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The Agency of Empire: personal connections and individual strategies in the shaping of the French Early Modern Expansion (1686-1746)

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Chapter 1: When principals become agents

1. Introduction

French chartered companies of the late seventeenth century are traditionally depicted as inefficient and poorly managed. For instance, the first East India Company is described by Philippe Haudrère as an “*economic failure but a relative political success*.”¹⁵² The king’s strong influence on companies’ management is often blamed for the chartered companies’ recurrent failures.¹⁵³ The companies’ dependence on royal support for both capital and ships bound their fate to the European dynastic wars. Consequently, company in Paris granted licenses or outsourced their trading privileges to private merchants. As early as 1912, Steward Mims argued that the bankruptcy of the West India Company (1664-1674) ten years after its creation should not be seen as a failure. Rather, it should be viewed as an indication of the progress made by private traders, which allowed them to take over the trade.¹⁵⁴ In the 1930s, Charles Cole stressed this point by stating that while shareholders did not profit from the companies, chartered companies enabled worldwide trade for French merchants.¹⁵⁵ In the 1980s, Pierre Boulle took the argument further, maintaining that “*Ancien Régime commercial companies were created to be plundered from above and from below*.”¹⁵⁶ The failure of these companies, Boulle writes, enabled the development of French colonial commerce by paving the way for private traders.

While I agree with Mims, Cole and Boulle, a question arises: why would someone invest in a company that ultimately enabled private merchants to take over colonial trade? As will be shown, metropolitan directors and shareholders had a limited role in the management of the companies; ultimately, decisions were in the hands of the minister of the Navy. Directors are therefore usually portrayed as creatures of the minister of the Navy, who

¹⁵² “*En définitive la Compagnie des Indes orientales de Colbert est un échec économique et un relative succès politique*” in Haudrère, *La Compagnie française des Indes*, 1: 26.

¹⁵³ Kenneth Banks, ‘Financiers, Factors and French Proprietary Companies in West Africa, 1664-1713’, in *Constructing Early Modern Empires: Proprietary Ventures in the Atlantic World, 1500-1750*, ed. Bertrand Van Ruymbeke and L. H. Roper (Leiden: Brill, 2007), 80; Glenn Joseph Ames, ‘Colbert’s Indian Ocean Strategy of 1664-1674: A Reappraisal’, *French Historical Studies* 16, no. 3 (1990): 540–43.

¹⁵⁴ Stewart L. Mims, *Colbert’s West India Policy*, Yale Historical Publications. (New Haven: Yale University Press, 1912), 181.

¹⁵⁵ Cole, *Colbert and a Century of French Mercantilism*, 131.

¹⁵⁶ Pierre H. Boulle, ‘French Mercantilism, Commercial Companies and Colonial Profitability’, in *Companies and Trade: Essays on Overseas Trading Companies during the Ancien Régime*, ed. Leonard Blussé, Femme S. Gaastra, and Pierre H. Boulle (The Hague: Leiden University Press, 1981), 117.

contributed to the companies forcefully.¹⁵⁷ In this narrative, the state is portrayed as predatory and its subjects' agency is apparent exclusively in opposing the state, through tax evasion or smuggling.¹⁵⁸ However, metropolitan directors should not be seen as a monolithic group devoid of individual agency. Changing perspective, by exploring the ways in which the directors' agency manifested itself, may provide a different understanding of the French chartered companies for this period and question pre-conceptions about their efficiency, or lack thereof. This chapter therefore inverts the traditional role of principal and agents in chartered companies, where the principal, or, in this case, metropolitan directors, send agents abroad who can potentially take advantage of their position for the director's own interests. Here, metropolitan directors are studied as agents of the companies to understand the benefits they reaped from investing in these seemingly unprofitable companies.

The chapter starts with an overview of the chartered companies operating in Pondicherry and Ouidah. The next section clarifies the social origins of the metropolitan directors of the companies, to better understand their investment motivation. The chapter then examines a few arguments put forward in the existing historiography: first, the role played by patronage systems linking the directors to the King and the minister of the Navy and, second, the tools at the disposal of the minister to effectively force individuals to invest. In addition to these factors, a closer look at the profit expectation further investigates why directors invested in these companies, in two ways. First, I investigate if these companies could have been safe investments for their directors from an institutional perspective. Second, I explore alternative factors that made these companies an attractive investment for the directors.

2. French chartered companies operating in Pondicherry and Ouidah

French chartered companies operating on the west coast of Africa and in India during the period under scrutiny originated from the overseas companies chartered by Jean-Baptiste Colbert in 1664: the *Compagnie des Indes orientales* and the *Compagnie des Indes occidentales*. The King granted earlier French companies exclusive privileges to trade on the west coast of Africa and in India, such as the *Compagnie des Moluques* (1611) or the

¹⁵⁷ "In seventeenth and eighteenth century France the great financial potentates who acted as *Fermiers Généraux* of the Kingdom were often put under contribution by ministers who wished to found companies." in Emile Coornaert, 'European Economic Institutions and the New World; the Chartered Companies', in *The Cambridge Economic History of Europe from the Decline of the Roman Empire*, ed. E. Rich and C. Wilson, vol. 4 (Cambridge: Cambridge University Press, 1967), 243.

¹⁵⁸ Regina Grafe and Alejandra Irigoin, 'A Stakeholder Empire: The Political Economy of Spanish Imperial Rule in America', *The Economic History Review* 65, no. 2 (1 May 2012): 613.

Compagnie du Cap Vert et Sénégal (1659), among others.¹⁵⁹ However, the “Colbertian” companies had specific characteristics that affected and shaped their successors. First, the initiative to charter overseas trade in 1664 came from Louis XIV and his minister, Colbert. Colbert was an *intendant des finances*, and named the *contrôleur général des finances*, or minister of Finance in 1665. By 1669, he combined the function of minister of Finance with the position of *secrétaire d’État à la Marine* or secretary of state for the Navy. Aside from the *Conseil d’en haut*, or High Council, the king’s government relied on the secretary of state for War, the Navy, Foreign affairs, Finance and the *Maison du Roi* who might or not take part in the *Conseil d’en haut*.¹⁶⁰ The secretaries of state are called minister when they take part in the *Conseil d’en Haut*, which was the case for Colbert, the minister of the Navy. From 1664 onwards, the fate of the French “privileged companies” active on the west coast of Africa and in India was tightly linked to the minister of the Navy.¹⁶¹ The main goal of these companies was to compete with the Dutch on an intercontinental scale. To do so, Colbert thought it strategic to make use of tools similar to those of his enemies and aimed to reproduce the structure of the Dutch East India Company (VOC) and West India Company (WIC). However, the companies predominantly followed the Dutch model only in theory, as the management of the companies was overwhelmingly concentrated in the hands of the minister of the Navy. In 1720, the government centralised the management of chartered companies under the minister of Finance, John Law, for six months. Even after the reorganisation of the companies, the influence of the minister of Finance remained prominent.¹⁶²

Second, the French East and West India Companies’ patent letters served as a model for the following companies, founded at the end of the seventeenth century and the beginning of the eighteenth century. The King granted both companies similar charters, although for different areas of the world.¹⁶³ The East India Company received the privilege for fifty years of exclusive trade from the Cape of Good Hope to India and the South Sea.¹⁶⁴ The West India Company was granted a forty-year monopoly on trade in French America, the French West

¹⁵⁹ Cole, *Colbert and a Century of French Mercantilism*, 117–18. Coornaert, ‘European Economic Institutions and the New World; the Chartered Companies’, 238. Banks, ‘Financiers, Factors’, 87.

¹⁶⁰ Guy Rowlands, *Dangerous and Dishonest Men: The International Bankers of Louis XIV’s France*, Palgrave Studies in the History of Finance (New York: Palgrave Macmillan, 2015), 17.

¹⁶¹ Jean-Baptiste Colbert (in office 1669-1683); Jean-Baptiste Antoine Colbert, Marquis of Seignelay (in office 1683-1690); Louis Phélypeaux, Count of Maurepas (1687) and Count of Pontchartrain (1699) (in office 1690-1699); Jérôme Phélypeaux, Count of Pontchartrain (in office 1699-1715); Louis-Alexandre de Bourbon Count of Toulouse, chief of the Navy under the polysynody of the Regent (in office 1715-1718).

¹⁶² Haudrère, *La Compagnie française des Indes au XVIIIe siècle*, 1:151.

¹⁶³ The patent letters of the companies are in BNF: Collection des actes royaux: n° 767, *Déclarations du Roy l’une, portant établissement d’une compagnie pour le commerce des Indes Orientales* and n°756, *Edit ... pour l’établissement de la Compagnie des Indes occidentales*.

¹⁶⁴ Pierre Bonnassieux, *Les grandes compagnies de commerce* (Paris: Plon, 1892), 259.

Indies, and the west coast of Africa, including the slave trade.¹⁶⁵ The King also granted the companies full and perpetual property rights to all territories conquered and colonized by the companies within their concession: the Company was the suzerain over all aforementioned lands, with no other obligation beyond acknowledging the king as sovereign. Louis XIV gave them the right of “*seigneurie, proprietary and justice*” in all the territories they conquered.¹⁶⁶ Similar to other European chartered companies, the French companies could sign peace treaties and alliances with local rulers, in the name of the King.¹⁶⁷ With these privileges came tax exemptions and the right to store foreign merchandise in France for re-export free of tax. The companies’ headquarters were in Paris, where nine directors elected for each company, worked. It is worth noting that the location of the headquarters excluded members of merchant communities in port cities, for whom it was not economically advantageous to relocate to the capital.

Third, Colbert designed the companies as joint-stock companies, which also followed the Dutch model. The predicted necessary starting capital was fifteen million *livres* for the East India Company and eight million for its western homologue.¹⁶⁸ The second and third articles of their charters stated that all Frenchmen were allowed to invest in the companies, just as all foreigners. The capital was divided into shares of 1,000 *livres* each. The minimum amount one could invest in the companies was thus 1,000 *livres*. In this, the French companies differed from their Dutch counterparts, which had no required minimum investment to be shareholder of the WIC or the VOC.¹⁶⁹ Therefore, unlike the VOC and the WIC, the existence of a minimal investment kept minor shareholders away from the French companies.

Despite Colbert’s active attempts to attract capital from provincial districts, the majority of the shareholders and directors were from the king’s entourage.¹⁷⁰ The companies’ location in Paris and the minimum investment rule played a role in this but, more importantly,

¹⁶⁵ Cole, *Colbert and a Century of French Mercantilism*, 4.

¹⁶⁶ Article 28 East India Company patent letter and article 20 of the West india Company patent letter in BNF collection des actes royaux n°756, *Edit ... pour l’établissement de la Compagnie des Indes occidentales* and BNF collection des actes royaux n° 767, *Déclarations du Roy l’une, portant établissement d’une compagnie pour le commerce des Indes Orientales*.

¹⁶⁷ Article 36 of the East India Company patent letter and article 30 of the West India Company patent letter in BNF collection des actes royaux n°756, *Edit ... pour l’établissement de la Compagnie des Indes occidentales* and BNF collection des actes royaux n° 767, *Déclarations du Roy l’une, portant établissement d’une compagnie pour le commerce des Indes Orientales*.

¹⁶⁸ Dessert and Journet, ‘Le lobby Colbert: un royaume ou une affaire de famille?’, 1313.

¹⁶⁹ Henk den Heijer, *De geotrooieerde compagnie: de VOC en de WIC als voorlopers van de naamloze vennootschap* (Amsterdam : Deventer, 2005), 70–73.

¹⁷⁰ Dessert and Journet, ‘Le lobby Colbert: un royaume ou une affaire de famille?’, 1315.

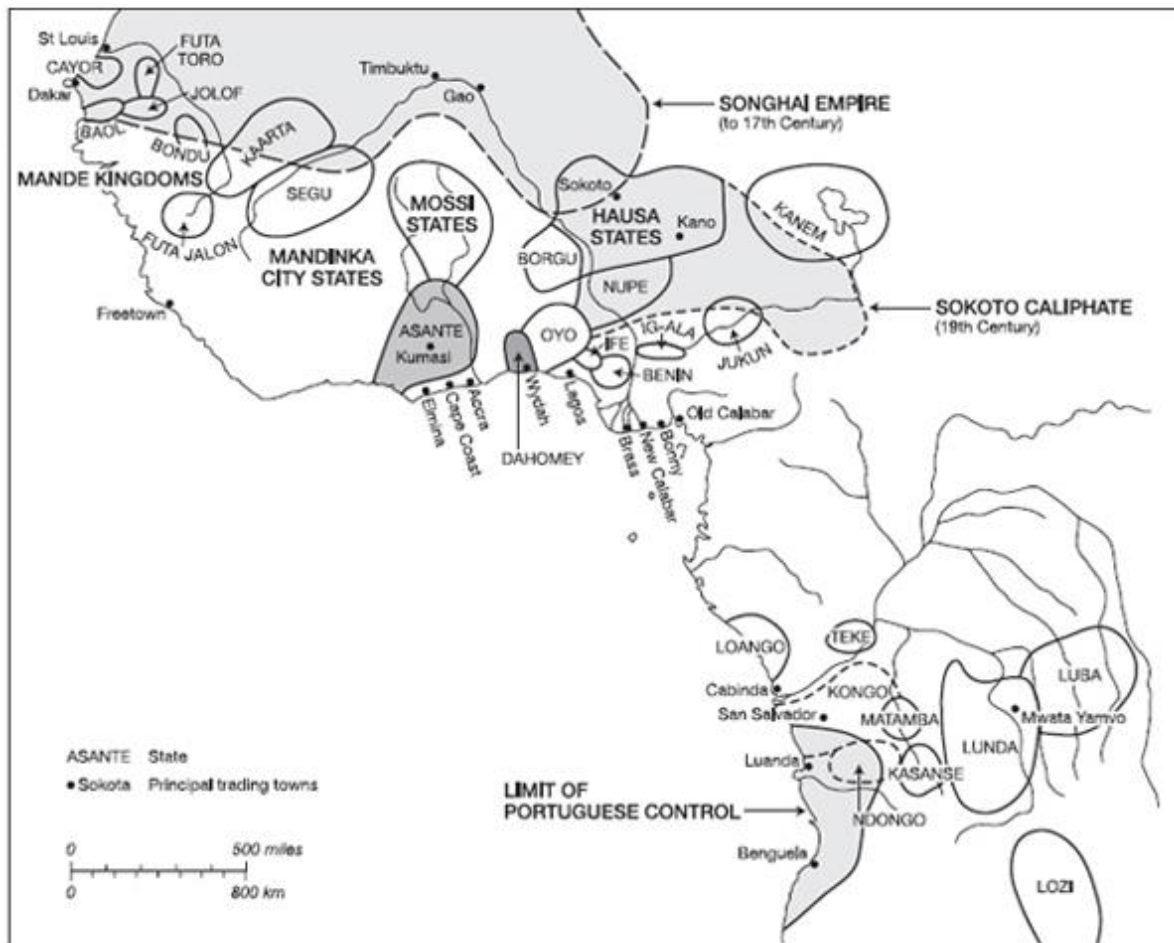
merchant communities distrusted companies controlled by the king. Indeed, no merchants invested in the company and joined the directors in Paris. General assemblies of shareholders, where directors could be elected, scarcely took place and by 1668 the King and his minister chose the directors themselves. Officials, chosen by Colbert, controlled the accounts. More generally, the management of the commercial strategies lay solely with the government; Colbert and his collaborators decided how to use the capital, which associates to recruit, and how to sell commodities.¹⁷¹

In 1685, Jean-Baptiste Antoine Colbert, marquis de Seignelay, who succeeded to his father as the minister of the Navy, reorganised the East India Company and created the Guinea Company. The West India Company had declared bankruptcy in 1674, ten years after its creation. At the time, the Senegal Company took over the exclusive privileges to trade, first only on the Senegambian region and then to the whole west coast of Africa in 1681.¹⁷² In 1685, the government divided the exclusive privileges to trade on the west coast of Africa into two regions: the Senegambian region fell under the monopoly of the Senegal Company, and the region south of the Sierra Leone River to the Cape of Good Hope was granted to the newly-founded Guinea Company.

