher, John Francis. "'Chambres de Justice' in the French Monarchy." In *French Government and Society 1500–1850: Essays in Memory of Alfred Cobban*, edited by Alfred Cobban and John Francis Bosher, 19–40. London: Athlone Press, 1973.1

Claeys, Thierry. *Dictionnaire biographique des financiers en France au XVIIIe siècle*. Paris: SPM, 2011.

Cole, Charles Woolsey. *Colbert and a Century of French Mercantilism*. New York: Columbia University Press, 1939.

- Coornaert, Emile. "European Economic Institutions and the New World: The Chartered Companies." In *The Cambridge Economic History of Europe from the Decline of the Roman Empire*, edited by E. E. Rich and C. H. Wilson, 4:220–74. Cambridge: Cambridge University Press, 1967.
- Cordier, Louis. *Les compagnies à charte et la politique coloniale sous le ministère de Colbert*. Paris: Université de Nancy, 1906.
- Cross, Elizabeth. "L'Anatomie d'un scandale: l'Affaire de la Compagnie des Indes révisitée (1793–1794)." In *Vertu et politique: les pratiques des législateurs*, edited by Michel Biard, Philippe Bourdin, and Hervé Leuwers, 251–66. Rennes: Presses Universitaires de Rennes, 2015.
- Dessert, Daniel. *Argent, pouvoir et société au Grand Siècle*. Paris: Fayard, 1984.
- Dessert, Daniel, and Jean-Louis Journet. "Le lobby Colbert: un royaume ou une affaire de famille?" *Annales. Économies, Sociétés, Civilisations* 30:6 (1975): 1303–36.
- Durand, Yves. *Les fermiers généraux au XVIIIe siècle*. Paris: Presses Universitaires de France, 1971.
- Faure, Edgar. *La Banqueroute de Law, 17 juillet 1720*. Paris: Gallimard, 1977.
- Furber, Holden. *Rival Empires of Trade in the Orient, 1600–1800*. Minneapolis: University of Minnesota Press, 1976.
- Girard, A. "La Réorganisation de la Compagnie des Indes (1719–1723)." *Revue d'histoire moderne et contemporaine* XI (1908–1909): 5–34; 177–97.
- Goldner, Erik. "Corruption on Trial: Money, Power, and Punishment in France's 'Chambre de Justice' of 1716." *Crime, Histoire & Sociétés / Crime, History & Societies* 17:1 (2013): 5–28.
- Haudrère, Philippe. "Les actionnaires de la première Compagnie française des Indes orientales, 1664–1684." In *Les Français dans l'océan Indien (XVIIe-XIXe siècles)*, edited by Philippe Haudrère, 31–6. Rennes: Presses Universitaires de Rennes, 2014.
- Haudrère, Philippe. *La Compagnie française des Indes au XVIIIe siècle*. 2e éd. 2 vols. Paris: Les Indes Savantes, 2005.
- Heijer, Henk den. *De geootrooieerde compagnie. De VOC en de WIC als voorlopers van de naamloze vennootschap*. Amsterdam: Deventer, 2005.
- Heijmans, Elisabeth. *The Agency of Empire: Personal Connections and Individual Strategies in the Shaping of the French Expansion (1686–1746)*. PhD diss., Leiden University, 2018.
- Heijmans, Elisabeth, Cátia Antunes, and Julie M. Svalastog. "Comparer les Compagnies de commerce européennes: Les compagnies néerlandaise, anglaise et française sur la côte occidentale d'Afrique au cours du XVIIe siècle." In *Le monde des compagnies. Les premières compagnies dans l'Atlantique 1600–1650: I. Structures et mode de fonctionnement*, edited by Eric Roulet, 161–87. Aachen: Shaker Verlag, 2017.
- Hrodej *L'amiral Du Casse: l'élévation d'un Gascon sous Louis XIV*, vol. 2. Paris: Librairie de l'Inde, 1999.
- Hrodej, Philippe. "L'amiral Du Casse: de la marchandise à la Toison d'Or." *Annales de Bretagne et des pays de l'Ouest* 104:4 (1997): 23–39.
- Isemann, Moritz ed. "Le monde marchand face au défi colbertien." In *Merkantilismus: Wiederaufnahme einer Debatte*. Stuttgart: Franz Steiner Verlag, 2014.
- Kaepelin, Paul. *La Compagnie des Indes orientales et François Martin: étude sur l'histoire du commerce et des établissements français dans l'Inde sous Louis XIV (1664–1719)*. Paris: Challamel, 1908.
- Lespagnol, André. "Négociants et commerce indien au début du XVIIIe siècle: l'épisode des 'Compagnies malouines' 1707–1719." *Annales de Bretagne et des pays de l'Ouest* 86:3 (1979): 427–57.
- Lüthy, Herbert. *La banque protestante en France de la révocation de l'Edit de Nantes à la Révolution*. 2 vols. Paris: SEVPEN, 1959.

