

# Securing Asian Trade: Treaty Negotiations between the French and English East India Companies, 1753–1755

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An uncertain peace came to the Coromandel Coast in the closing days of 1754.<sup>1</sup> After years of war, officials of the French and English East India companies signed a treaty suspending hostilities between them: each company promised in the future to recognize the possessions of the other and to permit its rival to trade freely in South Asia, and both agreed to withdraw from the Indian power struggles that had enmeshed them in conflict. A provisional accord, the deal would have to be ratified in Europe where, for a year and a half, the two bodies had negotiated the terms of a permanent settlement.<sup>2</sup> Following an initial approach from the East India Company in February 1753, the French proposed a treaty to exempt the settlements and vessels of both organizations

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<sup>1</sup> Thanks to Antonella Alimento and Koen Stapelbroek for their advice; thanks also to Elizabeth Cross, Felicia Gottmann, and Pernille Røge for helpful criticism.

<sup>2</sup> Archives du Ministère des Affaires Étrangères, La Courneuve [AAE], Correspondance Politique [CP] Angleterre [Ang] 435, fol. 350, Gaston-Pierre de Lévis, duc de Mirepoix to François-Dominique de Barberie, marquis de Saint-Contest, 10 February 1753.

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A. Alimento, K. Stapelbroek (eds.), *The Politics of Commercial Treaties  
in the Eighteenth Century*, DOI 10.1007/978-3-319-53574-6\_10

267

from attack in case of future wars in Europe, to commit the companies to disengage from Indian politics, and to create an alliance between them to resist Indian princes who threatened their establishments or trade. Had these proposals been adopted, Franco-British commercial competition east of the Cape of Good Hope would, effectively, have been demilitarized, and the Anglo-French relationship in South Asia recast as a kind of security cartel to manage relations with Asian powers.

Neither this prospective accord nor the provisional deal signed in India was a commercial treaty in the ordinary sense of the term. In Europe, treaties of commerce were used to create a political framework to secure the trade of a state's subjects in spaces under the control of another sovereign. The sovereign in question agreed to permit and protect the commerce of foreign nationals, and sometimes to allow them a limited self-government under consuls. In parts of the world where rulers had no regular interaction with the European states system, as was the case with China and the Mughal Empire, making such governance arrangements fell to the chartered companies which monopolized trade between Europe and the East. In an Indian context, the companies typically secured *farmans*—grants of privileges and rights of self-government—from the Mughal emperor. However, a departure from these standard arrangements was entailed in the treaty negotiations which are the subject of this chapter. Here it was an agreement between the companies themselves that was at issue, aimed at establishing a political structure to secure Asian trade independent of Indian sovereigns, while also disentangling the companies from Franco-British geopolitical rivalry.

What has seemed important about the treaty to most scholars is the fact that it failed. After two years of talks, the best the companies could achieve was an anodyne declaration that they were “commercial” organizations, not “warlike or conquering” ones; the provisional treaty signed in India became a dead letter.<sup>3</sup> In the course of the war that followed, the East India Company crushed the French, and laid in Bengal the foundations for a new territorial empire. It is these violent events that have engrossed our attention. The preceding, abortive effort to direct history along a different path features prominently only in biographies of Dupleix, the French Governor General who set out to extend the territories controlled by the

<sup>3</sup> Philippe Haudrère, *La Compagnie française des Indes au XVIII<sup>e</sup> siècle*, 2nd edn., 2 vols. (Paris: Les Indes savantes, 2005), II: 743.

*Compagnie des Indes* before he was recalled in 1754 as part of the search for peace. For French historians of an imperialist bent, this was the fatal moment when their forefathers let slip a world historical opportunity to found a great French empire in India.<sup>4</sup>

But it is not only for the way it made, or broke, the fortunes of European empires to be, or not to be, that the treaty negotiations between the two companies are worth examining. Indeed, to treat this moment as an episode in the history of European empire formation may occlude as much as it reveals. What is striking in the perspective of the companies is their wary attitude toward imperial control and domination, the shared sense that conquest and commerce might be incompatible. Each company wished to prevent its rival from establishing a territorial empire in India, but each sought also to avoid this fate itself. The companies advanced different, less familiar solutions to the problems of security and governance they faced—neutralization of European trade in Asia, and political cooperation to manage relations with Indian rulers. These impulses are often treated, anachronistically, as a failure of (imperial) vision on the part of the companies. In fact they reflect ambitious and sweeping prospects for remaking the geopolitics of the Indian Ocean region that deserve to be understood on their own terms.

