

Commerce, not Conquest: Political Economic Thought in the French Indies Company, 1719–1769

John Shovlin

Late in 1752, the royal commissioner of the Compagnie des Indes, Étienne de Silhouette, wrote to the company's chief servant in India, Governor-General Joseph-François Dupleix, to tell him that the directors were impatient for peace. In the preceding years, Dupleix had led the company's forces in regional power struggles as an auxiliary of Indian rulers—wars in which Britain's East India Company (EIC) had taken the opposing side. In so doing, he had significantly expanded the territories and population the company controlled in India, but at the expense of its commerce and profits. This trade-off was not welcome in Paris. "Here," Silhouette wrote, "peace is generally preferred to conquests." Speaking for the directorate as a whole, he wrote: "We do not wish to become a political power in India; we want only a few establishments to aid and protect trade." So, he told Dupleix, "No more victories; no more conquests; plenty of merchandize, and some increase of the dividend."¹ These demands were, to some degree, a function of the particular circumstances in which the company found itself in the

J. Shovlin (✉)

New York University, New York, USA

e-mail: john.shovlin@nyu.edu

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R. Fredona and S.A. Reinert (eds.), *New Perspectives on the History of Political Economy*, https://doi.org/10.1007/978-3-319-58247-4_6

early 1750s, but they were also the expression of a distinctive tradition of political economy prevalent in the company since its foundation in 1719 stressing the value of commerce over conquests.

That the Compagnie des Indes should have fostered the development of particular forms of political economic thought is unsurprising. Its rival, the English East India Company (EIC), was the site of innovative political speculation and argument throughout the seventeenth and eighteenth centuries.² Corporations, such as the EIC, could make claims to the loyalty of “subjects” and develop languages and practices of governance in ways analogous to states. Indeed, given the many sovereign functions the company exercised east of the Cape of Good Hope, it is to be expected that it would behave and be seen in political terms. The argument I make here concerning the French company is different. It was less like a state than its English rival, more fully subordinate to its home government, and less the object of potential political allegiance. Where it was most fully analogous to the EIC was in its international presence and personality: it sustained a regular body of troops and its own navy (something the EIC lacked); it built and garrisoned fortresses; fought wars; and conducted regular diplomatic relations with Asian powers and with competing companies. It was thus an international actor in its own right, if a minor one, and constantly exposed to the pressures and pulls of global politics. It was against this background that its distinctive tradition of political economic and strategic thinking developed.

This tradition was a species of a broader genus of political economic argument emphasizing that an age of conquest was giving way to an age of commerce, that the foundations of power were increasingly economic, and that economic capacity might be to some degree incompatible with the military spirit. If the power of states had once been based on military virtue and expressed through the extension of control over territory and populations, it was increasingly founded on trade and on the ability to master the “arts of peace.” In the words of Daniel Defoe, “Peace and Trade have so far got the Start of War and the Sword that the *Trading Nations* of the World are now become infinitely superior in Wealth and Power, to those who might properly be call'd the *Fighting Nations*, and whose Grandure [sic] depended on the Extent

of their Dominions, and number of conquer'd Countries."³ Claims of this sort were ubiquitous in European political economy during the age of Enlightenment. In a seventeenth-century context, they can be read as a reflex of the Dutch Republic's success in throwing off the dominion of the Spanish Empire and emerging as a great power in its own right. In the eighteenth century, such pronouncements also reflected the perceived failure of Louis XIV to extend his "universal monarchy" in the face of Dutch and English resistance, and the sudden emergence of commercial Britain as a major factor in European power politics.

Of course, there were deep ambiguities in this perspective, as almost every commentator recognized. Was the rise of the Dutch only based on commerce, or did it follow from a kind of bastard of trade and war, as the Asian and American conquests of the Dutch East and West India companies might suggest? Did not England's commercial success follow, to some degree, from its role as a conqueror in Ireland and the New World, and from its dominance of the high seas, which secured its commercial access to the Spanish Empire at the Treaty of Utrecht (1713)? Even Louis XIV, on reflection, was an ambiguous case. If the Sun King's lust for conquest had been his undoing, in more lucid moments he "saw plainly that the way to make the *French* Nation the Terror of the World, was not so much by the Success of his Arms, and his Conquests upon his Neighbours, as by encouraging the Commerce of his own Country." This design his able finance minister Jean-Baptiste Colbert went a long way toward realizing.⁴ Even perfectly peaceful economic development might eventually threaten the security and independence of other states if this process produced an economic hegemon capable of "giving the law" to weaker competitors.⁵ What was at issue, then, was a wide consensus on the notion that commerce had displaced conquest, territoriality, and war, and an equally broad disagreement on the precise content and practical implications of such a proposition.

The variant of this line of thinking fostered within the *Compagnie des Indes* was composed of two distinct strands, a dualism which followed from the bifurcated character of the company itself—part commercial and colonial venture, part pillar of Paris finance. One strand emphasized that the company's interests were best served by a climate of international stability and the avoidance of war and

territorial expansion in India. To be sure, this perspective was always contested, at times by some of the company's servants in Asia and at other moments by metropolitan interests, yet it remained the dominant perspective within the organization, especially among the directors and shareholders. The second strand emanated from John Law, the founder of the company, and while it cannot be seen as an official position of the organization any time after his disgrace in 1720, it was a line of thinking to which many directors and major shareholders were sympathetic. This version of the commerce not conquest theme delineated a strategy for peaceful French aggrandizement through the adoption of modernized techniques of public credit. The land, population, and labor of the national territory were to be set in motion by a reorganization of public credit which would create a new money, or monetary equivalent, to supplement the existing money supply. Monetary stimulus would be the herald of prosperity and rapid economic growth.

The striking feature of both strands is the ambivalence about empire they express. War, conquest, and territorial control were seen to be incompatible, to some degree, with commerce. They ate up profit or fostered conditions of instability in which trade could not thrive. The French company was grappling with a distinctive feature of all the great chartered trading companies and arguably the hallmark of early modern European colonialism *tout court*: the bundling of commercial functions with sovereign agency, especially the provision of security. The Compagnie des Indes repeatedly ran up against the limits of this strategy, the potential incompatibility between profit making and the provision of a political framework in which trade could be safely continued. Leaders of the company thought creatively about how this problem could be solved outside the framework of formal empire, on the one hand, or free trade on the other. Its preferred solution in the early 1750s was a security cartel with the EIC, though this proved unattainable. What the company was groping toward by the end of the 1760s, when its trade was suspended, was a functional separation of politics and economics, with sovereign functions to be hived off to the French state.

The second strand of thinking, derived from John Law, with its emphasis on using monetary stimulus to set underutilized labor and

land into productive use, was even more reluctant in its embrace of empire. It was the national territory and population, principally, which were to be set in motion; colonies were to play only a modest role in this ambitious scheme for economic development, and, in theory, they could be dispensed with altogether. This strand should be read as an effort to grapple with the problem of French geopolitical disadvantage faced with a British rival enjoying both naval superiority and a significant edge in the organization of its public finances. The Law strategy met the latter problem head-on by offering to bring about in France the kind of financial revolution that had installed a modern system of public credit in Britain in the decades after 1688.⁶ The monetary expansion that would accompany the establishment of modern public credit would make it possible to take advantage for the first time of France's huge advantage over Britain in population and territory. Once its unexploited domestic resources were mobilized and thrown into the power-political scale, imperial competition would become a sideshow, and Britain's naval advantage would be neutralized.

The essay begins with a discussion of the geopolitical vision of John Law, the source of the company's distinctive tradition of thinking about public credit. The following section explores political economic perspectives nurtured within, or on the margins of, the company in the 1720s and 1730s, after Law's fall. Here, the focus is on the political economy of Jean-François Melon, Law's former secretary and the author of the most successful and influential work of French political economy published in the 1730s, the *Essai politique sur le commerce*. The next section deals with the geopolitical outlook of the company from the 1720s through the 1750s, focusing on an effort in 1753 to create a treaty committing the Compagnie des Indes and the East India Company to ending their military struggles in Asia and neutralizing the whole zone east of the Cape of Good Hope in the case of a future European war. The final section explores the place of commerce, not conquest thinking in the 1760s, a decade which saw a brief renaissance of the company, and then the suspension of its exclusive privilege in 1769.