- Ly, Abdoulaye. *L'évolution du commerce français d'Afrique noire dans le dernier quart du XVIIIe siècle: la compagnie du Sénégal de 1673 à 1696*. Bordeaux; Metz: Karthala, 1955.
- Mims, Stewart L. *Colbert's West India Policy*. Yale Historical Publications. New Haven, Conn.: Yale University Press, 1912.
- Nierstrasz, Chris. *In the Shadow of the Company: The Dutch East India Company and Its Servants in the Period of Its Decline (1740–1796)*. Leiden: Brill, 2012.
- Pettigrew, William A. *Freedom's Debt: The Royal African Company and the Politics of the Atlantic Slave Trade, 1672–1752*. Chapel Hill, N.C.: University of North Carolina Press, 2013.
- Rowlands, Guy. *Dangerous and Dishonest Men: The International Bankers of Louis XIV's France*. Palgrave Studies in the History of Finance. New York: Palgrave Macmillan, 2015.
- Trivellato, Francesca. *The Familiarity of Strangers: The Sephardic Diaspora, Livorno, and Cross-Cultural Trade in the Early Modern Period*. Reprint edition. New Haven, Conn.: Yale University Press, 2012.

### Notes

- \* Elisabeth Heijmans is post-doctoral researcher at Leiden university. Her PhD focused on the directors of early modern French overseas companies and her current research relates to practices of law in the Dutch early modern empire.
- 1 This article has been written as part of the ERC-2012-StG-312657-FIGHT project.
  - 2 On the reorganization of the Company of the Indies in 1719–1723 and its bankruptcy in 1793–1794, see Haudrère, *La Compagnie française des Indes*; Faure, *La Banqueroute de Law*; Girard, “La Réorganisation de la Compagnie des Indes,” 5–34, 177–97; Cross, “L’Anatomie d’un scandale,” 251–66.
  - 3 For the East and West India and Senegal Companies, see Kaepelin, *La Compagnie des Indes orientales et François Martin*; Ames, “Colbert’s Indian Ocean Strategy,” 536–59; Mims, *Colbert’s West India Policy*; Cole, *Colbert and a Century of French Mercantilism*; Ly, *L’évolution du commerce français d’Afrique noire*; Banks, “Financiers, Factors and French Proprietary Companies in West Africa,” 79–116.
  - 4 The case of the Company of Royal Adventurers Trading into Africa (1660–1672) is an example of royal incursion in the financing and managing of an English chartered company. See Heijmans et al., “Comparer les Compagnies de commerce européennes,” 169.
  - 5 Mims, *Colbert’s West India Policy*, 176.
  - 6 Dessert and Journet, “Le lobby Colbert,” 1317.
  - 7 Durand, *Les fermiers généraux*, 64; Dessert, *Argent, pouvoir et société*, 719.
  - 8 Rowlands, *Dangerous and Dishonest Men*, 12.
  - 9 Since all financiers were involved in collecting taxes for the king, the latter was entitled, through the Chamber of Justice, to ask financiers to show their account books. Despite some financiers benefitting from exemptions because of their direct relationship with the great noble families, many considered the Chamber of Justice to be Louis XIV’s most impressive weapon against his creditors. Indeed, every Chamber of Justice enabled the Crown to cancel part of its debts and revoke some of the numerous venal offices. On the Chamber of Justice, see Bosher, “Chambres de Justice in the French Monarchy,” 19–40. For a reappraisal of the Chamber of Justice, see Goldner, “Corruption on Trial,” 5–28.
  - 10 Mims, *Colbert’s West India Policy*, 178.
  - 11 Ly, *L’évolution du commerce français d’Afrique noire*, 120.
  - 12 Only three of the forty-eight articles in the patent letter enumerating their privileges differed; see Cordier, *Les compagnies à chartre et la politique coloniale*. The patent letters of the companies are available at the