¹⁷¹ Haudrère, *La Compagnie française des Indes*, 1: 25.

¹⁷² Abdoulaye Ly, *L'évolution du commerce français d'Afrique noire dans le dernier quart du XVIIe siècle: la compagnie du Sénégal de 1673 à 1696* (Bordeaux; Metz: Karthala, 1955).

Figure 1.1. West African states and principal trading towns



Source: James Walvin, *Atlas of Slavery* (Hoboken: Taylor and Francis, 2014), map 33.

Not only were the East India Company's reorganisation and the Guinea Company's creation simultaneous, they also had similar structural features. The initiative for their reform and creation, respectively, came from Seignelay. Their patent letters granted them privileges similar to their predecessors.¹⁷³ The Guinea Company, for instance, received the bounty of thirteen *livres* for each enslaved African taken to the West Indies, the same bounty previously granted to West India Company. In exchange for their privileges, the directors committed to supplying 1,000 enslaved Africans to the French West Indies annually.

In the reorganisation of the East India Company, Seignelay created a system in which twelve investors provided four-fifths of the capital. Seignelay named himself the main director, and acted as the link between the Company and Louis XIV.¹⁷⁴ Seignelay chose

¹⁷³ ANOM F2a11: *Déclaration du Roy pour l'établissement d'une compagnie sous le titre de la Compagnie de Guinée*, Paris, 1685, 10.

¹⁷⁴ Kaepelin, *La Compagnie des indes orientales et Francois Martin*, 194–95.

eleven other directors, because they had invested more than 30,000 *livres* and committed to paying back their shares to former shareholders. The rest of the capital came from eighty-eight former shareholders who remained in the company. As for the Guinea Company, Seignelay appointed ten directors. The East India Company's reform occurred at the fourth general assembly in twenty years. The previous assemblies were held in 1664, 1668 and 1675, and frequency did not increase after the reorganisation.¹⁷⁵ Directors mainly called assemblies when capital had to be increased. With Seignelay as executive director, both companies came under the sole direction of the royal government.

In 1701, the King granted the Guinea Company the Spanish Asiento (monopoly of slave supply to Spanish America) and the Company reorganised. Unlike any other chartered company before it, it included both the Spanish King and the French King as shareholders, for one quarter of the total capital each, which amounted to 100,000 *livres*.¹⁷⁶ The Spanish and French king, thus, provided half of the starting capital. The Kings co-invested in this new Asiento Company due to the dynastical link between the two monarchies, forged when late Spanish King Charles II designated Louis XIV's grandson, Philip of Anjou, as heir to the Spanish throne in November 1700.¹⁷⁷ The remaining half of the starting capital was provided by the fifteen newly appointed shareholders of the Company. Although it still functioned under the tight control of minister of the Navy Seignelay, the Company gained some freedom to organise its operations.

While earlier companies had granted licenses allowing private merchants to trade in their area of monopoly in exchange for a tax, the licensing system reached its zenith with the East India Company and the Asiento Company at the beginning of the eighteenth century. Between December 1708 and February 1712, the East India Company signed five contracts with the Saint Malo merchants' partnership, granting them access to the Indian trade. The Company limited these permissions by restricting the number of ships and the license period. The contracts of 1712 and 1714 granted the monopoly and privileges of the Company for two

¹⁷⁵ Philippe Haudrère, 'Les actionnaires de la première Compagnie française des Indes orientales, 1664-1684', in *Les Français dans l'océan Indien (XVIIe-XIXe siècles)*, éd. par Philippe Haudrère (Rennes: Presses universitaires de Rennes, 2014), 35.

¹⁷⁶ ANOM F2a7: Article 28 of the Asiento treaty: "*Comme le traité se fait et s'accorde particulièrement en vue du service que nos majesté très chrétienne et catholique peuvent en recevoir et de l'avantage de leurs finances, il a été réglé que leurs majestés y seront intéressées pour la moitié et chacune d'elles pour un quart, ainsi qu'il a été convenu [...] un million faisant le quart de quatre millions de livres tournois.*"

¹⁷⁷ This included the kingdoms of Castile, Aragon (including Catalonia), Naples and Sicily; the Duchy of Milan, the lands of the Spanish Netherlands corresponding pretty much to present-day Belgium; the entire Spanish empire overseas in the Americas, the Philippines and the coast of North Africa in Rowlands, *Dangerous and Dishonest Men*, 13.

and then ten years, respectively, to a specific partnership of Saint Malo merchants, also referred to as the Saint Malo East India Company.¹⁷⁸ Inside the Saint Malo East India Company, eleven of the nineteen shareholders were from Saint Malo and they owned eighty-five percent of the invested capital. These eleven Malouin shareholders comprised the Saint Malo East India Company's board of directors. It goes without saying that the general quarters of the Saint Malo East India Company were based in Saint Malo.

The last two contracts stated that the Saint Malo East India Company could use the East India Company's infrastructures in India, including the settlements and employees' services overseas. In turn, they paid for the monopoly to trade in India and the use of the East India Company's infrastructures with ten percent of the return profit, a value paid directly to the Company. The Saint Malo merchants kept an agent in Pondicherry from 1717 onwards. Formally, the directors of the East India Company remained in charge of the settlements and personnel in India. In this sense, the Saint Malo East India Company did not replace the East India Company, but superimposed itself onto a pre-existing structure. The main advantage of chartered companies like the French East India Company was that they internalized transaction costs through a vertical integration of the different stages of the commodity chain from France to India.¹⁷⁹ However, the chartered companies' hierarchical structure and centralised decision-making process made them slower to adapt to local market conditions than private merchants.¹⁸⁰ Additionally, the East India Company was not better established in the European commercial networks than port city merchants. Lastly, the need for specialised human capital was harder to fulfil for French chartered companies based in Paris, than for private firms based in port cities.¹⁸¹

The contracts between the East India Company and the Saint Malo merchants appear to have been mutually beneficial. On one hand, the East India Company directors had the security of receiving regular profits without investing in voyages. On the other hand, Saint Malo merchants benefitted from the Company's monopoly and infrastructure overseas, while maintaining the flexibility to respond to the local markets. Saint Malo merchants complemented the weaknesses of the East India Company by using their experience in overseas trade, their Europe-wide network to obtain the necessary commodities and their

¹⁷⁸ André Lespagnol, '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, no. 3 (1979): 430.

¹⁷⁹ Carlos and Nicholas, 'Giants of an Earlier Capitalism', 415.

¹⁸⁰ Sheilagh Ogilvie, *Institutions and European Trade Merchant Guilds, 1000-1800* (Cambridge: Cambridge University Press, 2011), 322.

¹⁸¹ Carlos and Nicholas, 'Giants of an Earlier Capitalism', 410–11.

access to skilled human resources. In turn, the East India Company offered a monopolistic position and an overseas infrastructure to Saint Malo merchants that they would have not have access to otherwise.

Regarding the Bight of Benin, the King abolished the Asiento Company's monopoly in 1713 and opened the trade south of the Sierra Leone River to French private traders from five specific port towns: Nantes, Bordeaux, La Rochelle, Le Havre and Saint Malo. They paid a tax to the king for each enslaved African transported to the French West Indies upon their return to France. The king entrusted the task of collecting the tax to Royal Navy *intendants*, representatives in major port cities. However, private merchants did not always have certificates that declared how many enslaved Africans they had sold and where.¹⁸² The *intendant* in Nantes, Bigot de la Mothe, had to wait for an official list of the enslaved Africans brought to Saint Domingue and Martinique from the colonial administration of the islands before requesting the tax from private merchants. Even then, major Nantes merchants managed to negotiate a thirty-percent discount of their taxes and a delay of payment of three to six months.¹⁸³ The *intendant* complained that the court of admiralty did not enforce the rules strictly enough. The tolerance towards private slave traders reveals the dependence on merchants for the slave supply in the French West Indies.

The trading monopolies in India and on the west coast of Africa south of the Sierra Leone River were finally united under the Company of the Indies in 1719 and 1720.¹⁸⁴ Regarding the trading monopoly on the Bight of Benin, the Company of the Indies followed the same strategies as its predecessors and distributed licenses to private merchants. The Company granted licenses in exchange for a tax of twenty *livres* for each enslaved Africans brought to the French West Indies. Apart from a small interlude between 1723 and 1725, when the Company attempted to keep the exclusive privileges for itself, the trade to Ouidah remained open to licensed private traders.¹⁸⁵ Now that the institutional frame has been discussed, the following section will focus on the directors of these companies.

¹⁸² AN MAR B/3/280, Bigot de la Mothe to the minister of the Navy, 31 March 1722.

¹⁸³ Montaudouin, Delaunay-Montaudouin, Delavolvetiere-Montaudouin, Michel, Groux, Morlay Booseny, Shiell, among others.

¹⁸⁴ ADLA *Chambre de commerce*: C738 document n°26: *Arrest du Conseil d'Etat du Roy qui Accorde et Réunit à perpétuité à la Compagnie des Indes le Privilège Exclusif pour le Commerce de la Côte de Guinée du 27 septembre 1720.*

¹⁸⁵ Haudrère, *La Compagnie française des Indes*, 1: 104-105.

3. Who were the metropolitan directors?

A great majority of the directors of the reorganised East India Company (1685-1719) and the Guinea/Asiento Company (1685-1713) were what contemporaries called financiers. Unlike the current understanding of the term, early modern French financiers handled the revenues of the French state.¹⁸⁶ The name comes from the fact that they not only collected revenues, but also provided the king with credit.¹⁸⁷ They were therefore crucial to the function of the monarchy's financial and fiscal system. The dual fiscal and financial characteristics were intrinsic to the term financier, which therefore will be used throughout this work. Financiers were primarily revenue collectors; as John Francis Bosher notes, "*they collected, invested or managed royal funds.*"¹⁸⁸ The monarchy's indirect revenues consisted of taxes on the consumption and circulation of products like *gabelles*, *aides* and *traites*.¹⁸⁹ The monarchy farmed out these taxes, together with the royal domain revenues, through the centralised institution of the *Ferme Générale*, or General Farm. Estimates place the percentage of crown's revenues originating from the general farms at fifty-four percent in 1685, fifty-one percent a decade later and forty-seven percent in 1739.¹⁹⁰ To become a *fermier général*, one had to enjoy the favour of the king or benefit from a powerful network of connections, either at court or among the ministers.¹⁹¹ Direct revenues such as the *taille* were collected by venal office holders called *receveurs*, or receivers. The *receveur général* collected the money from the receivers and transferred it to the royal treasury or kept it available for the royal administration in the provinces.¹⁹² This system also relied on *receveurs*' capacity to advance money to the king. The last type of financiers was the *traitant*, or contractor, who administered the revenues of the *affaires extraordinaires*. Among these extraordinary revenues, the money raised from the selling of offices was the most important source of income and the preferred activity of the contractors.¹⁹³ According to Guy Rowlands, of all the European countries, this phenomenon was most widespread in France. Individuals found

¹⁸⁶ Yves Durand, *Les fermiers généraux au XVIIIe siècle* (Paris: Presses universitaires de France, 1971), 64.

¹⁸⁷ Daniel Dessert, *Argent, pouvoir et société au Grand Siècle* (Paris: Fayard, 1984), 719.

¹⁸⁸ John Francis Bosher, 'Chambres de Justice in the French Monarchy', in *French Government and Society 1500-1850: Essays in Memory of Alfred Cobban*, ed. Alfred Cobban and John Francis Bosher (London: Athlone Press, 1973), 23.

¹⁸⁹ Dessert, *Argent, pouvoir et société au Grand Siècle*, 17.

¹⁹⁰ Durand, *Les fermiers généraux au XVIIIe siècle*, 75.

¹⁹¹ Durand, 78–115.

¹⁹² Rowlands, *Dangerous and Dishonest Men*, 24.

¹⁹³ Dessert, *Argent, pouvoir et société au Grand Siècle*, 25. Françoise Bayard, *Le monde des financiers au XVIIIe siècle*, Nouvelle bibliothèque scientifique. (Paris: Flammarion, 1988), 167.

offices attractive due to the privileges they offered, such as tax exemptions, social status or profit margin.¹⁹⁴

Aside from their role as tax collectors, financiers provided short-term loans to the crown.¹⁹⁵ In order to offer the necessary credit for the monarchy's expenses, financiers would either use the surplus collected money or make a loan themselves. Their personal access to credit was secured, in turn, by the public knowledge of their link to the crown, either through a contract or by holding an office.¹⁹⁶ In short, at the close of the seventeenth and beginning of the eighteenth century, individuals called financiers were either *officiers comptables*, or receivers and receivers general, or general farmers and contractors involved in the monarchy's revenue collection. The crown's budget and power depended on their loans.¹⁹⁷ The vast majority of them, even general farmers, held an office at some point during their life, mostly receivers of finance but also secretaries of state.¹⁹⁸ Another important characteristic of financiers under Louis XIV was that, according to Dessert's estimates, half of them were ennobled while in office, mainly as secretary of the king.