We must take seriously as political thinkers the company directors and public officials who proposed and managed the treaty negotiations in 1753.<sup>5</sup> The companies had long been creative sites of political economic reflection, fostering, *inter alia*, ideas for remaking geopolitical rivalries on more peaceful lines. These visions are critical to understanding the 1753 initiative and are the principal subject of the chapter. In elaborating such perspectives, company insiders contributed to wider debates in the first half of the eighteenth century concerned with pacifying and stabilizing the international order by recasting the relationship between trade and power politics. These debates were occluded by the transformations in European political economy which occurred in the late 1750s and 1760s, and which

<sup>4</sup> On the theme of “l’Inde perdue,” see Kate Marsh, “Territorial Loss and the Construction of French Colonial Identities, 1763–1962,” in: *France’s Lost Empires. Fragmentation, Nostalgia, and La Fracture Coloniale*, ed. Kate Marsh and Nicola Frith (Lanham, MD: Lexington Books, 2011), 1–14.

<sup>5</sup> Philip J. Stern, *The Company-State. Corporate Sovereignty and the Early Modern Foundations of the British Empire in India* (Oxford: Oxford University Press, 2011), 14.

introduced new ways to imagine a world of peaceful, competing, commercial states. It is only recently that we have begun to rediscover the intellectual richness of the earlier period.<sup>6</sup> Examining the treaty initiative of 1753 enhances our understanding of how early eighteenth-century Europeans imagined the possibilities for peaceful geopolitical transformation by taming “jealousy of trade.” It also shows how such ideas could enter concretely into the practice of global politics. To be sure, they could do so only in a very particular political context, and it is to this context we turn first.

### INDIAN GEOPOLITICS AND RESTIVE SHAREHOLDERS

The conditions that impelled the companies to negotiate a treaty in 1753 are to be found in the geopolitical context and above all in Indian politics. The India companies supplied a legal, political, and defense framework to foster trade in zones where the sovereignty of their home polities did not extend. By managing political relationships and negotiating trade and tax privileges with Asian powers, companies created a space in which the activities of European merchants and their Asian partners could be pursued profitably. This governance structure had major liabilities. Defense costs had to be borne directly by trade; they could not, except in special circumstances, be shifted onto taxpayers. Security spending ballooned disastrously during the 1740s and 1750s in the face of political instability in India and war in Europe. The negotiations begun in 1753 were intended to address this problem by coordinating the behavior of the French and English companies and by erecting a firewall between trade and politics.

Until the mid-1740s, the French and the British mostly managed to avoid clashes in South Asia. But when war broke out between the two kingdoms in the midst of the Austrian Succession struggle in Europe, conflict soon followed in India. French Governor General Joseph-François Dupleix hoped at first to preserve a state of peace between

<sup>6</sup> See, notably, Istvan Hont, *Jealousy of Trade. International Competition and the Nation-State in Historical Perspective* (Cambridge, MA: Belknap Press, 2005); Paul Cheney, *Revolutionary Commerce. Globalization and the French Monarchy* (Cambridge, MA: Harvard University Press, 2010); and Sophus A. Reinert, *Translating Empire. Emulation and the Origins of Political Economy* (Cambridge, MA: Harvard University Press, 2011).

the French and English settlements in the Coromandel, but the British refused the truce he proposed. Naval attacks quickly dried up the French company's trade and in 1746 Dupleix seized Madras, hoping to swap it for territories closer to Pondicherry from which the French could raise revenues. He had come to believe that the *Compagnie des Indes* could finance its operations only if it acquired a tax base in India.<sup>7</sup> To gain the necessary concessions from Indian powers, he threw the forces of the company behind the claims of Chanda Sahib and Muzafar Jang, who sought to become, respectively, nawab of Arcot and nizam of Hyderabad.<sup>8</sup> The strategy paid off to the degree that the French won new revenue farming rights in the Carnatic, and commercial and tax concessions at Machilipatnam, on the island of Divi, and in the Northern Circars. But the gain proved pyrrhic as the French were unable to make good on these acquisitions, or to defeat rival claimants to rule Arcot and Hyderabad, who received money and troops from the English company.<sup>9</sup> Indeed the French suffered major defeats in 1752 when Chanda Sahib was killed and a French army surrendered at Tiruchchirappalli to Indian and British forces.

The actions of Dupleix were impelled by geopolitical and regional political shifts—shifts also critical to understanding the desire of the companies to reach an agreement with one another. As the authority of the Mughal Empire waned, successor regimes emerged in several regions of South Asia including Bengal, the Carnatic, and the Deccan. New pressures and new opportunities arose for men like Dupleix and Robert Clive: pressures to adapt to an unstable political terrain, and opportunities to profit by joining in Indian struggles, backing one or another of the contenders for power in the successor states.<sup>10</sup> Geopolitically, war demonstrated that the French company could not carry on its commerce in the teeth of British naval attacks. It seemed unlikely, moreover, that

<sup>7</sup> Bibliothèque Nationale de France [BNF] Nouvelle Acquisitions Françaises [NAF] 9335, fos. 343–347; AAE Mémoires et Documents [MD] Asie 4, fos. 44–62.

<sup>8</sup> Haudrère, *Compagnie française des Indes*, II: 730–737.