Ideological Foundations: John Law's Geopolitics

The geopolitical and political economic vision of John Law was critical to the subsequent ideological trajectory of the company. From him came the idea of mounting a financial revolution to emulate and surpass Britain's public credit; the creation of a new monetary medium to bring underutilized economic resources into productive use; and the notion that a stable and peaceable international order would best foster French aggrandizement, with a special imperative to reach accommodation with the British rival. The son of an Edinburgh banker, Law fled England in 1694 after killing a man in a duel and for most of the next two decades resided abroad, making a living as a speculator and developing theories about the power of paper money to stimulate economic growth. In the aftermath of the War of the Spanish Succession, he convinced the Duke of Orléans, regent for the minor Louis XV, that he could solve France's problems of public insolvency and economic depression by transforming the system of public credit and introducing paper currency. Orléans authorized Law to establish a joint-stock bank in 1716 to discount commercial paper and to issue notes backed by specie. In 1717, Law founded the *Compagnie d'Occident* (familiarily known as the Mississippi Company) to revivify a failing French Louisiana. Modeled on Britain's South Sea Company, it doubled as a scheme to restore public credit by absorbing unfunded royal debt in exchange for shares. Law merged this enterprise with the other chartered trading companies, the royal mint, the tax farms, and his bank in 1719, naming the new combine the *Compagnie des Indes*, and moving to absorb the whole public debt in a debt for equity swap.⁷

Law's System was intended to renew France as a great power, indeed to make France hegemonic in Europe. Commerce, not conquests, would be the basis of French revival. "It is on an extensive trade, on the number and wealth of inhabitants," Law argued, "that the power of France must be based." He claimed that the new monetary and public finance system he was establishing would allow France to supplant Britain as Europe's premier economic power. "This great kingdom, well governed," he claimed, "would be the arbiter of Europe without having

to use force.” Other powers would shrink from forming coalitions against it; instead, they would look to France for their own security.⁸ While Law envisioned the complete overthrow of the balance of power, this was not Louis XIV’s universal monarchy by another name, he insisted. France would “command other nations without dominating them and give them the law without usurping anything of their rights ... qualities ... much more glorious than the vain title of a universal monarchy.”⁹ A Europe of independent states would persist, stabilized by the overwhelming predominance of France.

The basis for this transformation lay in increasing the size and altering the composition of the French money supply. The paper currency issued by Law’s bank, together with the shares of his companies, which he regarded as functional equivalents of money, would augment the existing circulation of money and drive down interest rates. Law held that unemployment and an underutilization of economic resources were caused by an inadequate supply of money, and that increasing the size of the money supply in conditions of economic depression would set underutilized resources in motion and stimulate prosperity.¹⁰ An abundance of money “would put France in a position to do all the trade of Europe, and would render this great kingdom cultivated like Holland, full of towns, villages and people; it would restore navigation and the navy. Millions of people who are currently a charge to the state would find work and would earn a living agreeably; they would come here from every country in Europe, and the lands of France would be brought to produce double what they produce at present. This product would be manufactured in the country and transported abroad on French vessels.”¹¹

Law claimed that an earlier transformation of international order brought about by the exploitation of the Indies was being superseded in his own day by a second geopolitical revolution associated with the adoption of modern institutions of public credit. In the sixteenth and seventeenth centuries, the expansion of European trade had brought about a radical redistribution of power by increasing the relative weight of commercial states. But this earlier shift was overshadowed by the recent development of British public credit. Credit was more powerful than trade as a stimulus to prosperity, Law claimed.¹² The introduction

of new forms of paper credit in France “would augment the quantity of money more in a year than an advantageous commerce could in ten.”¹³ What Law meant is that while a positive balance of trade could, over time, draw specie into a country, and augment the money stock, the same effect could be achieved much more rapidly by the adoption of substitutes such as paper money or by company shares which could function as money.

Law’s political economic vision—his version of the commerce, not conquest thesis—can be contrasted with others available in the same period. The idea that territorial acquisitions should be avoided and the full exploitation of economic resources pursued instead was a precept of the leading French critic of Louis XIV’s foreign policy, Archbishop François Fénelon. Fénelon distinguished power based on territory and military resources from power based on economic foundations, arguing that “one cannot too much seek out this latter superiority, nor more avoid the former kind, which has only a false brilliance.”¹⁴ Unlike Law, however, he believed that only a balance of power could serve as a legitimate foundation for European international politics. Moreover, he criticized the policies of Colbert which, he argued, had engendered conflict abroad and luxury at home. Law’s vision of French economic flourishing based on thriving manufacturing and trade, by contrast, was firmly in the tradition of Colbert, as was the deeply agonistic conception of commerce and finance that was at the heart of his vision. Law’s position diverged even further from that of the abbé de Saint-Pierre, whose *Projet pour rendre la paix perpétuelle en Europe* caused such a stir when it was first published in 1713. While Saint-Pierre was a critic of the balance of power, which he believed produced endless wars, he saw European confederation, not French hegemony, as the means to stabilize European politics.¹⁵

Law’s position can also be contrasted with those of Sir William Petty and Charles Davenant; indeed, his vision should be seen, in some respects, as a critique of theirs. Both Petty and Davenant offered versions of the commerce not conquest thesis. Petty claimed it was “a mistake, that the greatness and glory of a Prince lyeth rather in the extent of his Territory, then [sic] in the number, art, and industry of his people, well united and governed.”¹⁶ Davenant warned “what

ill consequence it is to grasp at an extended but a barren dominion,” suggesting it might be worthwhile to contract Britain’s American population into a handful of the most productive provinces, abandoning the rest.¹⁷ Both argued that the ability to undersell foreign rivals was the key to augmenting the wealth and increasing the power of the nation. Both also claimed—and here Law sharply disagreed—that France was incapable of challenging Britain and Holland economically. The central thrust of Petty’s *Political Arithmetick* was that a small country, like Holland, could by its situation, trade, and policy be equivalent in wealth and strength to a far larger people living on a much larger territory.¹⁸ Davenant concurred. Drawing on Petty, he argued that “neither the genius of the [French] nation, their site nor ports will allow them the same success ... as has attended the English and the Dutch, more skilful [sic] in trade and in sea-matters.”¹⁹ By contrast, Law argued that the French kingdom’s abundance of land and population advantaged it in the struggle for wealth and power. With an adequate money supply, and better economic direction, there was no reason why France should not be “cultivated like Holland,” and, if it were, it would overshadow Holland and England.

Exactly what role empire was to play in this vision of the French future was ambiguous. On the other hand, Law’s *Compagnie des Indes* was one of the greatest colonial ventures of its day and made a serious bid to reinvigorate France’s flagging commercial empire. Millions were spent buying or fitting out ships for colonial and international trade, sending specie and merchandise to Asia, reorganizing factories in Bengal, and sending colonists to Mauritius and Louisiana.²⁰ Yet, in his own writings, Law said little about colonies. Public credit and paper money rather than empire were at the heart of his thinking. The initiative to revivify Louisiana did not come from Law but from French financial circles, and it was only Law’s grandiose claims for the potential of the enterprise to soak up unfunded debt which won him leadership of the group that launched the so-called Mississippi Company in 1717.²¹ Law always saw the metropolitan assets of his company—its control of the mint and the tobacco farm, for example—as much more valuable in financial terms than its more speculative colonial assets.²² He flatly rejected the conception

of informal empire in Spanish America associated with Louis XIV's foreign policy. The Spanish Empire was irrelevant to France's future as a great power, he argued.²³ Once silver and gold currencies were supplemented or replaced by paper money, France's dependence on Spanish silver would be greatly reduced.