The majority of the East India Company and Guinea-Asiento Company directors built their career within the hierarchy of office-holders. Among the financiers who appear in the records of both the East India Company and the Guinea Company, Hugues Mathé de Vitry la Ville began his career as Champagne's receiver of finance and then took on a chancellery office, while Robert Parent acted as a receiver of finance for the marquisate of Louvois before he became general farmer in 1693.¹⁹⁹ Among the directors of the Guinea Company (1685-1701), Bertrand Ruau-Palu started as councillor in the bailiwick of Tours and rose to a general farmer in 1674. Similarly, Louis Carrel began as a clerk of finance and became receiver general of finances for Paris, and Jean-Baptiste de Lagny des Bugaudières started as controller of the *fermes de traites* in Dunkirk and was then promoted to a general farmer in 1680. Additionally, Claude Dumas started as lawyer at the parliament of Paris and became general farmer in 1692, while Jean Gayardon was a receiver general of finance in Soissons and became general farmer of the domains and the *gabelles*.²⁰⁰

¹⁹⁴ Rowlands, *Dangerous and Dishonest Men*, 23.

¹⁹⁵ Dessert, *Argent, pouvoir et société au Grand Siècle*, 24. For long term debt the crown relied on annuities called *rentes*.

¹⁹⁶ Rowlands, *Dangerous and Dishonest Men*, 28.

¹⁹⁷ Dessert, *Argent, pouvoir et société au Grand Siècle*, 78.

¹⁹⁸ Daniel Dessert estimated the number of financiers holding an office to eight tens among which half held an *office comptable* under Louis XIV. Dessert, 90.

¹⁹⁹ Dessert, 579-580; 588-589; 643-644; 662-663.

²⁰⁰ Dessert, 552; 586-587; 615; 661-662.

As for the directors of the East India Company (1685-1719), Nicolas de Frémont was clerk of the *chambre des comptes* of Montpellier and became the guard of the royal treasury in 1689, and Louis Philippe Desvieux began his career as lawyer and progressed to become one of the king's secretaries. Regarding the individuals who were directors of both the East India Company and the Asiento Company (1701-1713), Moise Augustin Fontanieu started as a bank teller of the banker Antoine Crozat in Toulouse and became general treasurer of the Navy and general controller of the crown's chattels in 1711, while Etienne Landais inherited the office of treasurer of artillery.²⁰¹ Among their fellow investors in the Asiento Company, Vincent Mayon acted as lawyer at the parliament of Paris before he became farmer general from 1691 to 1717.²⁰² Pierre Thomé and Samuel Bernard both worked as bankers in Paris, the first became farmer general in 1691 and the latter the official banker to the king and secretary of the king.²⁰³ Some directors were exceptions to the general rule, such as Jean-Baptiste Du Casse, who was not a financier and made his career through the Navy.²⁰⁴

Last but not least, some directors of the Asiento Company also took part in the East India Company sub-contract with the Saint Malo merchants. The aforementioned Fontanieu held shares in the Saint Malo sub-contract and Antoine Crozat was one of the directors of the Saint Malo East India Company.²⁰⁵ The latter started as banker in Toulouse and became the King's general treasurer.²⁰⁶ Among the directors of the companies operating in India and on the Guinea Coast, only three were born to noble families: the Vitry-la-Ville and de Frémont families were members of the nobility since the early sixteenth century at least, however, for Gayardon the origin of his nobility is unclear.²⁰⁷

²⁰¹ Dessert, 575; 586-588; 618.. Thierry Claeys, *Dictionnaire biographique des financiers en France au XVIIIe siècle* (Paris: SPM, 2011), 900.

²⁰² Dessert, *Argent, pouvoir et société au Grand Siècle*, 628; 645. Claeys, *Dictionnaire biographique des financiers*, 573.

²⁰³ Dessert, *Argent, pouvoir et société au Grand Siècle*, 532; 697. They were involved in remittances for the King: Thomé to Lyon and Bernard abroad. About Samuel Bernard see Rowlands, *Dangerous and Dishonest Men*.

²⁰⁴ Philippe Hrodej, *L'amiral Du Casse: l'élévation d'un Gascon sous Louis XIV*, vol. 2 (Paris: Librairie de l'Inde, 1999), 661.

²⁰⁵ André Lespagnol, *Messieurs de Saint-Malo: Une élite négociante au temps de Louis XIV* (Rennes: Presses universitaires de Rennes, 1997), 672.

²⁰⁶ Dessert, *Argent, pouvoir et société au Grand Siècle*, 565-66. Claeys, *Dictionnaire biographique des financiers*, 576.

²⁰⁷ Dessert, *Argent, pouvoir et société au Grand Siècle*, 587-88. The complete genealogy of Vitry-la-Ville is given in A.N. E 436 A f°424, 5 February 1671.

Figure 1.2. Table of the directors of the Guinea/Asiento and East India Companies (1685-1719)

Guinea (1685-1701)	East India (1685-1701)	Asiento (1701-13)	East India (1701-19)	Saint Malo sub-contract (1714-19)
Carrel	Céberet	Bernard	Bercy	Directors
Céberet	Delisle	Crozat	Champigny	Beauvais Le Fer
Dumas	Desvieux	Doublet	Chaperon	Crozat
Gayardon	de Frémont	Du Casse	Desvieux	De Carman Eon
de Lagny	Le Brun	Fontanieu	Dodun	De La Chappelle M.
Parent	Morel de Boistiroux	Foucherolles	Fontanieu	Du Colombier Gris
Rolland	Parent	Jongleur	Hébert	Du Fougeray Nouail
Ruau du Palu	Pocquelin	Landaïs	Helissant	Duval Baude
Seignelay	Seignelay	Legendre	de Lagny (son)	Gaubert
Vitry-la-Ville	Soullet	Mayon	Landaïs	La Saudre Le Fer
	Tardif	Pontchartrain	Lefebvre	Locquet de Grandville
	Vitry-la-Ville	Ponthon	Mercier	Magon de la Balue
		Rasle	Peletier	Magon de la Lande
		Saupin	Peyronnie	Shareholders (selection)
		Thomé	Pontchartrain	Fontanieu
		Vanolles	Sandrieu	Hardancourt
			Soullet	Jourdan de la Salle
			Tardif	Tardif

Sources: ANOM F2a7, Acte de Société, 26 March 1702 ; List of the directors and their investments in Dernis, *Recueil ou collection des titres, édits, déclarations, arrêts, réglemens et autres pièces concernant la Compagnie des Indes orientales établie au mois d'août 1664* (Paris, 1755), 1: 439.; ANOM F2a11, Guinea Company directors, 9 July 1701; Directors and shareholders are listed in ANOM C2 9, general assembly, 24 January 1702; Morel de Boistiroux was replaced by de Lagny after his death in Paul Kaepelin, *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), 193. The list of directors and shareholders of the Saint Malo Company in André Lespagnol, *Messieurs de Saint-Malo: Une élite négociante au temps de Louis XIV* (Rennes: Presses universitaires de Rennes, 1997), 672.

CHAPTER 1: WHEN PRINCIPALS BECOME AGENTS

4. Upward social mobility and the Chamber of Justice

Could investment in chartered companies, even if it appeared unprofitable, enable one to access a higher social position in French early modern society? Even if a minority of financiers already had titles, their future contracts and career relied on their relationship with the king and his ministers. The king needed financiers to manage revenue, but they depended on him to rise in the fisco-financial system.²⁰⁸ Three different types of individuals could access the prestigious positions in the French financial hierarchy, such as farmer general or receiver general: financiers who achieved an outstanding career, beneficiaries of the king's protection and lastly, the *enrichis* who made their fortune in banking, commerce or overseas trade.²⁰⁹ Vitry-la-Ville, for instance, could hope for a promotion as tax farmer, if he followed the example of his fellow Guinea Company investor, Bertrand Palu du Ruau, who was rewarded with a position of general farmer in 1674 for his service overseas as a director of the West India Company.²¹⁰ Furthermore, financiers depended on these royal contracts to further enhance their credit and, therefore, borrow capital to supply the king.²¹¹ For this reason, they had to, at times, take on relatively unprofitable contracts in order to gain access to privileges.

However, it was the wealth rather than dubious investment that offered possibilities of ennoblement. It comes with no surprise that the two wealthiest bankers of Louis XIV's time – Samuel Bernard and Antoine Crozat – were granted nobility titles. Bernard was awarded with nobility in 1699, as well as the title of *chevalier de l'Ordre de Saint Michel* in 1702.²¹² In the case of Crozat, the profit he made in France and abroad facilitated his social ascension. His wealth enabled him to lend three million *livres* to the King in 1715 without interest and obtain, in return, the office of great treasurer of the *Ordre du Saint Esprit*.²¹³ This ascendancy was the supreme ambition of members of the high aristocracy in France.²¹⁴ He became the marquis of Chatel in 1714, and Moÿ in 1722.²¹⁵ However, such careers do not represent the

²⁰⁸ Herbert Lüthy, *La banque protestante en France de la révocation de l'Edit de Nantes à la Révolution* (Paris: SEVPEN, 1959), 1: 109.

²⁰⁹ Thierry Claeys, *Les institutions financières en France au XVIIIe siècle* (Paris: SPM, 2011), 108.

²¹⁰ Dessert, *Argent, pouvoir et société au Grand Siècle*, 661–62.

²¹¹ Rowlands, *Dangerous and Dishonest Men*, 28.

²¹² Dessert, *Argent, pouvoir et société au Grand Siècle*, 645.

²¹³ Roman d'Amat, *Dictionnaire de biographie française*, vol. 9 (Paris: Letouzey et Ané, 1961), col. 1310. 'Liste alphabétique des noms des chevaliers reçus et non reçus, des officiers commandeurs et des officiers non commandeurs de l'ordre du Saint-Esprit', *Annuaire-bulletin de la Société de l'histoire de France*, no. 2 (1863): 162.

²¹⁴ The importance he attached to the belonging of the order is noticeable in the most famous portray made of him where he proudly wears the chain of the order. Portrait d'Antoine Crozat (1655-1738), portant le collier de l'Ordre du Saint-Esprit by Alexis Simon Belle, Musée national du château de Versailles.

²¹⁵ Claeys, *Dictionnaire biographique des financiers*, 572.

majority of the metropolitan directors investing companies operating in Pondicherry and Ouidah.

Investments in overseas companies are difficult to disentangle from the other investments financiers used to build their career and acquire nobility or other honorific titles. For instance, by closely analysing the other activities of the directors, it appears that many of them were contractors for the provisioning of Louis XIV's armies. Vitry-la-Ville, Parent, Pallu du Ruau and Dumas were contractors for the provisioning of the armies and the navy.²¹⁶ In the next generation of shareholders, Mayon, Bernard, Thomé and Legendre also provisioned the armies, mainly during the Nine Years' War (1688-1697).²¹⁷ Lastly, Crozat was *munitionnaire des guerres* at the beginning of the War of the Spanish Succession (1701-1713) under the name of Narcis.²¹⁸ Therefore, it is hazardous to conclude that the financiers' careers and ties of patronage with the king and his ministers relied on their investment in the companies alone. Rather, their investment in chartered companies is one of the many contracts and investments in the French financial system that could boost their professional success.

The financiers' ties to the king and his ministers were a double-edged sword. The king held the power to start an investigation into their management of the crown's funds, through the exceptional institution called "*Chambre de Justice*." The Chamber of Justice was a "*sovereign tribunal or commission of the Royal Council temporarily established to search out those who have embezzled royal funds.*"²¹⁹ It first appeared in the sixteenth century and took place four times over the next century; the crown announced two additional chambers in the first half of the seventeenth century, although these were never put into practice.²²⁰ A Chamber of Justice took place at the beginning of Louis XIV's personal reign, in 1661, and another after his death, in 1716.²²¹

Since all financiers were involved in tax collection for the king, he was entitled, through the Chamber of Justice, to ask financiers to show their account books. This was problematic not only for their prospective embezzling activities, but primarily because their

²¹⁶ Dessert, *Argent, pouvoir et société au Grand Siècle*, 643-644; 662-663. Parent made sixteen treaties during the Nine Years' War.

²¹⁷ Dessert, 532; 628; 645; 697.

²¹⁸ Claeys, *Dictionnaire biographique des financiers*, 576.

²¹⁹ *Encyclopédie méthodique: Jurisprudence*, vol. 2 (Paris: Panckoucke, 1783), 436. Cited in Bosher, 'Chambres de Justice', 20.

²²⁰ Bosher, 'Chambres de Justice', 22.

²²¹ More about the Chamber of Justice of 1661 in Daniel Dessert, 'Finances et société au XVIIe siècle : à propos de la chambre de justice de 1661', *Annales. Économies, Sociétés, Civilisations* 29, no. 4 (1974): 847-82.

books contained their state of solvency. Since financiers provided short-term loans to the king, they borrowed from each other and relied on the public knowledge of their contract with the crown to ensure their creditworthiness. However, open insolvency could lead to a whole chain of bankruptcies.²²² Aside from this major problem, the examination of a financier's account books would inevitably lead to a condemnation of the financier.²²³ Despite the fact that some benefitted from exemptions because of their direct relationship with the great noble families, many considered the Chamber of Justice to be the Louis XIV's most impressive weapon against his creditors.²²⁴ Indeed, every Chamber of Justice enabled the crown to cancel part of its debts and revoke some of the numerous venal offices. As Boshier pointed out, the Chamber of Justice was a "*royal business institution disguised as a court law*."²²⁵ It was, in effect, a financial and political institution and a mean to enact political purges.

Even if its arbitrary character has been contested by some historians recently, it is clear that the chamber could be a tool to force financiers into investing in chartered companies.²²⁶ Colbert used this strategy to find shareholders for the West India Company during its creation in 1664. The crown tax-farmed the collection of fines owed by those sentenced in the Chamber of Justice to financier Pierre de Champagne. The contract made with Pierre de Champagne stated that in addition to their fine, the sentenced financiers had to invest two million *livres* in the West India Company.²²⁷ In total, eleven percent of the company's investors were financiers sentenced at the Chamber of Justice. With this statistic in mind, did later chambers of justice also coerce financiers into investing in overseas companies?

The crown had used the announcement of an upcoming Chamber of Justice as a threat in the past, however, there is no historical evidence that such an announcement was made between 1661 and the last Chamber of Justice in 1716. The threat could have been made informally; to use Herbert Lüthy's words: "*it was enough to discreetly raise the threat of a Chamber of Justice*."²²⁸ However, this remains highly hypothetical. It is even more difficult to assess what role these threats played in financiers' investments in the chartered companies. What can be stated with certainty, however, is that, owning shares and serving as directors in

²²² Rowlands, *Dangerous and Dishonest Men*, 25.