- Bibliothèque nationale de France [BNF] in Collection des actes royaux [CAR] 756, *Edit ... pour l'établissement de la Compagnie des Indes occidentales* and 767, *Edit ... pour l'établissement de la Compagnie des Indes orientales*; Archives nationales d'outre-mer ['ANOM'] F2a11: *Déclaration du Roy pour l'établissement d'une compagnie sous le titre de la Compagnie de Guinée*, Paris, 1685, 10.
- 13 Bonnassieux, *Les grandes compagnies de commerce*, 259. Cole, *Colbert and a Century of French Mercantilism*, 4.
  - 14 For details of the shareholders of the Compagnie des Indes orientales, see Dessert and Journet, 1314.
  - 15 Haudrière, *La Compagnie française des Indes*, 1:25.
  - 16 These meetings were supposed to occur annually and bring together not only the directors, but also the shareholders.
  - 17 Kaepelin, *La Compagnie des Indes orientales et François Martin*, 129–34.
  - 18 Kaepelin, *La Compagnie des Indes orientales et François Martin*, 140–6.
  - 19 The shareholders included Seignelay himself, de Frémont, de Lagny, Souillet, Pocquelin, De l'Isle, Desvieux, Parent Céberet du Boullaye, Le Brun, and Mathé de Vitry-la-Ville.
  - 20 Heijmans et al., "Comparer les Compagnies de commerce européennes," 17.
  - 21 BNF CAR 756, Article 8 and BNF CAR 767, Article 5.
  - 22 BNF CAR 767, Article 2: "Les directeurs ny les Particuliers Interressés ne pourront estre tenus pour quelque chose ou prétexte que ce soit, de fournir aucune somme au delà de celle pour laquelle ils se seront obligés dans le premier établissement de la Compagnie, soit par manière de supplément ou autrement."
  - 23 ANOM F2A 11 "Arrest pour l'établissement de la compagnie de Guinée 1685: introduction."
  - 24 "Subroge à leurs intérêts un groupe de financiers nommés par le Roi de leur consentement. Frémont Morel de Boistiroux Souillet Mathé de Vitry-la-Ville Pocquelin de Lille des Vieux Parent Céberet du Boullay Le Brun et Tardif," cited in Dessert and Journet, "Le lobby Colbert," 1303–36.
  - 25 ANOM F2a7: Asiento contract.
  - 26 ANOM C2 9 f°39, 14 April 1703, East India Company directors.
  - 27 ANOM C2 13 f°84, letter from the East India Company directors to Pontchartrain, 2 October 1708: "Quelques-uns de leurs créanciers ont déjà fait saisir réellement les biens de plusieurs directeurs on a attenté à la personne de l'un deux et les mêmes créanciers vont exercer leurs contraintes sur les effets des héritiers des décédés, tant actionnaires que directeurs."
  - 28 ANOM C2 13, f°10, letter addressed to the Controller General 1708: "que cette chute entrainerait avec elle la perte entière des établissements que la Compagnie a aux Indes et qui ont couté des sommes immenses." Cited in Kaepelin, *La Compagnie des Indes*, 567.
  - 29 Nierstrasz, *In the Shadow of the Company*, 77.
  - 30 ANOM C2 12 f°160; f°179, f°202, Letters of the Directors to Pontchartrain and "Arrêt du conseil," 18 January 1707 in Dernis, *Recueil ou collection des titres*, 253.
  - 31 For an introduction to Antoine Crozat, see Claeys, *Dictionnaire biographique des financiers en France*, 576–7.
  - 32 His grandfather had previously been general controller of Champagne; see Dessert, *Argent, pouvoir et société*, 643–44.
  - 33 Archives nationales [AN] E//673/A f°155, *arrêt du conseil d'État*, 4 March 1698: He was receiver des tailles des élections of Troyes and Reims and involved in the *affaires extraordinaires* under Colbert.
  - 34 Dessert, *Argent, pouvoir et société*, 393.
  - 35 AN MC//ET/CV/915, *Direction de Vitry-la-Ville*, 24 March 1787.
  - 36 Dessert, *Argent, pouvoir et société*, 129–30.
  - 37 For an extensive analysis of investment strategies and motivations of shareholders see Heijmans, *The Agency of Empire*, 41–84.
  - 38 ANOM C2 5, East India Company directors, 17 November 1682.

- 39 ANOM C2 5, East India Company directors, 16 October 1682.
- 40 ANOM C2 5, East India Company directors, 21 January 1682.
- 41 ANOM C2 5, East India Company directors, 27 February 1683 and 17 November 1683.
- 42 ANOM C2 5, East India Company directors, 5 January 1684 and 16 November 1684.
- 43 “Table de la navigation des Français aux Indes de 1665 à 1720”; in Kaepelin, *La Compagnie des Indes*, appendix.
- 44 AN MC// ET/ CV/ 915 *Direction de Vitry-la-Ville*, 24 March 1787.
- 45 ANOM C2 66 f<sup>o</sup>5 letter from Martin to the company directors on 22 February 1701: “entre les marchandises de débit à Pondichéry le corail qui a la meilleure,” and Furber, *Rival Empires of Trade in the Orient*, 261.
- 46 AN E//649/A, *arrêt du conseil d’État*: “J’ay des coraux travaillés dont partie sont chargés sur les vaisseaux du Roy pour Siam, en grains et branches de la valeur par estimation de 3 000 livres; Coraux bruts en chemin de Port Louis pour estre chargé pour Surat 17 caisses de la valeur de 32 000 livres.” Trivellato, *The Familiarity of Strangers*, 226.
- 47 Hrodej, *L’amiral Du Casse: l’élévation d’un Gascon sous Louis XIV*, vol. 2 (Paris: Librairie de l’Inde, 1999), 661.
- 48 Jean-Baptiste Du Casse became governor of Saint Domingue in 1691 and was a major actor in the negotiation of the Asiento contract (the contract to supply slaves to the Spanish Americas) in 1701; see Hrodej, “L’amiral Du Casse,” 30.
- 49 <http://www.slavevoyages.org/voyage/33751/variables>, most recently consulted on 10 May 2018.
- 50 ANOM C2 66 f<sup>o</sup>11, letter from Martin, 2 February 1701.
- 51 Heijmans, *The Agency of Empire*, 71–79.