Given the accent on domestic economic development rather than colonies, the rejection of Louis XIV's foreign policy, and the devaluing of Spain's empire, Law's political economy was conducive to a more amicable Franco-British relationship. Law also believed that a Franco-British political entente would create the best framework to foster his ambitious projects of commercial and financial regeneration. He was persistently concerned that British or Dutch competitors would launch a financial attack on his System in its early vulnerable stages, and he hoped a close political relationship with Britain would ward off such a threat. For these reasons, he became a key supporter of the French alliance with Britain, negotiated by his ally the abbé Guillaume Dubois in 1716–1717. "I know how much he was concerned in the treaty that was to affirm our union," Lord Stanhope later remarked to Dubois, "and that he regarded the union of the two crowns as the foundation of his schemes."²⁴

There is no doubt that Law continued to see Britain as the great rival of France, but the terrain on which he envisioned his adoptive country successfully fighting and beating the British was economic. A key dimension of this struggle would be a battle between Law's Compagnie des Indes and Britain's South Sea Company. Law interpreted the South Sea bubble in Britain as an effort to destroy his System by draining mobile international capital away from Paris where it was needed to sustain share prices. British diplomats became convinced that Law intended to strike back by mounting a raid on London capital markets intended to spark a market panic and discredit British financial institutions.²⁵ In the event, no such attack materialized and both the South Sea bubble and Law's System collapsed under their own weight in the latter half of 1720, but the legacy of Law's thinking in France, and especially within the Compagnie des Indes, would be significant.²⁶

Law's Ideological Legacy

After Law was disgraced and exiled late in 1720, his System, including the *Compagnie des Indes*, was taken over and reorganized by his political enemies. Yet many associated with the company continued to be sympathetic to Law's ideas.²⁷ The principal shareholders of the company from the 1720s through the 1740s were mostly great "Mississippians," who had made fortunes in Law's System and who might be disposed to appreciate its virtues. In the overlapping social circles of Abraham Peyrenc de Moras and the comtesse de Verrue, memoranda written by Law were preserved and circulated, while new schemes for the reform of public credit, and its use as an instrument of geopolitical struggle, were devised and shared. A singular advantage of the *Compagnie des Indes'* organization as a joint-stock enterprise, wrote an anonymous memorialist in 1724, was that its shares functioned to augment the money supply, stimulating prosperity. With an adequate monetary medium, France would be far wealthier than the English or the Dutch who did not enjoy the same natural advantages and whose wealth was based in part on a credit that was overextended.²⁸ A memorandum composed in 1726 went further: the artificial prosperity of the Dutch and British economies would collapse once a revived *Compagnie des Indes* undermined their East India trades and discredited the shares of the EIC and the Dutch East India Company (VOC), which functioned as money there. "Is there a war, be it ever so successful," asked the writer, "which could be so advantageous to us, and do so much harm to them, without shedding so much as a drop of blood?"²⁹ Another scheme for aggrandizing France via financial means was elaborated by Arnaud de Silhouette, father of the future royal commissioner of the company and himself a major shareholder. Silhouette *père* proposed that the company be recapitalized and expanded, and that it be given the privileges of a General Bank. "It is evident," he wrote, "that this public credit will give us a superiority over our neighbors which will make them shudder."³⁰

The most sophisticated and influential articulation of this line of thinking was developed by Jean-François Melon, a former employee

of the Compagnie des Indes and Law's one-time secretary. Melon had worked unsuccessfully to bring his former employer back to France in the early 1720s. He was active in the internal politics of the Compagnie des Indes in this period and made an unsuccessful bid to become a director.³¹ He was also closely tied to the social circle of one of the great Mississippians, Madame de Verrue. Melon developed his political economic perspective in a series of unpublished memoranda dating to the mid-1720s and systematized his thinking in the *Essai politique sur le commerce* (1734). Like Law, he viewed a modernized public credit as critical to the restoration of French power. He was consulted in 1723 on a scheme to have the Compagnie des Indes issue 150 million livres worth of circulating credit instruments intended to supplement the money supply.³² In memoranda composed in the mid-1720s, he represented shares of the company as playing the role of credit currency without entailing the dangers or inconveniences of a true paper money backed by the Crown.³³ In the *Essai* he was more bold, arguing that public debts if they took the form of a circulating medium could function as money, and that the best way to cause such paper money to circulate in private transactions was to make it the medium of payment for taxes. For Melon, as for Law, the function of such additions to the money supply was to stimulate the real economy, to bring underutilized labor and assets into production by pushing down interest rates.³⁴

In addition to such monetary stimulus, Melon's strategy for French economic regeneration entailed fostering agricultural prosperity by liberalizing the grain trade, encouraging manufacturing, especially by promoting mechanization, and expanding the consumption of ordinary people. This strategy had a place for colonies and international trade, but a relatively modest one. Melon rejected the Spanish model of territorial conquest and subjection of subordinate peoples, which he believed had weakened Spain. Russia owed its recent increase in power not to the subjection of Siberia and Tartary but to the progress of commerce. Melon favored what he regarded as the Dutch imperial model: the establishment of *comptoirs* with a small garrison force; no working of the land; and minimal transfer of European populations. Yet, he recognized the benefits of plantation colonies, praised the pattern on which the British colonies in America had evolved, and saw

great potential in the French territory of Louisiana. In the end, however, his development strategy, like Law's, was focused on the potential of economic assets closer to home. It is striking that he finished his short chapter on colonies with an exhortation to steer national energies into domestic projects of improvement: "To clear new land is to conquer new countries without causing misery," he argued. "The Landes between Bordeaux and Bayonne are twenty leagues across. The legislator who would people them would render a greater service to the state than he who by a murderous war would seize the same extent of territory; but he would not have such a brilliant glory in the eyes of the vulgar, because it would be acquired without military peril, without losing a citizen, and without attracting the jealousy of one's neighbors."³⁵

As this last quotation suggests, Melon echoed Law's view that peace not war best served French interests, and that the means to French security and power lay in peaceful economic growth. Melon had participated in the abbé Dubois's pacific diplomacy before joining Law in the Compagnie des Indes. He published the *Essai politique sur le commerce* on the cusp of French entry into the War of Polish Succession, most likely as a warning against any return to the adventurous foreign policy of Louis XIV. He famously claimed that "the spirit of conquest and the spirit of commerce are mutually exclusive in a nation," a remark that has been interpreted to mean that trade naturally functions to pacify international relations through the civilizing action of "le doux commerce."³⁶ In fact, as John Robertson points out, "Melon's point was that commerce was a better instrument of national aggrandizement than war and conquest."³⁷ Another former employee of the Compagnie des Indes, and lieutenant of Law, Nicolas Dutot, put the idea in a more forceful and aggressive way when he wrote: "To make peace in order to reap all the advantages of a great trade is to make war on our enemies An end to those victories won by ruinous efforts.... France, superior by the advantages of her trade will make known to neighboring states that she is as capable of increasing her power by peace as by war."³⁸ Dutot believed that a reform of public credit to augment the size of the money supply was critical to the economic regeneration of the kingdom. He wrote perhaps the most influential eighteenth-century apology for Law's System, noting that Law's bank stimulated economic

activity of all sorts and regenerated the country to the point that it “alarmed our neighbors.”³⁹

Dutot’s emphasis on commerce rather than conquest convinced Étienne de Silhouette, who would later serve as commissioner of the Indies Company. Shortly after the publication of Dutot’s book, Silhouette wrote to cardinal Fleury promoting the geostrategy outlined there, telling the cardinal that the English feared the pacific projects of the French more than their military ones because “it is in fact more by the arts of peace than by those of war that France is in a state to ruin this rival and enemy nation.” British trade, the foundation of its power, could not be destroyed by war—their navy was too powerful—but it could be ruined by peaceful competition. Referring to the branches of trade in which Britain was dominant, Silhouette stated: “There, my lord, are the kingdoms and the provinces it would be necessary to conquer from these islanders; each branch of trade is for them a fort, a citadel, impregnable by force and by armies, easy to take by industry and economy.”⁴⁰ Silhouette restated this position in a celebrated memorandum written in 1747 which won him a position in the French ministry as an expert on Britain and on Anglo-French relations.⁴¹ A few years later, he was to put the theory into practice in attempting to check Dupleix’s expansionary policy in India.