²²³ Boshier, 'Chambres de Justice', 36.

²²⁴ Boshier, 27.

²²⁵ Boshier, 31.

²²⁶ For a reappraisal of the chamber of justice see: Erik Goldner, 'Corruption on Trial: Money, Power, and Punishment in France's "Chambre de Justice" of 1716', *Crime, Histoire & Sociétés / Crime, History & Societies* 17, no. 1 (2013): 5–28.

²²⁷ Dessert and Journet, 'Le lobby Colbert: un royaume ou une affaire de famille?', 1317.

²²⁸ "[...] et en dernière instance il suffisait de soulever discrètement la menace d'une chambre de justice [...] pour amener les plus récalcitrants à plus de compréhension" in Lüthy, *La banque protestante en France*, 1: 109.

multiple overseas companies did not protect financiers from being fined at the Chamber of Justice in 1716. Indeed, Landais, de Lagny, Mayon, Ponthon, Fontanieu and Crozat were all sentenced by the Chamber of Justice.²²⁹ They had all been directors of the Asiento Company and all were directors or shareholders of multiple other overseas companies (see figure 1.2 and 1.3). Interestingly, the Chamber of Justice of 1716 allowed some financiers with shares in overseas companies to pay their fine in company shares. The Chamber of Justice condemned Crozat to the highest fine, 6,600,000 *livres*, which an edict halved in 1718 and was entirely paid in shares of the Mississippi Company.²³⁰ Historians should not underestimate or disregard the Chamber of Justice as a method to apply pressure. Yet, asking how the minister of the Navy pressured his entourage into investing in “his” companies will only reinforce the limited, traditional narrative of an almighty minister of the Navy, who was able to force financiers into overseas enterprises.

It is essential to contextualise the financiers’ investment in chartered companies within the fiscal-financial system in which they took part. Opportunities for upward social mobility inside the hierarchical system do not explain why many shareholders invested in not one, but multiple “unprofitable” companies. Among the directors of the Guinea Company, Vitry-la-Ville held shares in the East India Company, the tax farm of Canada and the *Compagnie du Bastion de France*. Parent was a director of the reorganised East India Company (1685) and Carrel was a tax farmer for the *Domaine d’Occident*. Dumas invested in the first East India Company (1664) and the Senegal Company, as well as the tax farm of Canada, and Pallu du Ruau served as a director of the West India Company. Among the directors of the East India Company reorganised in 1685, de Frémont took part in the West India Company and invested in the *Compagnie du Nord*, Fontanieu invested in the Asiento Company as well as the sub-contract of the Saint Malo East India Company.

Figure 1.3. Table of the shareholders of the Asiento Company and their investments in the Saint Domingue Company and the Royal South Sea Company.

Asiento Cie (1701)	St Domingue Cie (1698)	South Sea Cie (1698)
Crozat	Crozat	Crozat
Fontanieu		
Legendre		Legendre

²²⁹ BNF ms. fr. 7584, “Déclarations des personnes sujettes à la chambre de justice de 1716” f°17; 20; 104; AN E//937/A f°189, arrêt du conseil d’État, 12 November and Claeys, *Dictionnaire biographique des financiers*, 576–77.

²³⁰ Claeys, 576–77.

Bernard	Bernard	Bernard
Mayon	Mayon	
Thomé	Thomé	
Vanolles	Vanolles	Vanolles
Du Casse	Du Casse	
Jongleur		
Ponthon		
Doublet		
Landais	Landais	
Saupin		
Foucherolles		

Source: ANOM F2a7, 28 mars 1702: *Acte de société* and Jacob M. Price, *France and the Chesapeake: A History of the French Tobacco Monopoly, 1674-1791*, vol. 1 (Ann Arbor: The University of Michigan Press, 1971), 55.

By taking part in the Asiento Company, Fontanieu joined the core of an interest group led by Crozat. Indeed, the Asiento Company, the tobacco farm (1697) and the Saint Domingue Company (1698) were one and the same interest group.²³¹ The *Compagnie Royale de la mer du sud*, or South Sea Company (1698) can be included in this portfolio (fig. 1.3.).²³² Additionally, Landais and Fontanieu were among the East India Company investors. By 1701, Landais had shares in the *Compagnie de Chine*, led by the Malouin merchant Danycan de L'Épine, and Fontanieu had shares in the Saint Malo East India Company sub-contract in 1714 (fig. 1.2.). Lastly, Crozat was director of the same Saint Malo sub-contract, in addition to his monopoly over Louisiana.

Were these multiple investments motivated exclusively by the potential for social progress within the fiscal-financial system? It is more likely that financiers expected to make a profit in these companies. Incentives linked to an investment's profitability do not exclude additional motivation in the form of potential social upward mobility; both incentives complement each other, as an investment in royal revenue collection.²³³ In the case of the

²³¹ Jacob M. Price, *France and the Chesapeake: A History of the French Tobacco Monopoly, 1674-1791*, vol. 1 (Ann Arbor: The University of Michigan Press, 1971), 55. Additionally when Pontchartrain writes to the directors regularly calls them “the directors of the Asiento and Saint Domingue Companies.” ANOM B//28 f°17, letter of Pontchartrain to Bernard, 3 March 1706 and f°36, letter of Pontchartrain to Bernard, 7 April 1706.

²³² The South Sea Company was merged with the China Company in 1701, see: Haudrière, *La Compagnie française des Indes au XVIIIe siècle*, 1:27.

²³³ Boshier, ‘Chambres de Justice’, 23.

chartered companies, however, historians have failed to acknowledge the potential profitability of the financiers' investment.

5. Safe investment? Institutional factors

Despite royal control, the chartered companies under scrutiny possessed attractive factors for investors. First, companies benefitted from access to the royal treasury for its capital. In the case of the East India Company, the royal contribution was supposed to be three million *livres* and was increased to four and a half million *livres*.²³⁴ Second, the Company enjoyed the support of the Royal Navy. The East India Company, for instance, made use of thirty-nine Royal Navy ships.²³⁵ Could chartered companies have been a safe investment, where shareholders and directors profited from royal support and enjoyed dividends—even if irregular and arbitrary—while benefitting from institutional advantages inspired by the Dutch East India Company joint-stock model? Historians have acknowledged the irregular and deeply arbitrary nature of the distribution of dividends in the French chartered companies. Indeed, the dividends were rarely in sync with the profits of the companies.²³⁶ Nevertheless, there were dividends and if the companies respected the protection of investors and directors, the companies could appear as a safe and even profitable investment. What were these rights and were they respected? This section analyses French overseas companies operating on the Bight of Benin and in India between 1685 and 1718 in detail, by investigating the institutional factors that framed these companies, such as limited liability, entity shielding and transferability of shares.

First generation (1685-1701)

When a chartered company failed, what happened to the directors and shareholders? Did the king's control over the companies make it a safer investment? To answer these questions, it is relevant to analyse the arc of first companies, which could have set a precedent in the minds of future investors. This section begins with an examination of Colbert's West India Company, which was declared bankrupt in 1674, before moving on to the Guinea/Asiento companies and East India companies that are at the core of this research.

²³⁴ Haudrère, *La Compagnie française des Indes*, 1:26.

²³⁵ Haudrère, 1:26.

²³⁶ In 20 years the shareholders received 35% of their invested capital. Their shares can be traded but at a much lower price than their nominal value in Haudrère, 'Les actionnaires de la première Compagnie française des Indes', 35.

The cessation of the West India Company was officially implemented ten years after its creation, in 1674, even though it had already stopped all activities two years prior.²³⁷ Louis XIV appointed his councillors and a former director of the company to administrate the process of liquidation. The King took full responsibility for all debts. These debts encompassed the capital invested, the dividends of the shares and “*other debts*.”²³⁸ In order to pay the Company’s debt, the King resorted to farming out the right to collect taxes and duties in the French West Indies and New France, which became the *Domaine d’Occident*. The tax-farmer in the *Domaine d’Occident* paid 350,000 *livres* to the King annually, who kept 150,000 *livres* for the Company’s debts.²³⁹ Article five of the West India Company’s patent letter guaranteed the protection of the director’s personal property from creditors of the Company.²⁴⁰ The fact that the King took full responsibility for the debt meant that the Company could respect the limited liability of shareholders and directors.

As for the East India Company, article twelve of the charter provided the same limited liability to shareholders.²⁴¹ Additionally, one of the first articles guaranteed the shareholders that “*no directors or shareholders would be forced to provide any funds beyond the capital they already invested in the Company at its creation.*”²⁴² However, the Company suffered financial difficulties as early as 1671 and, for the first time in seven years, Colbert held a general assembly with the directors to seek more funds in 1675. By then, the King had invested four million *livres* in the East India Company and Colbert asked shareholders to increase capital to at least 8,000 *livres* each. The assets of the Company were conveyed in an optimistic light to keep the trust and credit of the shareholders. In 1682, Colbert resorted, out of necessity, to opening the trade to private merchants through licenses issued by the Company. Colbert limited the opening of the trade to a period of five years and stipulated that

²³⁷ Mims, *Colbert’s West India Policy*, 176.

²³⁸ BNF Conseil d’Etat, n°891, 22 February 1685: *Arrêt du conseil d’État qui ordonne que les Srs Morel de Boistiroux et Mesnager*, 4-5: “*Tant au payement des interests des actions, qu’au remboursement des pertes souffertes par les interessés sur la vente des sucres et effets qui leur ont esté cédé pour le payment du capital de leurs actions et autres dettes*”.

²³⁹ BNF Conseil d’Etat, n°891, 22 February 1685: *Arrêt du conseil d’État qui ordonne que les Srs Morel de Boistiroux et Mesnager, directeurs du domaine d’Occident*.

²⁴⁰ BNF Collection des actes royaux, n°767, *Déclarations du Roy l’une, portant établissement d’une compagnie pour le commerce des Indes Orientales*. Article 5.

²⁴¹ BNF collection des actes royaux n°756, *Edit ... pour l’établissement de la Compagnie des Indes occidentales*. Article 12.

²⁴² BNF collection des actes royaux n°767, *Déclarations du Roy l’une, portant établissement d’une compagnie pour le commerce des Indes Orientales*. 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*”.

merchants used the Company's ships.²⁴³ The fact that the shareholders were asked to increase their investment, despite the second article of the patent letter, and the fact that the decision to open the trade to private traders came from the minister of the Navy demonstrates that the first East India Company did not prioritise shareholders' and directors' rights.

The appointment of Colbert's son, Seignelay, as the new minister of the Navy made the link between the Company and the government even clearer. The financial state of the Company had worsened and private traders had played an essential role in financing the latest expedition to India in 1684. Furthermore, the Company's trading post at Surat in Gujarat was deeply in debt to local merchants and authorities. Seignelay asked all shareholders to increase their share by one-fourth or they would be dismissed from the company with only a fourth of their investment repaid to them. Only one-eighth of the shareholders accepted this request. Seignelay must have counted on this definitive refusal, because he declared that the company had to be reorganised into a new structure. Kaeppelin qualified this process as an informal liquidation of the Company.²⁴⁴ Once again, the Company neglected the rights of shareholders.

Regarding the Guinea Company shareholders' rights, the creation of the Company itself illustrates Seignelay's arbitrary attitude toward proprietary rights. Contextually, the Guinea Company's creation was part of a larger financial scheme that pitted the Senegal Company interest group against another group of financiers who sought access to both the west coast of Africa and the tax farm of the *Domaine d'Occident*. According to Abdoulaye Ly, holding monopoly to the West African trade and the tax farm of the *Domaine d'Occident* would have enabled either syndicate to rig the accounts, embellish the number of enslaved Africans deported to the French West Indies and claim more bounties, at thirteen *livres* per enslaved African.²⁴⁵ The privileges of the Senegal Company included, after 1681, the monopoly of trade on the whole of West Africa for twenty-three years, which corresponded to the remaining years of the exclusive privilege initially granted to the West India Company in 1664. The King claimed a breach in contract, as the Senegal Company did not deliver the number of enslaved Africans it promised. Despite the strong opposition of the Senegal Company directors, the King granted the other group of financiers, also chosen by the King, access to half of the region under the Senegal Company monopoly, from the Sierra Leone River to the Cape of Good Hope.²⁴⁶ With the trade in West Africa split between the two

²⁴³ Kaeppelin, *La Compagnie des indes orientales et Francois Martin*, 129–34.

²⁴⁴ Kaeppelin, 140–46.

²⁴⁵ Ly, *L'évolution du commerce français d'Afrique noire dans le dernier quart du XVIIe siècle*, 185.

²⁴⁶ Ly, 189–90.

interest groups, by 1687 the *Domaine d'Occident* was allocated, together with the *gabelles* and tobacco farms, to a different financier called Pierre Domergue.²⁴⁷

In neither the East India Company's reorganisation nor the creation of the Guinea Company, was the limited liability of shareholders and directors at stake. However, there was no benefit in limited liability if the King allowed the minister of the Navy to arbitrarily ask for more funds to the directors and shareholders, under penalty of being excluded from the Company. The shareholders' rights, specified in the East India Company's charter in 1664, particularly article two, and in the charter of the Senegal Company in 1681, were not respected. The manner in which Seignelay reorganised the East India Company and founded the Guinea Company did not bode well for the rights of shareholders. Yet two of them, Vitry-la-Ville and Parent, invested in both companies in 1685. On an institutional level, were there benefits in investing in these companies?

Vitry-la-Ville was director of both the East India Company and Guinea Company. In the former, he invested 238,000 *livres*: 60,000 *livres* in his name and the rest in the name of his associates.²⁴⁸ In the latter, he invested 4,000 *livres*, as stated in his inventory.²⁴⁹ In 1687, Vitry-la-Ville was declared bankrupt. The East India Company's charter guaranteed the protection of its stocks: "*the assets of the Company cannot be seized by the creditors of any shareholders for personal debts.*"²⁵⁰ Rules protecting the companies' assets against directors' personal creditors are defined as entity shielding.²⁵¹ However, no later than July 1687, Vitry-la-Ville's major creditors asked the King to pay back the "*assets of Mathé de Vitry-la-Ville in the East India Company and Canada Domains.*"²⁵² Simultaneously, Vitry-la-Ville also owed money to the King, and the aforementioned assets were intended to serve as repayment of these debts, which led to a conflict of interest between the creditors and the King.²⁵³

The King's solution to this conflict was that private creditors were to have priority in reimbursement, with the value of the assets of Vitry-la-Ville in the East India Company and in

²⁴⁷ BNF *Bail des gabelles, droits de sortie et d'entrée, tabac, domaine d'Occident et autres droits y joints fait à Pierre Domergue le 18 mars 1687*, Paris, 1691.

²⁴⁸ ANOM C2 6 f°46, *Etat de la répartition* 1687.

²⁴⁹ AN MC//ET/CV/915, *Direction de Vitry la Ville*, 24 March 1787.

²⁵⁰ BNF Collection des actes royaux n° 767, *Déclarations du Roy l'une, portant établissement d'une compagnie pour le commerce des Indes Orientales*. Article 22: "*Ne pourront estre saisis les effets de ladite Compagnie par les créanciers d'aucuns des intéressés pour raison de leurs particulières*".

²⁵¹ Giuseppe Dari-Mattiacci et al., 'The Emergence of the Corporate Form', *CEPR Discussion Paper*, no. DP11062 (January 2016): 7.

²⁵² AN E//569/A f°93 and f°102, *arrêt du conseil d'État*, 5 July 1687.

²⁵³ AN E//673/A f°155, *arrêt du conseil d'État*, 4 March 1698.

the tax farm of Canada; the payment was supposedly made in 1702.²⁵⁴ Since there was no clear rule regarding reimbursement priorities in the case of debts, in this instance, the priority given to private creditors over the King has to be placed in the context of mutual dependency, which characterised the relationship between the King and his financiers. Financiers' private creditors were often financiers themselves, and the King, who depended on them for his future credit, may have chosen to give them priority in order to negotiate a further loan.²⁵⁵ The shares of Vitry-la-Ville in the East India Company did not benefit from any protection, as both his creditors and the King asked to be paid back with these shares. The rules regarding the Company assets' entity shield were not put in practice.

Similarly, article four of the charter of the Guinea Company stated that "*the assets of the company, or the capital invested in them or its profits cannot under any circumstances be seized for our [the king's] affairs; and in case of seizure made on the request of private creditors of one of the shareholders, the decisions will be in the hands of the general treasurer of the company depending on the general assembly where the repartition of the shares will be decided among the associates.*"²⁵⁶ Despite the fact that the patent letters were theoretical, and practice rarely followed the theory, the case appears to have been different regarding entity shielding. In 1706, nearly twenty years after his bankruptcy, one of Vitry-la-Ville's creditors asked the King to pay him with Guinea Company shares – estimated at 4,000 *livres* in his inventory. The creditor was Claude Alexandre Voullan, who bought out Vitry-la-Ville's last debts to the King in 1700 and expected to be rewarded for having done so. Disappointed, Voullan asked to be reimbursed with the assets owed to Vitry-la-Ville by the Guinea Company. Voullan understood the rules protecting the assets he asked for: "*the fund that Mathé de Vitry-la-Ville in the former company [Guinea Company] on which there cannot be any privileged creditor.*"²⁵⁷ The King's answer does not give a clear idea of what happened to these shares; he replied that he would let the creditor know in a month.

The King and the minister of the Navy did not respect the protection of the Company's stock against creditors of the shareholders and directors consistently enough for this to be an

²⁵⁴ AN E//649/A f°225, *arrêt du conseil d'État*, 17 March 1696; E//738 B - 739 A f°108, *arrêt du conseil d'État*, 27 November 1703.

²⁵⁵ Rowlands, *Dangerous and Dishonest Men*, 25.

²⁵⁶ ANOM F2a11, *Déclaration pour l'établissement de la compagnie de Guinée* 1685, 7: "*Ne pourront les effets de ladite Compagnie, ni le fonds des intéressés en icelle, tant en principal que profits, estre saisis pour nos deniers et affaires, ni sous quelque autre prétexte que ce soit [...] en cas de saisies et arrests qui pourroient ester faites à la requeste des Créanciers particuliers d'aucuns des intéressés, elles tiendront entre les mains du Caissier general de ladite Compagnie*".

²⁵⁷ AN E//775/B f°155, *arrêt du conseil d'État*, 28 December 1706: "*fond que le sr Mathé a eu dans la dite ancienne compagnie sur lequel fond il n'y ny ne peut avoir aucun créancier privilégié*".

incentive for investors. This is evident in Vitry-la-Ville's investments; Vitry-la-Ville owned considerably more shares, a value of 250,000 *livres*, in the East India Company, which did not respect the clause regarding entity shielding, than in the Guinea Company, where his shares valued 4,000 *livres*.

The last factor that could have played a role in financiers' investment strategies was the transferability of shares they owned in companies. The transferability of shares enabled shareholders to use them as a replacement for invested money.²⁵⁸ Given the scarcity of monetary stock in early modern Europe, the ability to trade shares could have attracted directors.²⁵⁹ The charter of the West India Company (1664) had an article guaranteeing the transferability of shares: "*the shareholders of the Company can sell, give and transport their shares to whom and how they see fit.*"²⁶⁰ However, the clause cannot be found in the charter of its successor, the Guinea Company of 1685. Strangely enough, the first East India Company's charter, written in the same year as the West India Company and sharing most of its clauses, does not include any article about transferability. Nevertheless, in Vitry-la-Ville's inventory, some of his East India Company shares amounting to 30,000 *livres* each were "*engagées*" to Rolland, a fellow company member to whom he owed 20,000 *livres*.²⁶¹ Could the value of these shares have been used as collateral? The evidence is not strong enough to make it a major investment incentive.

Second generation (1701-1718)

The reorganisation of the East India Company in 1685 did not stop the company's downfall. It was in such dire straits by 1702 that the King offered to lend 850,000 *livres* on the condition that the shareholders would increase their share by fifty percent.²⁶² Once again, the King breached article two of the East India Company charter, which guaranteed that shareholders would not be forced to increase their capital. Furthermore, when a director died, as happened with de Lagny, his son and his widow had to pay the additional fifty percent to the Company's capital.²⁶³ By 1708, the directors of the East India Company were desperate to

²⁵⁸ Dari-Mattiacci et al., 'The Emergence of the Corporate Form', 9.

²⁵⁹ Carlo M. Cipolla, *The Fontana Economic History of Europe. 2: The Sixteenth and Seventeenth Centuries*. (London: Collins/Fontana, 1974), 530.

²⁶⁰ BNF Collection des actes royaux n°756, Edit ... pour l'établissement de la Compagnie des Indes occidentales, article 7: "*Les interessez en ladite Compagnie, pourront vendre, cedder & transporter les actions qu'ils auront en icelle, à qui & ainsi que bon leur semblera*".

²⁶¹ AN MC// ET/ CV/ 915, *Direction de Vitry la Ville*, 24 March 1787: "*J'ay encore des actions aux Indes de 30 000 livres chacune mais elles sont engagées à M. Rolland le Chinard, mes créanciers auront lesdits commin comptes*".

²⁶² ANOM C2 9 f°39, 14 April 1703, East India Company directors.

²⁶³ AN E//721/A f°65, *arrêt du conseil d'État*, 13 June 1702.

start the liquidation process. At this point eleven directors signed the letters sent to India: Desvieux, Souillet, Tardif, Hélicissant, Peyronnie, Bercy, Champigny, Lefevre, Sandrieu, Peletyer and Foucherolles.²⁶⁴ In October 1708, they sent a collective letter to the minister of the Navy, Jérôme Phélypeaux, count of Pontchartrain, asking for help against the “ruthlessness” of the Company’s creditors.²⁶⁵ They explained 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.*”²⁶⁶ A few months later, they added details to their grievances: “*the charges and assets of Desvieux and Mercier have been seized, the proprieties of Souillet and Tardif have been taken and they do not dare to leave their house by fear of imprisonment,*” ending with “*we have consumed our wealth and our families.*”²⁶⁷ The limited liability clause of East India Company directors could not have been more obviously breached. Pontchartrain found some solutions to pay the most pressing creditors and, in 1708, granted licenses to private traders to engage in commerce in the Company’s area of exclusive privilege.

The first Guinea Company’s end was similar to its creation; the King granted its privileges to a new group of directors under the pretext of negotiating a bigger contract: the Spanish Asiento. The French and Spanish kings signed the treaty granting the Asiento to a French chartered company on 14 September 1701. According to the treaty, the new “*asientist*” benefitted from exclusive rights to bring a total of 48,000 enslaved Africans to Spanish America over ten years.²⁶⁸ The company formed only a few months later and took the name Asiento Company. The minister of the Navy, Pontchartrain, initially considered granting the monopoly to the *Compagnie de Saint Domingue*, which had been created in 1698 and received privileges from Louis XIV to trade enslaved Africans on the French island of Saint Domingue. The Company’s mission was to promote the newly acquired island after the

²⁶⁴ ANOM C2 13 f°11, letter of the East India Company directors to Pontchartrain, 18 March 1708.

²⁶⁵ ANOM C2 13 f°84, letter of the East India Company directors to Pontchartrain, 2 October 1708: “*La situation violente dans laquelle se trouve la compagnie des indes orientales par les poursuites rigoureuses de ses créanciers ne permettant pas aux directeurs de garder le silence*”.

²⁶⁶ ANOM C2 13 f°84, letter of 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 d’eux et les mêmes créanciers vont exercer leurs contraintes sur les effets des héritiers des décédés, tant actionnaires que directeurs*”.

²⁶⁷ ANOM C2 13 f° 108, letter of the East India Company directors to Pontchartrain, 1708: “*On a saisi réellement les charges et les biens des srs. Desvieux et Mercier, on a exécuté les meubles de Souillet et Tardif, les uns et les autres sont obligés de garder leurs maisons, ce n’en osent sortir crainte d’estre traînés en prison. [...] Nous avons épuisé nos fortunes et nos familles*”.

²⁶⁸ ANOM F2a7: Article 19 of the Asiento treaty.

Treaty of Rijswijck in 1697, the sugar industry and trade with the Spanish empire.²⁶⁹ Among the directors were Crozat, Bernard, Mayon, Thomé, Vanolles, Du Casse and Landais.

However, this Company suffered a competitive disadvantage; unlike the Guinea Company, it had not been granted the right of *entrepôt*, or the exemption of taxes on the storage of foreign merchandise necessary for its trade in the French ports, and, most importantly, it did not benefit from an exemption on half of the taxes levied on imported goods from the French West Indies.²⁷⁰ Crozat and his partners threatened not to take over the Asiento enterprise if they were not granted the Guinea Company's special privileges. On 12 September 1701, Pontchartrain sent the Guinea Company's act of abrogation to the minister of Finance.²⁷¹ The act stated that the Guinea Company failed to meet the conditions under which the privileges had been granted—the Company had not brought the promised number of enslaved Africans to the French West Indies. The act of abrogation only mentioned eight of the Asiento Company investors: Mayon, Bernard, Crozat, Thomé, Vanolles, Landais, Le Gendre D'armigny and Foucherolles would benefit from the same privileges as the Guinea Company.²⁷² On 19 October 1701, Louis XIV appointed Pontchartrain as director of the Asiento Company.²⁷³ The argument that the Guinea Company failed to meet the conditions of their charter, which mirrored the edict granting the Guinea Company part of the Senegal Company's privilege in 1685, was enough for the King to appoint these new directors. Next to the Asiento treaty between the French and Spanish Kings, the new group of directors signed a separate notarial deed, the *acte de société*, in March 1702.²⁷⁴

Despite the access to the tax-exemption privilege of the Guinea Company, the Asiento Company started accumulating debts immediately after its creation. By 1704, creditors asked the directors to add a total of 2,000 *écus*, or 6,000 *livres*. Two-thirds of the directors agreed, but delayed their payment. Creditors showed their impatience and directors were “under

²⁶⁹ Erin M. Greenwald, *Marc-Antoine Caillot and the Company of the Indies in Louisiana: Trade in the French Atlantic World* (Baton Rouge: Louisiana State University Press, 2016), 97.

²⁷⁰ Since the *arrêts* of 1682 and 1684, the measures against the entry of colonial sugar in the metropolis had increased and in 1698, sugar refined in the West Indies had been assimilated to foreign sugar which meant an increase in taxes. Only the raw sugar imported for metropolitan refinery benefited from relatively low taxes. Claude-Frédéric Lévy, *Capitalisme et pouvoirs au siècle des Lumières, t. 1: les fondateurs, des origines à 1715* (Paris-Den Haag: Mouton, 1969), 161.

²⁷¹ ANOM F2a11, July 9 1701: *Édit de subrogation de la Compagnie de Guinée*: “Sa majesté estant en son conseil a subrogé et subroge de leur consentement, les srs Mayon, Crozat, Thomé, Bernard, Vanolles, Landais, Legendre D'armigny et Foucherolles, au privilège accordé par l'édit du mois de février 1685”.

²⁷² Despite the strong opposition of the “*Cinq grosses fermes*” the edict of the 28 October allowed the Asiento/Guinea Company the right of *entrepôt*.

²⁷³ ANOM B//24 F210: “*Arrest qui nomme Pontchartrain directeur pour le Roy dans la compagnie de l'Assiente et en son absence M. Des Haguais à Fontainebleau le 19 octobre 1701.*”

²⁷⁴ ANOM F2a7, 28 mars 1702: *Acte de société*.

attack from all sides.”²⁷⁵ In the *acte de société*, no clause guaranteed the limited liability of the directors. Additionally, the notarial deed prevented transferability of shares without unanimous consent of the directors, including Pontchartrain.²⁷⁶ In many respects, this *acte de société* corresponds with the traditional *societas*, which was a private contract of partnership without limited liability or entity shielding, and shares were transferable under the condition that all partners agreed.²⁷⁷ However, the contract binding the Asiento Company directors differed from traditional Roman partnership laws in two important ways.

First, the fundamental rule of “*exit at will*” for individual partners of the *societas* did not apply to the Asiento directors.²⁷⁸ A change in director would not provoke the dissolution of the contract. In the event of the death of a partner, his shares would be inherited by his heir. The latter was to keep updated on the past and current activities of the Company, without being allowed to attend the meetings.²⁷⁹ Second, each individual partner was not allowed to “*force the liquidation of the partnership.*”²⁸⁰ Rather, in 1705 and 1707, Pontchartrain asked directors to increase their share, while the King lent them ships to keep the Company afloat.²⁸¹ By that time, the Company had accumulated 1,600,000 *livres* of debt and creditors immediately took the profit. However, in 1708, the directors refused to increase their capital in the Company and the only solution appeared to be sub-contracting part of their treaty. However, sub-contracting attempts were not successful due to complaints from the Spanish authorities about French traders smuggling.²⁸²

Limited liability, entity shielding, transferability of shares and, more generally, the rights of shareholders and directors, when they were stated in the Companies charters, were not respected. These institutional factors could not have been an incentive to invest in these companies. What else could have made these companies attractive?