Yet Silhouette’s views mark a departure from the political economy represented by Dutot, Melon, and Law. He placed colonies, especially France’s American colonies, at the center of his vision of French economic renewal. His views on public credit were ambiguous. When he was appointed Controller-General in March 1759, it was widely expected that he would introduce some kind of paper money scheme.⁴² He was the son of a projector in the mold of John Law, and he was also close to François Véron de Forbonnais, the most influential exponent of a modernized public credit in the 1750s.⁴³ Forbonnais proposed to establish an institution in France analogous to the Bank of England, which would expand the money supply by issuing notes, lend money to the Crown at a moderate rate of interest, and consolidate the existing debt in whole or in part. Stimulated by an expanding money supply, economic activity would thrive, easing the burdens of taxation. Forbonnais expressly conceived of this scheme as a means to destroy the

foundations of British public credit: foreigners would withdraw their funds from Britain and Holland, striking “a furious blow at the credit and trade of these two states.”⁴⁴ But if Forbonnais was an advocate of paper money, his ally Silhouette resisted it as Controller-General, believing that, in the economic and political conditions of 1759, it would fall into discredit.⁴⁵ On the other hand, Silhouette enacted a scheme to sell shares in the future profits of the *Fermiers Généraux* and planned an operation to consolidate unfunded debt with echoes of the South Sea Company.⁴⁶

Both Silhouette and Forbonnais were anxious to avert the war that broke out between France and Britain in 1755. Silhouette was the central figure in French diplomatic efforts to achieve an accommodation with Britain over tensions in India and America in the 1750s. As royal commissioner of the Indies Company, he led efforts to negotiate a treaty with the British company to end the military struggles between the two entities in India—a topic to which we will return in the following section. He was simultaneously one of the two French commissioners appointed to resolve frictions in North America over French and British territorial claims there. While Silhouette’s tactics were often counterproductive in this role, there can be no doubt of his desire to avoid a war.⁴⁷ This perspective was shared by Forbonnais. While recognizing the economic value of France’s colonies, he argued that war with Britain must be avoided even at the cost of national honor. In his view, the kingdom was not prepared economically or financially for a conflict and to enter a war in this situation would be reckless.⁴⁸

The Geopolitics of the *Compagnie des Indes*

This preference for peace resonated with the dominant geopolitical outlook in the *Compagnie des Indes* in the 1750s, indeed, in almost the whole post-Law era. In the early 1720s, the company had conducted brief and costly military campaigns to eject Dutch interlopers from its holdings in West Africa and to establish a pepper factory at Mahé in India, but it settled subsequently into more or less peaceful and stable relations with the VOC and the EIC.⁴⁹ Its ties with the English company

might even be described as cooperative at points in the 1730s.⁵⁰ The long Franco-British peace of the 1720s and 1730s was good for the company: the volume of its shipping and trade greatly expanded; profits and share prices rose. But this progress came to a halt with the War of Austrian Succession (1741–1748). The company suffered major shipping losses; its trade largely dried up; shareholders had to recapitalize the company; and dividends went unpaid, leading to a revolt of the shareholders in 1745 and a reorganization of the direction.⁵¹ Such events powerfully reinforced the dominant perception in the company that war had to be avoided in India and in Europe. Only in conditions of international stability—and particularly of peace with Britain—could the company be run profitably.

Alas for the shareholders and directors, the 1748 Peace of Aix-la-Chapelle did not end the tensions and military clashes between the two companies in India. While the French returned Madras, seized in the course of the war, elsewhere on the Coromandel Coast and in the Deccan, both companies became embroiled in Indian succession struggles as auxiliaries of competing factions. The French Governor-General, Joseph-François Dupleix, had come to see matters very differently than the men in Paris. Struggling since the early 1740s to meet the challenges of managing the company's operations in India in the face of local political instability, global war, and conflict with the English company, he developed a radical alternative to the mainstream geopolitics of the company. No company could expect to be able to finance its operations in the long run on the basis of trade alone, he argued. The key to commercial success was to secure control over a tax base in India, which a small number of soldiers would be adequate to secure, and which could be used to buy Indian goods for shipment to Europe. This territorial strategy would have the additional benefit of ending the outflow of precious metals from France used to purchase East India goods.⁵² To secure the necessary concessions from Indian powers, Dupleix entered more completely than any of his predecessors into South Asian politics, committing the forces and the money of the company to building the political support necessary for the realization of his politico-fiscal schemes.⁵³

From 1751, however, there was growing disquiet among shareholders in Paris at the direction Dupleix was taking the company.

Representative was the complaint of syndic Joseph-Philippe Narcis that the bullion sent to India to purchase merchandize was being diverted to military spending. He estimated that the policies of Dupleix had already cost the shareholders 100 million livres. Following a couple of good postwar years, the customary dividend of 150 livres had for several years been canceled or reduced.⁵⁴ The travails of the company could be read in the decline of share values. After a sharp rise in the value of company stock in the three years following the War of Austrian Succession, erosion followed from 1751. In the prevailing conditions of uncertainty, rumors of developments in India, whether founded or unfounded, could lead to sharp fluctuations in the share price. Hostilities in India might even lead to war in Europe, a war for which France was unprepared, and which would be devastating for the company. Could Dupleix be unaware, asked one director, of “the public outcry against a company of merchants which dares ... to abandon its trade to give itself over to a spirit of conquest, and does not fear to provoke a rupture with our neighbors?”⁵⁵

Even more than the fortunes of the shareholders, those of the directors were tied to conditions of international stability. In addition to their perquisites and dividends, the directors profited from the company as a platform to facilitate a lucrative private trade. François Castanier shipped merchandize to Spanish America and sent the piasters he earned to Acapulco and from thence to China where they were converted into gold and shipped back to Europe using company vessels.⁵⁶ The profits Castanier realized from these arbitrage operations contributed to making him one of the richest merchants in Europe (at his death in 1759, he left a fortune of 40 million livres). There is some evidence that Pierre Duvelaer and Gabriel Michel engaged in similar dealings, on occasion using connections in the English company to move specie back to Europe.⁵⁷ Taking advantage of rights the Compagnie des Indes held to exploit the slave trade, a number of the directors, syndics, and royal commissioners were also involved in the two largest French slaving ventures of the period, the Angola Company and the Guinea Company.⁵⁸ War was not conducive to the profitability of any of these enterprises.

These pressures gave rise to creative thinking within the company on the means to reconcile commerce and security in the long run. One of

the syndics, Pierre-Claude Delaître, suggested in the summer of 1752 that a treaty be made with the English company to recast the relationship between the two entities. Delaître called for an end to the war between the companies; it imposed crushing financial burdens on the *Compagnie des Indes* and had ruined its trade. The division between the French and the English exposed both to harassment by Indian rulers. Their cooperation with these princes risked disseminating European military discipline and technology in India, which, in time, could prove dangerous. Moreover, the disunion of the companies favored the establishment of other European enterprises in India and exposed both companies to being exploited by their own servants, who pursued their political and financial ambitions at company expense.