²⁷⁵ ANOM F2 7, 20 September 1704: “*Nous sommes assaillis de toutes parts*”.

²⁷⁶ ANOM F2a7, 28 mars 1702: *Acte de société*, article 10.

²⁷⁷ Dari-Mattiacci et al., ‘The Emergence of the Corporate Form’, 15.

²⁷⁸ Dari-Mattiacci et al., 2.

²⁷⁹ ANOM F2a7, 28 mars 1702: *Acte de société*, article 11.

²⁸⁰ Dari-Mattiacci et al., ‘The Emergence of the Corporate Form’, 2.

²⁸¹ ANOM F2a8, letter of Arnoul to Pontchartrain, 21 February 1705 and AN/MAR/B2/199, letter of Pontchartrain to the directors of the Asiento Company, 28 December 1707.

²⁸² Four main attempts were made: in 1702 with Danican de l’Épine and Natales Stephanini in ANOM B//24 Pontchartrain to Des Haguais, 4 October 1702; in 1707 with la Chipaudière Magon and de la Boulaye in ANOM F2a8, 1709 *Mémoire sur le refus que font MM.de La Boulaye*; in 1707 with the Saint Domingue Company in AN B2//198 letter of Pontchartrain to the directors, 31 August 1707; in 1707 with an inhabitant of Martinique called Chourio in ANOM F2a8 f°25, Copy of the treaty made in Saint, 25 November 1707.

6. Informal profits: personal market access

While opportunities for upward social mobility played a role in the financiers' investments in multiple overseas chartered companies, it appears to be only part of the explanation. Given that profit and social progress were tightly intertwined in the careers of financiers, the expectation of profit, or at least of safe investment, should not be dismissed. However, as shown in the previous section, institutional factors did not increase the attractiveness of these chartered companies. While Companies' formal profits do not appear to be a strong motivation for directors, the same cannot be said for informal profits. In his extensive study of the Company of the Indies, created in 1719, Philippe Haudrère notes that some directors used their position to obtain private access to markets, with limited or no competition.²⁸³ Did the directors of the Guinea/Asiento and East India Companies use their position as directors to engage in private trade through the Company's infrastructure?

Guinea and East India Companies director: Vitry-la-Ville

Among the directors of the reorganised East India Company and the Guinea Company in 1685, Vitry-la-Ville provides a unique insight into the private economic activities of directors thanks to the inventory of his assets, made after his bankruptcy. Before becoming a director in the East India Company, Vitry-la-Ville benefitted from the opening of the East India trade to private businessmen, through licenses, by royal edict in January 1682. To have access to the Indian market, the crown required businessmen to use the Company's ships and pay ten percent on the commodities brought both to and from India.²⁸⁴ Together with Jean-Baptiste Pocquelin, an East India Company director, Vitry-la-Ville invested 107,000 *livres*, sent to India on a Company ship in October 1682.²⁸⁵ Vitry-la-Ville and Pocquelin also asked if they could take advantage of the Company's infrastructure in India, such as factors and trading posts, and offered to pay for this service.²⁸⁶

Vitry-la-Ville and Pocquelin formed a partnership, which apparently worked well because they sent an additional 125,109 *livres* on the *Blampignon* in February 1683, and sent no less than 100,000 *livres* on each of the three Company ships departing for India in November of the same year.²⁸⁷ In January 1684, the Company paid them 254,590 *livres* on the

²⁸³ Haudrère, *La Compagnie française des Indes*, 1:140. It was the case of Gabriel Michel, director of the India Company, who signed contracts of slave supplies for his own private company based in Nantes on terms which were not profitable to the India Company.

²⁸⁴ ANOM C2 5, East India Company directors, 17 November 1682.

²⁸⁵ ANOM C2 5, East India Company directors, 16 October 1682.

²⁸⁶ ANOM C2 5, East India Company directors, 21 January 1682.

²⁸⁷ ANOM C2 5, East India Company directors, 27 February 1683 and 17 November 1683.

first part of their cargoes and 440,720 *livres* for the rest of the goods in November 1684.²⁸⁸ Despite the fact that the cost of the initial investment still had to be deducted from the amount they received from the Company, the partnership was profitable. Strangely enough, it seems that the Company only gave the license to this particular partnership of Vitry-la-Ville and Pocquelin.²⁸⁹ Pocquelin's position as director of the East India Company since its creation in 1664 probably facilitated the access to the market under monopoly.²⁹⁰

Additionally, the inventory of Vitry-la-Ville sheds light on other commercial activities besides the capital invested in companies. His assets were evaluated at 2,896,246 *livres*, among which 574,000 *livres* were shares of overseas companies and the Canadian tax farm.²⁹¹ His investment in the East India Company, as previously stated, amounted to 268,000 *livres*, 60,000 *livres* in his name and the rest in the name of some of his associates, and he invested 4,000 *livres* in the Guinea Company. At the time of the inventory, Vitry-la-Ville still had 250,000 *livres* in textiles in a warehouse in Rouen, mentioned in the sources as “*painted textiles*.”²⁹² These textiles are referred to, in the notarial minutes of the management of his bankruptcy, as belonging to Vitry-la-Ville for his own account.²⁹³ It can be safely assumed that these textiles came from India; all of the Company ships that carried Vitry-la-Ville's commodities in the early 1680s arrived in Rouen, and painted textiles were one of the major Indian commodities brought back to France. Additionally, Vitry-la-Ville had 35,000 *livres* in corals, probably from his involvement in the *Compagnie du Bastion de France* because corals came mostly from the Mediterranean, which was on the way to Surat and Siam.²⁹⁴ Corals, in addition to precious metals, were an important commodity for the trade in India.²⁹⁵ It made sense, from an economic perspective, for Vitry-la-Ville to be simultaneously an important shareholder of the *Compagnie du Bastion de France*—he owned one-fourth of the company—and a director of the East India Company, since commodity chains connected the two markets through corals, among other things.

²⁸⁸ ANOM C2 5, East India Company directors, 5 January 1684 and 16 November 1684.

²⁸⁹ Kaepelin, *La Compagnie des indes orientales et Francois Martin*. Appendix: *table de la navigation des Français aux Indes de 1665 à 1720*.

²⁹⁰ Pocquelin appears as a director of the company in 1664 Dufresne de Francheville, *Histoire de la Compagnie des Indes avec les titres de ses concessions et privilèges* (Paris, 1738), 177.

²⁹¹ AN MC// ET/ CV/ 915, *Direction de Vitry la Ville*, 24 March 1787: *Ferme du Canada* : 220 000 *Indes orientales* : 60 000 (178 000 in the name of his associates) *Bastion de France* : 100 000 (extra loan of 190 000) *Société de Guinée*: 4 000

²⁹² AN E//649/A, *arrêt du conseil d'État*.

²⁹³ AN MC// ET/ CV/ 915, *Direction de Vitry la Ville*, 24 March 1787.

²⁹⁴ AN MC// ET/ CV/ 915, *Direction de Vitry la Ville*, 24 March 1787.

²⁹⁵ Furber, *Rival Empires of Trade in the Orient, 1600-1800*, 261.

Did similar links exist between the Guinea Company and the East India Company? Indian textiles were essential commodities to the West African trade. Were the painted textiles in Rouen aimed at the African markets? Were the 8,000 *livres* that Vitry-la-Ville owned in commodities on the “Gold Coast” made up of cowry shells or textiles he had from India? We cannot know for sure, because the inventory does not specify the type of commodity in question, but it is probable. The last confirmation of his private business as director of chartered companies is the bottomry loan, a contract that combined credit and insurance, he made for 4,000 *livres* to Du Casse. Du Casse was one of the founders of the Guinea Company, a future governor of Saint Domingue and, most importantly, the negotiator of the Spanish Asiento in 1701. He was a key figure in the nascent French slave trade and his voyage, insured by Vitry-la-Ville, was probably to Saint Domingue via West Africa.²⁹⁶ Vitry-la-Ville, through a bottomry loan, indirectly contributed to Du Casse’s private enterprise and enabled Du Casse to trade privately in the region under the Guinea Company’s monopoly. Vitry-la-Ville was not the only one involved in private trade through the Company; the official archive includes a record of another director, Le Brun, who asked the Company official in Pondicherry to sell emeralds for his private profit.²⁹⁷

Asiento Company directors: Legendre, Du Casse and Bernard

Declarations of the financiers under investigation by the Chamber of Justice in 1716 constitute a significant source of information about the directors of the Asiento and East India companies’ assets between 1701 and 1716. In his declaration to the Chamber of Justice in 1716, Landais stated that he made 200,000 *livres* of profits in multiple “*sociétés d’armement et de marchandises*” in 1697.²⁹⁸ A year later he became director of the newly created Saint Domingue Company (1698), where he owned shares worth 3,300 *livres*, the South Sea Company (1698), where he possessed 34,000 *livres* in shares and the China Company (1698) in which he invested 2,000 *livres*. The South Sea Company was created in 1698 for illicit trade to the coasts of South America in the Pacific Ocean.²⁹⁹ That same year, a Parisian partnership called the China Company was granted exclusive privileges to trade to China.³⁰⁰

²⁹⁶ Du Casse took also part in the Compagnie de Saint Domingue and was made governor of Saint Domingue in 1691. He became a major actor in the negotiation of the Asiento contract (contract of slave supply to the Spanish Americas) in 1701.

²⁹⁷ ANOM C2 66 f°11, letter of Martin, 2 February 1701.

²⁹⁸ BNF ms. fr. 7584, “*Déclarations des personnes sujettes à la chambre de justice de 1716*” f°20 : Landais “*En 1694 il entra dans plusieurs sociétés d’armement et de marchandises où il se trouva avoir gagné en 1697 200 000 livres*”.

²⁹⁹ Price, *France and the Chesapeake*, 1:56.

³⁰⁰ The partnership included Jean Jourdan de Grancé and Etienne Demeuves, in Haudrère, *La Compagnie française des Indes*, 1:27.

Therefore, it is no surprise to see Landais as one of the directors of the Asiento Company and the East India Company in 1701.³⁰¹

Landais' investments in overseas companies formed twelve percent of his total declared wealth in 1716, of which he invested a quarter in the East India Company.³⁰² His shares in the East India Company amounted to 25,517 *livres* and appear in the documents of the Chamber of Justice. But there are no traces of his assets in the Asiento Company, as the latter was dissolved in 1713, a few years before the Chamber of Justice took place. Nevertheless, an estimate of his investment can be made from the private contract signed by all partners in the Asiento Company. The fifteen signing parties were to provide half of the total capital, or two million *livres*, equally, which would amount to around 133,300 *livres*.³⁰³ The diversification of the portfolio and the amount of funds invested point towards prospective profits as a motivation to invest. Indeed, George Scelle admits that “*it is improbable that the directors did not get any profit out of the [Asiento] enterprise.*”³⁰⁴ Where did this profit come from?

Smuggling provided a possible source of profit for the Asiento Company directors. In 1704, Spanish officials discovered private merchandise on board the ship *L'Hirondelle*. Several individuals owned this private merchandise, among them director of the Asiento Company, Legendre d'Armigny. The Company sent Legendre to Spanish America to check on local agents from 1702 until 1704.³⁰⁵ During this mission, he loaded some silver *vaisselle* and 200 *écus*, or 600 *livres*, of Chinese textiles on the aforementioned Asiento Company ship for his own benefit. This was not a large personal cargo, but it cannot be determined if he declared everything because the penalties were negligible. Additionally, the shipment included 17,000 to 18,000 *écus*, or 51,000 to 54,000 *livres*, worth of cochineal for the account of Parisian traders.³⁰⁶ Historians have acknowledged that Asiento Company directors made their profit not on the slave trade to Spanish America, but on the commerce of French merchandise, legally or otherwise.³⁰⁷ In 1709, the Company directors even attempted to

³⁰¹ ANOM C2 9 f°27, the directors of the East India Company, 24 January 1702.

³⁰² Total assets: 1 483 905 *livres* among which 139 627 *livres* in overseas Companies investments.

³⁰³ ANOM F2a7 Article 2 of the Asiento treaty.

³⁰⁴ Scelle, *La traite négrière aux Indes de Castille*, 444. “Il n'est pas probable que les directeurs n'aient tiré aucun bénéfice de l'entreprise”.

³⁰⁵ ANOM F2a7 “*Procès-Verbal de Legendre d'Armigny sur sa gestion aux Indes Occidentales dans la tournée qu'il y a fait en 1702, 1703 et 1704 pour l'assiette royal des nègres*”.

³⁰⁶ Scelle, *La traite négrière aux Indes de Castille*, 387–88.

³⁰⁷ “*Le produit des cargaisons ne proviendra pas toujours de la vente des nègres mais de marchandises dont l'interdiction sous peine de la vie ne fera reculer personne*” in Hrodej, *L'amiral Du Casse*, 2:293.

negotiate the legalization of the commerce of goods to Spanish America when the Spanish King asked for a new loan, but without success.³⁰⁸

It was also possible for directors to make profits with the Asiento through provisioning. In 1704, Philip V of Spain granted the Asiento Company the right to have warehouses in the main Spanish American ports, to store the ammunitions and weapons necessary to protect them, construction material for the reparation of ships, as well as food supplies and other provisions for crews and enslaved Africans; if the foodstuff was expiring it could be sold, but it would still be subject to tax.³⁰⁹ The Company had obtained the perfect pretext to sell merchandise in Spanish America. In 1706, Du Casse went further and negotiated a contract for provisioning army clothes and weapons to the soldiers in Spanish America for 100,000 *piasters*, under the condition that half of the profit would be shared with the Spanish king.³¹⁰ The Company made another contract with Spain the same year, for the provisioning of ammunition and all merchandise needed to defend Buenos Aires.³¹¹ Additionally, Samuel Bernard, a banker and director of the Asiento Company, had his own method of enjoying the Asiento Company's privileges.³¹² He attended Company assemblies very rarely, but asked to be informed about the sales of the returning cargoes.³¹³ Unlike the East India Company, the Asiento Company held private sales rather than regular public sales. Bernard was among the wealthiest men in France at this point and bought whole cargoes of indigo and cochineal when the ships arrived in France.³¹⁴ He was not the only director to also be an important client; when Bernard's contract was cancelled in 1706, the director Crozat took it over.³¹⁵

Asiento Company and the Saint Malo sub-contract director: Crozat

In order to understand the full extent of how Crozat reached the position to make private profit through chartered companies, analysis must go back a few years earlier. In 1697, the East India Company was on the brink of being liquidated and the minister of the Navy appointed new directors to replace two directors who had died: the minister chose de la

³⁰⁸ AN MAR/B/3/175, 31 December 1709.