Delaître proposed to resolve these problems by an accord between the two companies. They should agree to a permanent division of settlements in India and then guarantee the possessions of the rival company. They should disengage from the wars of Indian rulers. If war broke out in Europe, the two companies should remain neutral, and their possessions should be exempt from attack. Both should enjoy freedom to trade in all parts of India not directly the possession or jurisdiction of the other.⁵⁹

This position found favor with Étienne de Silhouette.⁶⁰ Appointed in 1751 to represent the Crown's interest in the company, Silhouette quickly placed himself at the head of the anti-Dupleix faction. As already noted, he was already disposed toward avoiding war in the interest of fostering the long-term aggrandizement of French power. His political superior, Controller-General Jean-Baptiste Machault d'Arnouville, also ardently wanted peace. His policy was one of financial reform and retrenchment, and for this, the avoidance of war was essential. Moreover, Silhouette was alarmed at the company's financial state. It would need huge new loans if it was to be placed on a stable footing, and these would be difficult to raise while dividends and share prices were sinking. Thus, Silhouette and Machault responded enthusiastically when, in February 1753, the chairman of the EIC, William Baker, approached the *Compagnie des Indes* in search of an accommodation in India.⁶¹ "One cannot desire too much the end of the troubles in India," the Controller-General wrote, "All the Company is of

the same sentiment, and if that of England thinks likewise, I hope that these first overtures will be followed by a happy success.”⁶²

One of the directors, Pierre Duvelaer, was sent to London to open negotiations with the EIC.⁶³ The proposals of Delaître were to form the basis for the company’s negotiating position. The talks turned on two central issues: fixing the recognized rights and jurisdictions of the two companies in India and creating a neutrality agreement in the event of a future European war. Both issues proved thorny. While the English company favored the idea of neutralizing the Indian Ocean in case of future Franco-British wars, the British government was very reluctant to tie its hands in this fashion.⁶⁴ Reaching agreement on a permanent division of rights and territories in India was even more difficult. Ultimately, after eighteen months of talks, the best that could be achieved was an anodyne declaration on the part of the two companies that they were “commercial” organizations, not “warlike or conquering” ones.⁶⁵ A more substantive agreement was reached in India, at least in the short run. The French company sent director Charles Godeheu to Pondichéry to replace Dupleix and to negotiate a truce with the servants of the English company. When he arrived late in 1754, he quickly made a treaty embodying much of the substance of Delaître’s proposals. Under the agreement, troops of the two companies agreed not to act against one another either as principals or as auxiliaries of country powers. Trade was declared “free throughout the Karnatick and in all the Countries to the Northward of the Choromandel Coast for the two contracting Nations, they may fetch Merchandizes from all the Places in the dependence of each other and transport them freely without any Restraint through the respective Jageers and Territories.” The two companies entered into a defensive alliance to repel all potential enemies, and they promised to guarantee each other’s possessions.⁶⁶ The agreement, however, quickly became a dead letter. France and Britain were moving toward war in America, and with the failure of the company talks in London, the local agreement in India could not be expected to last.

With limited capacity to reinforce its position in North America, the French government decided to launch a diversionary attack on the British in India, and, to this end, a new force was sent to the

Indian Ocean under the leadership of Thomas Arthur Lally, comte de Tollendal, with orders to defend the settlements of the *Compagnie des Indes* and attack those of the English. Despite this aggressive mission, Lally-Tollendal's expedition should not be regarded as a complete reversal of policy for the company, much less a return to the strategy of Dupleix. The general was expressly ordered not to pursue the same kind of expansionism as the former governor-general but to limit his conquests "to commercial establishments on the coast and to a circumscribed territory around these establishments." Under no circumstances was he to hold onto the factories taken from the English, but rather to evacuate and destroy them. He was ordered to abstain entirely from Indian political struggles and was placed on his guard against the former lieutenants of Dupleix still serving in India who might try to drag him into local struggles.⁶⁷ In the event, these warnings were to no avail. The appearance of an English squadron off Madras in February 1759 broke Lally-Tollendal's siege of the city. Reinforced by EIC forces fresh from victories in Bengal, the English attacked Pondichéry late in 1760 and the French were forced to capitulate after a five-month siege. The Indian theater of the Seven Years' War ended in a complete English triumph.

Commerce and Conquest in the Final Years of the Company

At the end of the Seven Years' War, the future of the company was in doubt. The peace settlement in 1763 left open the possibility of a renewal of trade. The gains of Dupleix were forfeited, but all territories the French had held at the beginning of 1749 were restored to the company, though with restrictions on fortification and garrisoning in the Bengal *comptoirs*. Yet the war years had been devastating physically and financially. The fortifications of Pondichéry had been demolished; trade had ceased for several years; and the company had run up huge new debts. There was a debate in 1763 and 1764 about the future of the enterprise, with one faction pushing for liquidation on reasonable terms and another, led by Jacques Necker, calling for a recapitalization of the company, the preservation of its monopoly, and a renewal of its trade.

In the short term, Necker prevailed. But beginning in 1767 a new financial and political crisis began to develop which would ultimately be resolved in 1769 with the suspension of the company's privilege and the opening of Asian trade to all French merchants. These tumultuous years saw the recrudescence of the Law–Melon–Dutot line of thinking in the form of a proposal to abandon the company's trade monopoly and reorganize it as a discount bank (*caisse d'escompte*), to issue notes, lower interest rates, and to catalyze commercial and agricultural prosperity. More immediately, the postwar period produced fresh thinking on the means to balance the security needs of the company with the imperative of profitability.

The failure or rejection of the various political strategies pursued by the company in the 1750s and 1760s to meet the challenges of Indian politics and British geopolitical competition left open the question of what formula would best serve the company and France in the future. The uncertainties of the moment are expressed in *Le politique indien*, the work of the abbé Roubaud, a leading comparative student of empire and physiocratic sympathizer. Roubaud was highly critical of the company's efforts to negotiate with the EIC in the 1750s. It was absurd to think that such agreements could hold, even if made in good faith. Roubaud was especially critical of Godeheu whom he blamed for conceding too much to the British in his search for an accommodation. Lally-Tollendal came off even worse, savaged for his insouciance and his ignorance of Indian politics. In Roubaud's view, successful negotiation with Indian powers was the key to commercial success. Dupleix had been right to insinuate himself into the diplomatic and courtly culture of India, to take on Indian titles, and adopt Indian splendor—as his rival Robert Clive of the EIC would do in Bengal. But companies were ill-designed to bear the burdens of conquest and sovereignty, in Roubaud's view. In the business of profit making, they could not patiently await the outcome of a war with no means to pay dividends or service debts. In effect, Roubaud was suggesting that the business of carving out a territorial empire in India was an activity for states not companies. Companies were better off without fortifications and troops, which ate up the profits of trade, and which inevitably drew mercantile enterprises into local political struggles. Moreover, it was possible to

conduct commerce in India without such establishments, as the Swedes had shown.⁶⁸

Some of these arguments had been anticipated by Necker, the leading figure in the postwar politics of the company. A Genevan who had come to Paris in 1750 to serve as a clerk in the banking house of Vernet and Thellusson, by the early 1760s Necker was a partner in the bank and an influential shareholder in the *Compagnie des Indes*.⁶⁹ He argued that the company's difficulties followed from being forced to bear costs of sovereignty and being run to suit political dictates rather than on mercantile principles. What he wanted was the separation of these functions in so far as was practical. He proposed a reorganization to make the company answerable only to shareholder interests, not to the Crown. In so far as possible, the burdens and the costs of sovereignty should be passed off to the state.⁷⁰ The 1764 settlement reflected these preferences, with a significant deterritorialization of the company: it retroceded to the Crown the port of Lorient in Brittany, which it had built and governed, along with its jurisdiction on the western coasts of Africa, and sovereignty over the islands of Bourbon (Réunion) and France (Mauritius) in the Indian Ocean. The Crown disinvested from the company, giving up the 12,000 shares of company stock held by the king.⁷¹ The company would no longer have to answer to royal commissioners, though the Controller-General would still have significant influence in its decision making.

The call for a separation of sovereignty from trade reemerged in the debate over the suspension of the company's monopoly in 1769. Necker defended the new status quo established in 1764, while the abbé André Morellet, writing on behalf of Controller-General Étienne Maynon d'Invault, called for the revocation of the company's exclusive privilege and the opening of Asian trade.⁷² The many divergences between Necker's views and Morellet's obscured a key area of agreement. Both believed that the travails of the company followed from mixing political and economic functions, and the challenges of a regional and geopolitical context in which war was a permanent threat. In Necker's words, "the trade was always profitable," while "the losses were derived from the expenses of war and sovereignty."⁷³ For Morellet, the solution to this problem was to abrogate the company's privilege and throw

Asian commerce open to all French merchants. Not having to bear the burden of exercising political functions, the costs of free traders would be lower, and they would be able to respond more flexibly to war, suspending commercial operations for the duration. Ultimately, both Necker and Morellet envisioned the Crown taking over the functions of sovereignty long sustained by the company in Asia. For Necker, this would make possible the commercial success of the company, while for Morellet it would follow from the liberalization of the trade.

A third interest group in 1769, led by the banker Isaac Panchaud, championed the opening up of the Indies trade and the transformation and recapitalization of the company as a discount bank (*caisse d'escompte*). Panchaud was a London-born financier of Vaudois origins who had established a banking partnership with a cousin in Paris. He was one of the several bankers in the 1760s who controlled large blocks of Compagnie des Indes shares held on behalf of clients, many of them foreign.⁷⁴ Panchaud had been instrumental in catalyzing the final crisis of the company, publishing a pamphlet in 1767 in which he criticized the reorganization of 1764 and claimed that the company's reports hid a brewing financial crisis.⁷⁵ He was closely linked to a group of major shareholders who became successful free traders after the company's privilege was abrogated, and he was heavily engaged in financing this trade in the 1770s.⁷⁶ Panchaud's proposal to turn the company into a *caisse d'escompte* drew on the intellectual traditions in the company going back to Law and Melon.⁷⁷ The bank he envisioned would discount commercial and other paper and thereby augment circulation, stimulate trade, lower interest rates, and, by issuing its own notes, augment the money supply. This plan initially had the backing of Maynon d'Invault, but though it had support from an influential minority of major shareholders, it failed to win the assent of the majority and had to be abandoned.⁷⁸

Foiled in 1769, Panchaud would get a second chance in 1776 when a new Controller-General, Jacques Turgot, permitted him to establish a discount bank on a modest scale. The new *caisse d'escompte* shared the same premises as the Compagnie des Indes and also the same treasurer, Pierre de Mory.⁷⁹ Panchaud presented the bank as a means to lower interest rates and to stimulate agricultural and commercial

prosperity.⁸⁰ For him, the *caisse d'escompte* was part of a strategy for financial revolution in France. Together with the establishment of a new sinking fund, it would place French credit on a healthier foundation than that of its British rival. Like Law before him, Panchaud saw French and British public credit as having a directly competitive relationship. As a financial advisor to the Controller-General, Jean-François Joly de Fleury, he guided a French strategy of redirecting Dutch capital away from investment in the British public debt, which he represented as an unstable and declining investment, and into French public credit.⁸¹ By the eve of the French Revolution, Paris had replaced London as the dominant destination for new Dutch investment in foreign public debt.⁸²

Conclusion: The Compagnie des Indes in the History of Political Economy

It should be clear at this point that the Compagnie des Indes fostered a rich tradition of political economic speculation and argument from its foundation by John Law in 1719 to the abrogation of its monopoly in 1769. As we have seen, this tradition had two principal strands, one continuing and developing Law's ideas about regenerating French power by creating monetary abundance and reforming the institutions of public credit, and the other grappling with problems of balancing the need for security with the imperatives of profit in the East India trade. If the company has not hitherto been recognized as a hotbed of French political economic debate, this is because a series of preconceptions have profoundly shaped, and to some degree distorted, our understanding of political economy in the age of Enlightenment. Traditionally, the most important such bias has been in favor of texts with a strong theoretical orientation, those which go furthest toward offering an abstract conceptualization of economic processes or an anticipation of later theoretical discoveries. By this teleological standard, the political economy of the Compagnie des Indes hardly even qualifies as such.

A second key bias has been a focus on the emergence of economic liberalism as the most important story to be told. In this reading, of the texts analyzed here, only the abbé Morellet's *Mémoire sur la situation actuelle de la Compagnie des Indes* of 1769 counts as a truly important intervention because of the way it mobilizes and develops liberal precepts to mount a decisive challenge to monopoly, and a ringing call for free trade. To be sure, Melon also attracts some attention for his advocacy of free trade in grain, while he is misread as an apostle of "doux commerce" and ripped from his context as the most important French advocate of Law's political economic vision. The persistent myth that Law's ideas aroused only horror in France during the two generations that followed his disgrace in 1720 has also tended to occlude the intellectual history of the company he founded.

A reading of French political economy as a form of reflection on international competition and geopolitics has only recently emerged as a key strand of historical analysis, and it is principally within such a setting that the debates within and about the Compagnie des Indes are significant.⁸³ The ideas analyzed here, with few exceptions, had no place in the great domestic debates on the deregulation of the grain trade and the abolition of the guilds which have traditionally been the focus in histories of eighteenth-century political economy.⁸⁴ In recent decades, the public sphere has been privileged as the critical site for political economic debate, implicitly occluding the other spaces in which political argument could be articulated and perhaps entailing an unconscious bias against manuscript sources which circulated only within the narrow confines of the administrative milieu or intellectual circles. We need a history of political economy sensitive to the full diversity of political economic sources and ideas, attentive to political economy as a conversation about international relations as well as domestic economic organization, and alive to ideas which did not have a future as well as to those which laid the ideological foundations of our own age. In such a history, the French Indies Company will have an important place.

Notes

1. Bibliothèque Nationale de France (BNF), nouvelle acquisitions française (naf) 9150 fols. 266–67.
2. Philip J. Stern, *The Company-State: Corporate Sovereignty & the Early Modern Foundations of the British Empire in India* (Oxford: Oxford University Press, 2011).
3. Daniel Defoe, *The Advantages of Peace and Commerce, with Some Remarks on the East-India Trade* (London, 1729), 3. On Defoe's political thought, see Lawrence Dickey, "Power, Commerce and Natural Law in Daniel Defoe's Political Writings 1698–1707," in *A Union for Empire: Political Thought and the British Union of 1707*, ed. John Robertson (Cambridge: Cambridge University Press, 1995).
4. Defoe, *Advantages of Peace and Commerce*, 7.
5. On this theme, see Sophus A. Reinert, *Translating Empire: Emulation and the Origins of Political Economy* (Cambridge, MA: Harvard University Press, 2011).
6. See P. G. M. Dickson, *The Financial Revolution in England: A Study in the Development of Public Credit, 1688–1756* (London: Macmillan, 1967); Larry Neal, *The Rise of Financial Capitalism: International Capital Markets in the Age of Reason* (Cambridge: Cambridge University Press, 1990); Henry Roseveare, *The Financial Revolution 1660–1750* (London: Taylor & Francis, 1991); Bruce G. Carruthers, *City of Capital: Politics and Markets in the English Financial Revolution* (Princeton: Princeton University Press, 1996); David Stasavage, *Public Debt and the Birth of the Democratic State: France and Great Britain, 1688–1789* (Cambridge: Cambridge University Press, 2003); and Carl Wennerlind, *Casualties of Credit: The English Financial Revolution, 1620–1720* (Cambridge, MA: Harvard University Press, 2011).
7. The key work on Law's System is Antoin E. Murphy, *John Law: Economic Theorist and Policy-Maker* (Oxford: Oxford University Press, 1997). Also useful are Edgar Faure, *La banqueroute de Law, 17 juillet 1720* (Paris: Gallimard, 1977); Claude Frédéric Lévy, *Capitalistes et pouvoir au siècle des Lumières*, 3 vols. (Paris: Mouton, 1969–1980), vols. 2–3; Peter M. Garber, *Famous First Bubbles: The Fundamentals of Early Manias* (Cambridge, MA: The MIT Press, 2000), 91–107; and François R. Velde, "Government Equity and Money: John Law's System in 1720 France" (Federal Reserve Bank of Chicago working

paper no. 2003–31, December 2003), accessed June 30, 2014, <http://ssrn.com/abstract=486983>.