³⁰⁹ Scelle, *La traite négrière aux Indes de Castille*, 361.

³¹⁰ Scelle, 367.

³¹¹ ANOM F2a7: "1706 Délibération du consulat et du commerce d'Andalousie sur la proposition de la compagnie de l'Assiente pour envoyer des munitions à Buenos Ayres".

³¹² About Samuel Bernard see Rowlands, *Dangerous and Dishonest Men*; Price, *France and the Chesapeake*.

³¹³ ANOM B//28 f°17, letter of Pontchartrain to Bernard, 3 March 1706.

³¹⁴ ANOM B//28 f°36, letter of Pontchartrain to Bernard, 7 April 1706.

³¹⁵ ANOM B//28 f°36, letter of Pontchartrain to the directors of the Saint Domingue Company and Asiento Company, 7 April 1706.

Touche, one of his agents, and Langlois, the general receiver of finances of Champagne.³¹⁶ Aside from these two, Pontchartrain also appointed Bernard and Crozat as directors.³¹⁷ After analysing the Company's accounts, Bernard and Crozat proposed to liquidate the Company and create a new one. They offered a starting capital of three million *livres*.³¹⁸ They threatened to leave if the Company directors refused to start the process of liquidation. They knew that the Company would have difficulties reimbursing their shares of 60,000 *livres* each if they left. However, the sales of 1697 enabled the directors to pay off their most pressing debts and to reimburse Crozat and Bernard.³¹⁹ Their attempt to take over the East India Company had failed. Nevertheless, other opportunities would appear.

At this point in time, Crozat and Bernard acted as administrators of the tobacco tax-farm with Mayon and Thomé.³²⁰ Similar to Landais, they became directors of the Saint Domingue and South Sea Companies. As mentioned above, when Pontchartrain made the plans for negotiating the Spanish Asiento, he first thought of granting the privileges to the Saint Domingue Company. In order to receive the same tax exemption as the Guinea Company, Crozat and his partners in the Saint Domingue Company—Bernard, Mayon, Thomé, Vanolles, Du Casse and Landais—used the same tactic that the East India Company had benefited from a few years before. Crozat offered to advance 400,000 *livres* of slave trading commodities and even proposed to prepare the first expedition to Spanish America. However, if the negotiations of Du Casse failed that summer 1701, Crozat wanted to secure his access to the markets and have the privilege of providing enslaved Africans to the French West Indies, which had been exclusively granted to the Guinea Company.

Because of the advance that Crozat offered to make for the first voyage, Pontchartrain replaced the Guinea Company directors with the new group of financiers. Pontchartrain aimed to have twenty associates, in order to raise enough starting capital and to attract investors from outside of the “Crozat group.” However, during the next months, the number of associates reached fifteen, in large part thanks to Crozat, who brought in three new investors: another brother-in-law, Louis Doublet, as well as Le Jongleur and Ponthon. His other brother-in-law, Legendre d'Armigny, was already among the eight initial investors, along with

³¹⁶ Kaepelin, *La Compagnie des indes orientales et Francois Martin*, 351.

³¹⁷ “Ce ministre fit choix pour directeurs des sieurs Bernard et Crozat avec le ceremonial ordinaire” in Dernis, *Recueil ou collection des titres*, 1: 610.

³¹⁸ Kaepelin, *La Compagnie des indes orientales et Francois Martin*, 352.

³¹⁹ Dernis, *Recueil ou collection des titres*, 1: 635-636.

³²⁰ In 1697, Pontchartrain transferred the tobacco monopoly from the united farms to the Bernard-Crozat-Mayon partnership, see: Price, *France and the Chesapeake*, 1:54; 100.

Bernard, Mayon and Thomé, who were his partners in the tobacco monopoly.³²¹ When the private notarial deed created the Asiento Company on 10 November 1701, all of the directors were part of the “*Crozat group*,” either through family ties or as former business partners.

The presence of Crozat in the directorship of all these companies strengthened his bargaining position and enabled him to take advantage of the French Asiento for his own interests. As a member of the Asiento Company, Crozat strongly advocated against sub-contracting and argued for the Company to exploit alone the treaty of the Asiento. However, other Company directors were reticent to shoulder sole responsibility for both trading monopolies: the slave supply for both the Spanish Americas and the French West Indies. The directors ultimately decided that the Company would grant licenses to private merchants for trade in the French West Indies. Nonetheless, in 1708, René Montaudouin, a Nantes slave trader, lodged multiple complaints and denounced the Asiento Company directors’ refusal to grant him the licenses to sell enslaved Africans from the Slave Coast to the French West Indies.³²² The minister of the Navy re-established the requirement that the Company grant licenses to all port city merchants who requested one, to prevent any further delays. To compensate for the maintenance of the trading fort in Ouidah on the Slave Coast, Pontchartrain allowed the directors to charge twenty-four *livres* per enslaved African brought to Saint Domingue and ten *livres* for those brought to Martinique and the Windward Islands.³²³ The War of the Spanish Succession, and a lack of cooperation from the Asiento directors, made Pontchartrain’s plan to license out the slave trade to the French West Indies difficult. In 1709, the King granted Montaudouin a license to supply slaves to Martinique, Saint Domingue and Cayenne, and Pontchartrain wrote explicitly to the directors that they should not raise obstacles to Montaudouin’s expeditions.³²⁴

However, it was the slave supply to Spanish America that specifically interested the directors, particularly Crozat. After the multiple failures of the sub-contracts, Crozat fitted out ships for Spanish colony Tierra Firme in 1708 at his own cost.³²⁵ In the *acte de société* of 1702, a clause forbade any partners to trade privately directly or indirectly on the west coast of Africa “*without the written bill of lading from the whole company*,” under penalty of

³²¹ Price, 1:55.

³²² ANOM B//31 f°63, letter of Pontchartrain to the directors of the Asiento Company, 2 May 1708.

³²³ Ibid.

³²⁴ ANOM B//31 f°411-413, letter of Pontchartrain to Luçansay, the Asiento directors and Montaudouin, 27 February 1709.

³²⁵ Guy Chaussinand-Nogaret, *Les financiers de Languedoc au XVIII siècle* (Paris: SEVPEN, 1970), 116.

expulsion from the partnership.³²⁶ Thus, Crozat must have had the approval of the other directors, or at least of Pontchartrain, to send his private ship; the minister of the Navy and his agents considered Crozat the most aware and well-informed of the directors.³²⁷ That same year, Crozat, together with his Saint Malo partner, Magon de la Lande, sent two ships to the Indian Ocean, according to the contract they signed with the East India Company in December 1708. In April 1709, the East India Company granted another license to Crozat, Magon de la Lande, Beauvais le Fer and other Saint Malo merchants. Between 1710 and 1711, Crozat was involved in two other licensed enterprises.³²⁸

By 1710, the French King forbade the export of piasters from France; this constituted a second economic blow to the East Indian trade, after the prohibition on the domestic trade of painted textiles.³²⁹ As director of the Asiento Company and sub-contractor of the East India Company, Crozat sought to take advantage of his position and asked permission to acquire piasters directly at the source: the South Sea. Crozat made it clear that if he did not receive this permission, he would abandon all shipping to the East Indies. Under pressure, the East India directors supported Crozat's demand to the minister of the Navy.³³⁰ In March 1711, Crozat fitted out a ship that conducted trade in Vera Cruz, as authorised by Philip V.³³¹

This exceptional authorisation provoked reactions from Spanish merchants, while Pontchartrain wrote that "*since he [Crozat] had obtained the permission from the Spanish King, Spanish merchants should not complain that Crozat would trade there.*"³³² When the ship came back in June 1712, it brought a cargo of more than two million piasters, with one-fourth designated for the Spanish king, as well as boxes of cochineal, vanilla and indigo.³³³ Probably encouraged by the profits, Magon de la Chipaudière and Crozat fitted out another ship in July 1712: *Le Griffon*, belonging to the French King.³³⁴ Also in 1712, the East India Company granted to the Saint Malo merchants trading privileges for two years, without limitation on the number of ships, in exchange for ten percent of their profit. The profit rate of

³²⁶ ANOM F2a7, 28 March 1702: *Acte de société Article 6*: "sans le connoissement par écrit de toute la compagnie".

³²⁷ ANOM F2a7, letter of Arnoul, 4 March 1706 and ANOM B//28 f°270, letter of Pontchartrain to Crozat, 14 August 1706.

³²⁸ Lespagnol, 'Négociants et commerce indien', 433.

³²⁹ Lévy, *Capitalisme et pouvoirs au siècle des Lumières, t. 1: les fondateurs, des origines à 1715*, 398.

³³⁰ ANOM C2 14 f°77-78, letter of the directors of the East India Company to Pontchartrain, 15 December 1710.

³³¹ Lévy, *Capitalisme et pouvoirs au siècle des Lumières, t. 1: les fondateurs, des origines à 1715*, 414.

³³² Lévy, 414.

³³³ Lévy, 415.

³³⁴ ANOM F2a9, *Extrait du traité fait avec le sieur de la Chipaudière Magon*, 9 July 1712.

the Saint Malo partnership during the two-year treaty has been estimated at 176 percent.³³⁵ Crozat still appeared as an important investor, but his partners, Magon de la Lande and Beauvais le Fer took the lead on the enterprise. Instead, Crozat directed his attention towards his newly granted exclusive privileges over Louisiana in 1712.³³⁶

Crozat nevertheless continued his involvement in ventures to the South Sea. In July 1712, three ships arrived in Saint Malo from the South Sea; Beauvais Le Fer, one of Crozat's partners in the East India sub-contract, owned one of them.³³⁷ In January 1713, Crozat fitted out one last ship for the Asiento Company; because "*old gunpowder for slave trade*" is registered among its cargo, he probably intended to carry slaves.³³⁸ He became a director of the Saint Malo East India Company sub-contract in 1714, which granted the privileges of the East India Company for ten years against ten percent of their profit.³³⁹ While Magon de la Lande appeared as the main investor with 657,000 *livres*, followed by Beauvais le Fer with 540,000 *livres*, Crozat remains an important contributor with 300,000 out of a total 4,250,000 *livres*.³⁴⁰ The average profit of the Saint Malo merchants amounted to more than one hundred percent per venture to the Indian Ocean from 1709 until 1719.³⁴¹ In the case of Crozat the direct connection between his investments in the West and the East appear clearly through the commodity chain of silver.

Asiento, East India Companies director and Saint Malo East India Company shareholder: Fontanieu

The fact that Crozat, Bernard, Du Casse or Legendre appear more as businessmen rather than "men of the minister", does not make them exceptional. One of their fellow directors in both the Asiento Company and the Saint Malo East India Company, was considered the "*eye of the government*" and still enjoyed his position as director for his own benefit.³⁴² Moïse Augustin Fontanieu was *receveur general* of La Rochelle, general treasurer of the Navy and secretary to the King.³⁴³ The list of condemned at the Chamber of Justice in 1716 contains detailed information about his affairs. He declared that he made most of his

³³⁵ André Lespagnol, 'Cargaisons et profits du commerce indien au début du XVIIIe siècle - Les opérations commerciales des Compagnies Malouines 1707-1720', *Annales de Bretagne et des pays de l'Ouest* 89, no. 3 (1982): 346.

³³⁶ Greenwald, *Marc-Antoine Caillot and the Company of the Indies in Louisiana*, 22.

³³⁷ Lévy, *Capitalisme et pouvoirs au siècle des Lumières, t. 1: les fondateurs, des origines à 1715*, 413–14.

³³⁸ Lévy, 446.

³³⁹ ANOM C2 14 f°206: Mémoire of the Saint Malo merchants, 1717.

³⁴⁰ Lespagnol, *Messieurs de Saint-Malo*, 672.

³⁴¹ Lespagnol, 'Cargaisons et profits du commerce indien', 346.

³⁴² Lespagnol, *Messieurs de Saint-Malo*, 664. He became director of the Asiento company in 1710. ANOM E 186, personnel file of Fontanieu.

³⁴³ BNF ms. fr. 7584, "Déclarations des personnes sujettes à la chambre de justice de 1716" f°17: Fontanieu.

wealth in overseas trade and was involved in the trade of brandy. He invested 42,397 *livres* in the East India Company and 126,127 *livres* in the former East India Company. Additionally, he owned shares worth 13,500 *livres* in the Asiento Company. His declared wealth in 1716 amounted to 1,483,905 *livres*, twelve percent of which consisted in overseas company's shares.

Moreover, he had private, unspecified goods in La Rochelle valued at 13,500 *livres*, 16,750 *livres* worth of indigo and 17,139 *livres* worth of tobacco, as well as merchandise in Martinique amounting to 10,182 *livres*. The fact that most of the ships under the Asiento Company left from La Rochelle, where Fontanieu had 13,500 *livres* worth of merchandise, gives us some clue to how chartered companies could be economically attractive to financiers. Amongst other commodities, brandy was a valuable good in the slave trade and Fontanieu was involved in both trades. Furthermore, he was a director of the East India Company and owned 12,698 *livres* and fifteen *sols* worth of diamonds and precious stones.³⁴⁴ Diamond trade was perceived by Europeans trading in Asia as the safest way to remit their money to Europe.³⁴⁵ Indeed, diamonds were easy to transport and the demand in diamonds in Europe was high, which made it an attractive commodity for private trade.³⁴⁶

Analysis of East India Company directors and the Saint Malo sub-contractors' interests should not treat them as diametrically opposed; they overlapped as some individuals were present in both sides. Indeed, in addition to his investment in the East India Company, Fontanieu took part in the Saint Malo sub-contract of 1714, where he invested 100,000 *livres*.³⁴⁷ By that point, the Asiento Company had been dissolved, but Fontanieu maintained a close correspondence with a Saint Malo merchant, and one of the directors of the Saint Malo Company, Magon de la Balue as a way to dispatch ships to Buenos Aires.³⁴⁸ The Saint Malo Company must be set apart from chartered companies like the Guinea/Asiento Company and the successive East India Companies. It was overwhelmingly merchant-based, and the crown's involvement in its management was limited. Nevertheless, even there directors used their position to develop private trade.

³⁴⁴ BNF ms. fr. 7584, "*Déclarations des personnes sujettes à la chambre de justice de 1716*" f°179 (Additions aux déclarations): "*Le sieur Fontanieu ancien trésorier de la marine déclare qu'il a en diamant et pierreries 12 698 livres 15 sols*".

³⁴⁵ Furber, *Rival Empires of Trade in the Orient, 1600-1800*, 260.

³⁴⁶ Mentz, *The English Gentleman Merchant at Work*, 110.

³⁴⁷ "*Acte de Société du 1^{er} mars 1717*" in Lespagnol, *Messieurs de Saint-Malo*, 672.

³⁴⁸ A.D. I.-et-V., 1 F 1897, Correspondence of Magon de la Balue.

Saint Malo sub-contract director: Magon de la Balue

The Saint Malo Company sub-contract enjoyed full autonomy of management. The minister of the Navy did not interfere in the choice and recruitment of directors and shareholders.³⁴⁹ It qualified as a “*fake joint-stock company*” because the number of shareholders was limited to nineteen, twelve of whom were directors.³⁵⁰ This implied a significant investment from each of the shareholders. However, each of them worked with sub-shareholders in other port cities, who themselves had sub-shareholders. This broadened the number of stakeholders and the geographic base of the company. The subscription to the shares of the company was not public, but private. André Lespagnol illustrates the shareholding mechanism through the example of Magon de la Balue, who left an impressive personal archive. The Magon family was a rich and noble family from Saint Malo.³⁵¹ The two brothers, Magon de la Lande and Magon de la Balue were directors of the Saint Malo East India Company, the first had 657,000 *livres* of investment and the second invested 322,000 *livres* out of 4,250,000 *livres* of total capital. Out of the 322,000 *livres* invested by Magon de la Balue, only 54,500 *livres* came from his personal contribution. Twenty-one “*intéressés*” invested the rest of the money.³⁵² Among these twenty-one sub-shareholders, four lived in Saint Malo, seven in other towns across Brittany and nine in other cities in France—Paris, Lyon and Marseille, among others—and the last sub-shareholder was from Amsterdam.³⁵³

Aside from appreciating the geographical scope of shareholders in the Saint Malo East India sub-contract, Magon de la Balue’s correspondence sheds light on his private business within the sub-contract Company. For instance, he corresponded with the general secretary of the East India Company, Hardancourt, to ask him to sell coffee on his behalf.³⁵⁴ Hardancourt was among the shareholders of the Saint Malo sub-contract (fig. 1.2.). De la Balue states his private business explicitly at the end of the letter: “*I write this private letter so that it does not get confused with the affairs of the company, consequently, could you open for me a small*

³⁴⁹ Lespagnol, *Messieurs de Saint-Malo*, 677.

³⁵⁰ “*Une fausse société par actions*” Lespagnol, ‘Négociants et commerce indien’, 441.

³⁵¹ Durand, *Les fermiers généraux au XVIIIe siècle*, 259. Lespagnol, ‘Négociants et commerce indien’, 437.

³⁵² Lespagnol, ‘Négociants et commerce indien’, 446.

³⁵³ Lespagnol, 448.

³⁵⁴ Boyvin (Louis) d’Hardancourt (1674-1758) succeeded to his father as general secretary of the East India Company in 1699, between 1710 and 1712 he was dispatched in the Indian Ocean to control the factories of the Company. In 1718, he became director of the *Compagnie de l’Occident* and of the Company of the Indies until 1743. See: Philippe Haudrère, ‘L’origine du personnel de direction générale de la Compagnie française des Indes, 1719-1794’, *Revue française d’histoire d’Outre-Mer* 67, no. 248–249 (1980): 343.

private account for this and I will do the same here.”³⁵⁵ The casual demand for a division of accounts between private and company-related business shows that this was a common arrangement.

Magon de la Balue also exchanged regular letters with a Portuguese Sephardim merchant from London called John Mendes da Costa Junior. Although this correspondent does not appear in Lespagnol’s list of de la Balue’s sub-shareholders, he was probably a shareholder by proxy of the Saint Malo East India sub-contract. Indeed, de la Balue asked Mendes da Costa if he wanted to receive “*the share of his interest in the Company*,” adding that all shares would be signed by all directors.³⁵⁶ Mendes da Costa appears to have had stakes in the Saint Malo Company; de la Balue informed him of the details of their negotiations with the Regent about the abrogation of their privileges in 1719. Only five years after the ten-year sub-contract was signed, the East India Company merged with John Law’s *Compagnie d’Occident*, and the Saint Malo sub-contract was revoked. Magon de la Balue explained to Mendes da Costa that they were negotiating the same deal with the Law’s new Company that they had with the former East India Company.³⁵⁷ Aside from his stakes in the Saint Malo Company, Mendes da Costa served as contact for the Saint Malo agents and captains in India who sent some of their letters to Europe on English ships.³⁵⁸

In addition to Mendes da Costa, de la Balue started a correspondence with a Madras merchant, Henry Lapostre, in 1715. On the recommendation of his brother Magon de la Lande, de la Balue sent two boxes of *pignes* to Lapostre on the Saint Malo Company ships, so Lapostre could buy diamonds on his behalf.³⁵⁹ *Pignes* were a type of silver smuggled from Spanish America by Saint Malo merchants. They were contraband goods as no taxes were paid on them to the Spanish King.³⁶⁰ The *pignes* he sent were, according to de la Balue, of

³⁵⁵ A.D. I.-et-V., 1 F 1897, Magon de la Balue to Hardancourt in Paris, 8 June 1718 “*Je vous écris cette lettre particulière pour ne point confondre cela avec les affaires de la compagnie ainsi ouvrez moi un petit compte particulier pour cela et j’en faire de même de mon côté*”.

³⁵⁶ A.D. I.-et-V., 11J3, Magon de la Balue to Jean Mendes Dacosta Junior in London, 3 March 1717: “*Vous aurez agréable de me mander sy vous voulez que je vous envoie l’action de votre intéres dans notre compagnie les dittes actions seront signées de tous les directeurs*”.

³⁵⁷ A.D. I.-et-V., 11J3, Magon de la Balue to Jean Mendes Dacosta Junior in London, 19 June 1719.

³⁵⁸ A.D. I.-et-V., 11J3, Magon de la Balue to Jean Mendes Dacosta Junior in London, 3 March 1717.

³⁵⁹ A.D. I.-et-V., 11J3, Magon de la Balue to Henry Lapostre à Madras, January 1715.

³⁶⁰ “*Sorte d’argent poreuse et légère, et sont ces sortes de Pignes que les mineurs tachent de vendre en cachette aux vaisseaux étrangers qui vont dans la mer du Sud, et qui ont fait faire de si grands profits aux négocians qui se sont hazardés dans les dernières guerres à ce commerce de contrebande. [...] Les pignes ne payent point le quint du Roi, aussi sont-elles marchandises de contrebande*” in Jacques Savary Des Bruslons, *Dictionnaire universel de commerce: contenant tout ce qui concerne le commerce qui se fait dans les quatre parties du monde...*, vol. 3 (Paris: Veuve Estienne, 1741), col. 874; 924.

very good quality. As smuggled goods, the quality could vary.³⁶¹ In his dictionary of commerce, Jacques Savary warned the buyer of such commodities against the bad quality of the silver in *pignes*, which could be made heavier by sand or iron filling.³⁶² De la Balue referred to a report from his brother to determine the quality of the diamonds Lapostre should buy. Additionally, de la Balue gave detailed instructions as to how the diamonds should be shipped back to France: either through the two Saint Malo ships that brought the *pignes* or, if Lapostre deemed it better to wait for a better price, he could send the merchandise back on a ship coming later to Pondicherry.³⁶³ It was a first attempt for de la Balue, who was counting on developing his diamond trade by sending greater amounts of merchandise.

In 1716, de la Balue instructed Lapostre to send the diamonds on English ships if there were no French ships in India: “*please send them on the first English ships coming to Europe, pay the ordinary freight of two percent and address them to a trustworthy man in London.*”³⁶⁴ This trustworthy man in London appeared to be, at least on one occasion, the aforementioned Mendes da Costa. In 1717, de la Balue told Mendes da Costa that he was waiting for a considerable shipment of diamonds from India and that he had given orders to send some to London. De la Balue’s did not intend for Mendes da Costa to channel the diamonds back to France, but rather to attempt to sell them in England if the selling conditions were favourable.³⁶⁵ Lapostre’s brother, who was involved in the English South Sea Company, acted as another contact for de la Balue’s diamonds in London.³⁶⁶ Despite some restrictions on privately sent commodities, London was still the most attractive city to sell private shipments.³⁶⁷ Nevertheless, personal connections used as commissioners in London were needed to avoid negligence or treachery. The system of remittance of privately earned goods was based on inter-personal mutual trust.³⁶⁸ In this case, correspondence between Magon de la Balue in Saint Malo, Lapostre in Madras and Mendes da Costa or Lapostre’s brother in London sustained that inter-personal trust.

³⁶¹ A.D. I.-et-V., 11J3, Magon de la Balue to Henry Lapostre at Madras January 1715: “*Je vous prie de faire attention que les pignes que je vous envoie sont d’une très bonne qualité*”

³⁶² Savary Des Bruslons, *Dictionnaire universel de commerce*, 3:3: col. 847.

³⁶³ A.D. I.-et-V., 11J3, Magon de la Balue to Henry Lapostre at Madras, January 1715.

³⁶⁴ A.D. I.-et-V., 11J3, Magon de la Balue to Henry Lapostre at Fort Saint Georges Madras, 2 September 1716: “*je vous prie de les remettre par les premiers vaisseaux anglois qui viendront en Europe en payant le fret ordinaire qui est de 2% et vous les adresserez à quelqu’homme de confiance à Londres*”.

³⁶⁵ A.D. I.-et-V., 1F 189,7 Magon de la Balue to Mendes Dacosta Junior in London, 12 September 1717.

³⁶⁶ A.D. I.-et-V., 1F 1897, Magon de la Balue to Lapostre in London, 24 April 1718.

³⁶⁷ Mentz, *The English Gentleman Merchant at Work*, 153.

³⁶⁸ Mentz, 87.

De la Balue was far from an isolated case within the Saint Malo Company. Indeed, he indicated both his private business and that of his partners when he wrote in a letter to “*please act with me as you do with Crozat and Magon de la Lande, I will send you considerable funds on the first ships leaving from France to India.*”³⁶⁹ Aside from the formal profits of the Saint Malo East India Company, directors enjoyed informal profits through their personal contacts on the Coromandel Coast. Their personal businesses, as illustrated by de la Balue’s case, crossed not only oceans but also imperial boundaries.

7. Conclusion

Given that directors could hardly control their investment and companies proved unprofitable from an economic standpoint, there is, at first sight, no apparent reason why chartered trading companies attracted investors. Why did directors take part in these enterprises? The fact that most directors were financiers must have played a role in their involvement in the chartered companies. Their investments acted as steps towards upward social mobility, through a career in offices or tax-farming contracts. As such, directorships in chartered companies are difficult to dissociate from other investments in the crown’s revenues. Even if methods of pressure, such as the Chamber of Justice, were not used in the case under scrutiny, the importance of patronage ties interlinking financiers and the king should not be underestimated. The interdependency characterising the relationship between chartered company directors and the king, the first for their future contracts and the latter for short-term loans, partly explains the large presence of financiers in the companies’ boards of directors.

The additional incentive could have been the perception of the chartered companies as safe investments. Although their predecessors were not examples of profitable enterprises, the King took full responsibility for the bankruptcy of the West India Company and the East India Company provided some dividends, even if they were irregular and arbitrary. If the institutional structure protected shareholders and directors from creditors, and enabled investors to exchange and trade their shares while benefitting from the help of the royal treasury and the Royal Navy, as stated in their charter, the companies could have appeared to be safe investments. However, as has been shown, the presence of these investors’ rights in the company charter was arbitrary and, even if they were part of the patent letter, this did not

³⁶⁹ A.D. I.-et-V., 11J3, Magon de la Balue to Henry Lapostre at Fort Saint Georges Madras 2 September 1716: “*je vous prie de faire comme moi comme vous faites pour Crozat et de La Lande Magon je compte vous faire venir des fonds considérables par les premiers vaisseaux qui partirent de France pour les indes*”.

mean they were respected. Crucially, limited liability for directors was non-existent. Directors investing in chartered companies must have had other motivations for investment, rather than an expectation of formal profits.

I argue that being director of chartered companies provided private business with access to markets under monopoly. Financiers used these companies, rather than the other way around. Private business could take place in different ways, be it through smuggling like Legendre, contracting the provisioning like Du Casse or buying the whole company cargo when it arrived in France, as Bernard did. Although companies handed out licenses to private traders throughout most of their existence, the access to these licenses could still be restricted to privileged businessmen who frequently were directors of the companies themselves. Vitry-la-Ville and his partner Poquelin illustrate this machination, as does Crozat during the Asiento Company attempts at sub-contracting. Additionally, Fontanieu, as director of the East India Company, invested in the Saint Malo sub-contract.

The investment in multiple colonial enterprises, although risky and controlled by the state, made it possible for directors to connect these markets by controlling both sides of the commodity chain. Vitry-la-Ville and Fontanieu, who were both directors of companies operating in the Indian Ocean and on the west coast of Africa, among other companies, show how these different investments were connected. The diversification of investment in multiple chartered companies also enabled directors to gain a strong bargaining position. The case of Crozat is particularly telling, because he used his presence in different boards of directors as a way to pressure the minister of the Navy. After a failed attempt with the East India Company in 1698, Crozat managed to secure his access to the Guinea Company privileges and tax exemptions in 1701. Most strikingly, he successfully threatened to put an end to the licensed voyages to the East Indies in 1710 if he was not allowed direct access to piasters in Spanish America.

Historical evidence of directors conducting private trade inside the Company structure is scarce, but the inventory of Vitry-la-Ville and Fontanieu's declaration to the Chamber of Justice shed light on their private business. The list of their assets includes privately-owned merchandises in the monopoly area of the chartered companies they managed. This phenomenon is not restricted to chartered companies. At least three directors of the sub-contracting company based in Saint Malo, Magon de la Balue, Crozat and Magon de la Lande, operated a private business in diamonds on the Coromandel Coast. Their diamond trade was based on their personal connections in India and London.

CHAPTER 1: WHEN PRINCIPALS BECOME AGENTS

This chapter has examined, in detail, the various forms of agency of metropolitan directors. However, metropolitan directors were not the only directors whose agency shaped early modern French expansion. To reach a fuller assessment of the role played by individuals' agency in the expansion, one should not limit the analysis to the metropolitan sphere. Rather, one must include directors sent overseas, as they were also actors of the expansion. The following chapters are devoted to overseas directors, to how their agency manifested itself and how it affected the French expansion in Pondicherry and Ouidah.