8. John Law to Philippe d'Orléans, December 1715, in *Œuvres complètes*, ed. Paul Harsin, 3 vols. (Paris: Sirey, 1934), ii, 262–67.
9. John Law, “Idée générale du nouveau système des finances,” in *Œuvres complètes*, iii, 89n.
10. Law’s monetary ideas no longer appear as original as they once did. See Wennerlind, *Casualties of Credit*.
11. John Law, “Mémoire sur les banques,” in *Œuvres complètes*, ii, 307–8.
12. Law to Orléans, December 1715, in *Œuvres complètes*, ii, 262–67.
13. Law, “Mémoire sur les banques,” ii, 305. See also John Law, “Effets que le Système de M. Law a produit sur les espèces dans plusieurs Etats de l’Europe,” *Œuvres complètes*, iii, 170; idem, “Mémoire pour démontrer 1° qu’il est nécessaire d’établir le crédit; 2° qu’il est praticable de l’établir en France quoyque cet établissement aye déjà été entreprise et qu’il aye manqué,” *Œuvres complètes*, iii, 184.
14. François de Salignac de la Mothe Fénelon, “Examen de conscience sur les devoirs de la royauté. Supplément,” in *Œuvres*, ed. Jacques Le Brun, 2 vols. (Paris: Gallimard, 1983–1997), i, 1009. Probably composed between 1708 and 1711, this work was not published until 1734, and most of the edition was suppressed. However, it circulated in manuscript, and an English translation was published as “Sentiments on the Balance of Europe,” in *Two Essays on the Balance of Europe* (London, 1720). See also Michael Sonenscher, *Before the Deluge: Public Debt, Inequality, and the Intellectual Origins of the French Revolution* (Princeton: Princeton University Press, 2007), 109–12.
15. Charles Irenée Castel de Saint-Pierre, *Projet pour rendre la paix perpétuelle en Europe* (Utrecht, 1713).
16. William Petty, *A Treatise of Taxes and Contributions* (London, 1662), 5.
17. Charles Davenant, “On the Plantation Trade,” in *Political and Commercial Works of that Celebrated Writer Charles D’avenant*, ed. Charles Whitworth, 5 vols. (London, 1771), ii, 28.
18. William Petty, *Political Arithmetick* (London, 1690).
19. Charles Davenant, “Discourses on the Publick Revenues, and on the Trade of England, Part II,” in *Political and Commercial Works*, i, 116.
20. See Holden Furber, *Rival Empires of Trade in the Orient 1600–1800* (Minneapolis: University of Minnesota Press, 1976), 136–37; Philippe Haudrère, *La Compagnie française des Indes au XVIIIe siècle*, 2nd ed., 2 vols. (Paris: Les Indes Savantes, 2005), i, 52–54; and Marcel Giraud,

- Histoire de la Louisiane française*, vol. 3, *L'époque de John Law (1717–1720)* (Paris: Presses Universitaires de France, 1966), 101–5.
21. Jacob M. Price, *France and the Chesapeake: A History of the French Tobacco Monopoly, 1674–1791*, 2 vols. (Ann Arbor: University of Michigan Press, 1973), i, 197–212.
 22. John Law, “Réponse aux deux lettres, sur le Nouveau Système des Finances,” in *Œuvres complètes*, iii, 115–16. See also the memorandum by Law at Cholmondeley (Houghton) Papers, Cambridge University Library, 82/1/16 fols. 36–40.
 23. Law to Orléans, December 1715, in *Œuvres complètes*, ii, 266–67.
 24. Archives du Ministère des Affaires Etrangères (AAE), Correspondance politique (CP), Angleterre (Ang) 327 fols. 209–10, James Stanhope to Guillaume Dubois, 18/29 December 1719.
 25. The National Archives (TNA), SP 78/166 fols. 191–92, Daniel Pulteney to James Craggs, 10 April 1720; fol. 198, Pulteney to Craggs, 29 April 1720; SP 78/167 fols. 271–72, John Dalrymple, Earl of Stair to Craggs, 12 April 1720.
 26. For a fuller discussion of these themes, see John Shovlin, “Jealousy of Credit: John Law’s ‘System’ and the Geopolitics of Financial Revolution,” *Journal of Modern History* 88 (2016): 275–305.
 27. On the continuing appeal of Law’s ideas generally during the decades after his fall, see Paul Harsin, *Crédit public et banque d’état en France du XVIe au XVIIIe siècle* (Paris: Droz, 1933).
 28. Anon., “Mémoire fait en May 1724,” Bibliothèque de l’Arsenal, Paris, MS 4500 fols. 137–64. See also AAE Mémoires et Documents (MD) France 1258 fols. 8–18; Archives Nationales (AN), Paris, K 1230.
 29. Anon., “Mémoire pour la compagnie des Indes en décembre 1726,” Arsenal MS 4500 fols. 167–232.
 30. Arnaud de Silhouette, “Mémoire pour le rétablissement de la confiance,” AAE MD France 1268 fols. 133–44. See also Silhouette’s covering letter dated 1 January 1734 at AAE MD France 1289 fol. 7.
 31. Simone Meyssonnier, *La balance et l’horloge: La genèse de la pensée libérale en France au XVIIIe siècle* (Montreuil: Éditions de la Passion, 1989), 62.
 32. See Joseph Fleuriau d’Armenonville to Jean-François Melon, 23 November 1723, with accompanying draft decree at Arsenal MS 3857 fols. 312–20.
 33. Jean-François Melon, “Mémoire pour examiner quels sont les contradicteurs de la Compagnie des Indes, pourquoi ils en demandent la

- suppression, et de quelle utilité cette Compagnie est à l'Etat," Arsenal MS 3857 fols. 351–80.
34. Jean-François Melon, *Essai politique sur le commerce* (n.p., 1734), 243–59.
 35. Melon, *Essai politique sur le commerce*, 51–60, 105, quotation on 59–60.
 36. Albert O. Hirschman, *The Passions and the Interests: Political Arguments for Capitalism before its Triumph*, 2nd ed. (Princeton: Princeton University Press, 1997), 79–80.
 37. John Robertson, *The Case for the Enlightenment: Scotland and Naples 1680–1760* (Cambridge: Cambridge University Press, 2005), 343. See also Istvan Hont, "The 'Rich Country–Poor Country' Debate Revisited: The Irish Origins and French Reception of the Hume Paradox," in *David Hume's Political Economy*, ed. Margaret Schabas and Carl Wennerlind (London: Routledge, 2008), 261.
 38. Nicolas Dutot, *Réflexions politiques sur les finances, et le commerce*, 2 vols. (The Hague, 1738), ii, 403–4. Dutot criticized Melon for advocating currency revaluations, but in many other respects their views were similar. Dutot had been a cashier of the Compagnie des Indes under the System. See François Velde, "The Life and Times of Nicolas Dutot," *Journal of the History of Economic Thought* 34 (2012): 67–107.
 39. Dutot, *Réflexions politiques*, ii, 338–39, 356–57.
 40. AAE CP Ang 405 fols. 394–99, Étienne de Silhouette to André-Hercule de Fleury, 31 December 1739.
 41. Étienne de Silhouette, "Observations sur les finances, la navigation & le commerce de l'Angleterre," AAE MD Ang 46 fols. 45–88.
 42. Joël Félix, "Comprendre l'opposition parlementaire: Le parlement de Paris face aux réformes de Silhouette (1759)," *Parlement(s), Revue d'Histoire Politique*, no. 15 (2011): 31–43.
 43. Arnaud Orain, "Soutenir la guerre et réformer la fiscalité: Silhouette et Forbonnais au Contrôle général des finances (1759)," *French Historical Studies* 36, no. 3 (2013), 417–47.
 44. François Véron de Forbonnais, "Abrégé des mémoires pour l'établissement du crédit public," Arsenal MS 4591.
 45. Étienne de Silhouette, *Réponse de M. le Contrôleur général à M. le Premier President de la Chambre des Comptes, lorsqu'il y est venu prêter serment* (n.p., n.d.), 2; AN H 713, unfoliated, Silhouette to Antoine-Louis Lefebvre de Caumartin, 31 August 1759.

46. François Véron de Forbonnais, *Lettre d'un banquier à son correspondant de province* (n.p., 1759), 45.
47. See, for example, "Mémoire sur les moyens de prévenir la guerre et de parvenir à une conciliation avec l'Angleterre," AAE CP Ang, Supplément 11 fols. 165–90. An earlier draft by Silhouette exists at AN Marine B⁴ 47 fols. 214–32.
48. François Véron de Forbonnais, "Réflexions sur la nécessité de comprendre l'étude du commerce et des finances dans celle de la politique," in *Considérations sur les finances d'Espagne*, 2nd ed. (Dresden, 1755), 60, 64.
49. Haudrère, *Compagnie française des Indes*, i, 95–96.
50. For evidence of the relatively good relations between the two companies in the 1730s, see British Library (BL), India Office Records (IOR) E/1/22 fols. 160–61; E/1/24 fol. 157; E/1/25 fols. 94, 163–64; H/74 fols. 172–76, 233–34, 579–80.
51. Haudrère, *Compagnie française des Indes*, i, 126–27.
52. BNF naf 9335 fols. 343–47; AAE MD Asie 4 fols. 44–62; AN Col C² 84 fols. 18–25.
53. Haudrère, *Compagnie française des Indes*, ii, 730–37.
54. AN Col C² 44 fols. 48–60.
55. BNF naf 9150 fols. 22–23, Gabriel Michel to Duplex, 21 January 1754.
56. AN Col C² 32 fols. 72–85.
57. In 1739, for example, Duvelaer transported gold aboard the East Indiaman *Winchester*. Robert Knight (former cashier of the South Sea Company) and Alexander Hume (former director of the Ostend Co. in Bengal, and subsequently a director of the EIC) played some role as intermediaries. See BL IOR B/65, Court Book, 22 August 1739. For Gabriel Michel, see "Projet d'une Expédition pour la Mer du Sud" (1743), Maurepas Collection, 4614, Division of Rare and Manuscript Collections, Cornell University Library, Ithaca, New York, Box 13, folder 11.
58. Herbert Lüthy, *La banque protestante en France de la révocation de l'Édit de Nantes à la Révolution*, 2 vols. (Paris: S.E.V.P.E.N., 1959–1961), ii, 168–72.
59. "Mémoire sur les inconvénients pour les trois Compagnies française, angloise et hollandoise de leur mésintelligence dans l'Inde, sur les avantages communs à ces trois Comp.^{es} qui resulteroient de leur Union. Projet pour l'Etablissement et le maintien de cette Union," 30 July 1752, AN Col C² 38 fols. 74–81.

60. Étienne de Silhouette, "Mémoire sur les affaires de l'Inde," AN Col C² 39 fols. 88–102.
61. On the English approach, see AAE CP Ang 435 fol. 350, Gaston-Pierre de Lévis, duc de Mirepoix to François-Dominique de Barberie, marquis de Saint-Contest, 10 February 1753.
62. AAE CP Ang 436 fol. 7, Jean-Baptiste Machault d'Arnouville to Saint-Contest, 1 March 1753.
63. BL IOR/I/1/4 Secret committee of the Compagnie des Indes to the Secret committee of the East India Company, 21 March 1753.
64. BL Egerton MS 3484 fol. 17, Minute of a meeting at Newcastle House, 30 May 1753.
65. Haudrère, *Compagnie française des Indes*, ii, 743.
66. BL Add MS 32856 fol. 279–89.
67. Haudrère, *Compagnie française des Indes*, ii, 746–47.
68. Pierre-Joseph-André Roubaud, *Le politique indien, ou considérations sur les colonies des Indes orientales* (Amsterdam, 1768).
69. Robert D. Harris, *Necker: Reform Statesman of the Ancien Régime* (Berkeley: University of California Press, 1979), 5–6.
70. "Discours de M. Necker Banquier," AN Col C² 47 fols. 53–60.
71. Kenneth Margerison, "The Shareholders' Revolt at the Compagnie des Indes: Commerce and Political Culture in Old Regime France," *French History* 22, no. 1 (2006): 25–51.
72. André Morellet, *Mémoire sur la situation actuelle de la Compagnie des Indes* (n.p., 1769).
73. Jacques Necker, *Réponse au mémoire de l'abbé Morellet sur la Compagnie des Indes* (Paris, 1769), 27–28.
74. Panchaud was said to have 4000 shares on deposit in 1767. Haudrère, *Compagnie française des Indes*, i, 121.
75. [Isaac Panchaud], *Lettre d'un actionnaire de la Compagnie des Indes, à Messieurs les commissaires nommés à l'Assemblée du 4 Avril 1767* (1767), AN Col. C² 105 fols. 349–51.
76. L. M. Cullen, "Luthy's La Banque Protestante: A Reassessment," *Bulletin du Centre d'Histoire des Espaces Atlantiques*, new series, 5 (1990): 229–63.
77. One of his supporters, the comte de Lauraguais, republished Dutot's apology for Law's System. See Louis-Léon-Félicité, comte de Lauraguais, *Mémoire sur la Compagnie des Indes, dans lequel on établit les droits & les intérêts des actionnaires. En réponse aux compilations de M. l'Abbé Morellet* (n.p., 1770), 114–33.

78. Lüthy, *La banque protestante*, ii, 393.
79. *Ibid.*, ii, 436.
80. BNF Joly de Fleury 1434 fol. 131.
81. [Isaac Panchaud], *Réflexions sur l'état actuel du crédit public de l'Angleterre et de la France* (n.p., 1781). For his comments on the Sinking Fund and the Caisse see pp. 45–47.
82. J. C. Riley, “Dutch Investment in France, 1781–1787,” *Journal of Economic History* 33 (1973): 732–60; *idem*, *International Government Finance and the Amsterdam Capital Market, 1740–1815* (Cambridge: Cambridge University Press, 1980), 95, 107, 174–75.
83. See, for example, Antonella Alimento, “Entre animosité nationale et rivalité d'émulation: la position de Véron de Forbonnais face à la compétition anglaise,” in *Governare il mondo: l'economia come linguaggio della politica nell'Europa del Settecento*, ed. Manuela Albertone (Milan: Feltrinelli, 2009); Paul Cheney, *Revolutionary Commerce: Globalization and the French Monarchy* (Cambridge, MA: Harvard University Press, 2010); and Hont, “The ‘Rich Country–Poor Country’ Debate Revisited.”
84. Steven L. Kaplan, *Bread, Politics and Political Economy in the Reign of Louis XV*, 2 vols. (The Hague: Martinus Nijhoff, 1976); *idem*, *La fin des corporations* (Paris: Fayard, 2001).

Author Biography

John Shovlin is an Associate Professor of History at New York University where he lectures in early modern and modern European history. John's research focuses on the history of political economy in eighteenth-century Europe. He is the author of *The Political Economy of Virtue: Luxury, Patriotism, and the Origins of the French Revolution* (2006), and editor of *The Bordeaux–Dublin Letters, 1757: Correspondence of an Irish Community Abroad* (2013), along with Thomas M. Truxes and Louis M. Cullen. Supported by the National Endowment for the Humanities, he is currently writing a book on capitalism and international order in eighteenth-century Europe with a focus on the Franco-British global rivalry.