<sup>9</sup> Catherine Manning, *Fortunes à Faire. The French in Asian Trade, 1718–48* (Aldershot: Variorum, 1996), 197–214.

<sup>10</sup> P. J. Marshall, “The British in Asia: Trade to Dominion, 1700–1765,” in: *The Oxford History of the British Empire*, vol. II: *The Eighteenth Century*, ed. P. J. Marshall (Oxford: Oxford University Press, 1998), 487–507.

Franco-British relations would return to their prewar stability. The war left in its wake a range of potential flash points—in America, in Germany, and of course in India. The possibility of new wars in the future thus seemed very real.

Against this background, leaders of the companies in London and Paris concluded that the conflict between them in India must end. The most urgent impetus for peace was financial. Dupleix's initiatives were expensive. His wars cost the French company over twenty million *livres*, and struck at its commerce by drying up funds for trade.<sup>11</sup> For the East India Company, too, conflict with the French came at a high cost. The directors estimated in 1756 that the annual expenses of the company in India had increased by 60 percent since the fall of Madras, and that they had spent half a million pounds on the conflict with the French.<sup>12</sup> These losses dampened stock prices. The declaration of war with France in 1744 had triggered a sharp decline in the value of company shares; the fall of Madras prompted another slump.<sup>13</sup> The outbreak of a new war would surely bring similar results. Indeed, the Seven Years War, when it came, entailed the century's longest period of depressed East India stock values. It is telling that the peak share price for the entire period between early 1744 and mid-1766 occurred in June 1753, when a deal with the French seemed imminent.

After the fall of Madras, the directors of the East India Company were criticized for failing to accept a neutrality agreement proffered by the French company in 1744. The proposed accord stipulated that "In the event of war in Europe between the two Powers, there will be none in the East Indies between the French and the English." Neither were vessels of the companies to be permitted to attack one another at sea. The proposal was vetoed by Henry Gough, the dominant figure in the English company, who wanted scope to attack French shipping in the Indian Ocean.<sup>14</sup> Gough's action would later attract the ire of company servants involved in the defense of Madras, who felt they had been blamed for a loss that was

<sup>11</sup> Alfred Martineau, *Dupleix et l'Inde française*, 5 vols. (Paris: E. Champion, 1920), III: 26.

<sup>12</sup> British Library [BL] Egerton [Eg] MS 3487, fos. 185–186, Secret Committee of the East India Company to Robert Darcy, Earl of Holderness, 21 December 1756.

<sup>13</sup> John Castaing, *Course of the Exchange*, reproduced in European State Finance Database, <http://esfdb.websites.bta.com/Database.aspx>.

<sup>14</sup> BL Add MS 35906, fos. 180–181.

the consequence of London's choices. The Madras President, William Monson, attacked the direction for its "ill judged Parsimony, or stupid Neglect, to say no worse." In order to inflate the dividend, he charged, the directors failed to fortify Madras adequately or to maintain sufficient troops. The leadership should have accepted the neutrality offered by the French: "What could a Set of Merchants have desired or wished for more, than to carry on their Trade free from any additional Expence or Fear of Danger; at least in those Parts where they were most exposed?"<sup>15</sup> Monson's pamphlet was reissued in French translation—perhaps in an effort to invite renewed negotiation with the *Compagnie des Indes*.<sup>16</sup> Indeed that same year the French company weighed a new approach to its rival to secure a treaty of "perpetual neutrality."<sup>17</sup>

In Paris, a shareholder revolt was brewing against the policies of Dupleix. Syndic Joseph-Philippe Narcis complained in October 1751 that the funds sent to India to buy merchandise were diverted to warfare, crippling the company's trade.<sup>18</sup> Falling profits ate up dividends and depressed share values. A decline in the price of company stock set in from 1751. Rumors of new hostilities in India, well-founded or not, triggered drops in the share price. "It is said publicly that Pondicherry is invested by the Indians, supported by English in disguise," wrote one correspondent from Paris in the summer of 1753. In consequence, "The shares of the company have fallen by nearly 150 livres and it is not doubted but they will fall further every day. This news furiously alarms the poor share-holders."<sup>19</sup>

The nightmare scenario from the French point of view was that hostilities in India would trigger war in Europe. Could Dupleix be unaware, asked director Gabriel Michel, of "the public outcry against a company of merchants which dares [ . . . ] to abandon its trade to give itself over to a

<sup>15</sup> [William Monson], *A Letter to a Proprietor of the East-India Company* (London: T. Osborne, 1750).

<sup>16</sup> *Lettre écrite à un actionnaire de la Compagnie des Indes Orientales d'Angleterre* (London: T. Osborne, 1750).

<sup>17</sup> AAE MD Asie 12, fol. 228, "Sur le Projet d'un Traitté de Neut.<sup>é</sup> perp.<sup>lle</sup> entre les Comp.<sup>ies</sup> des Indes de France et d'Ang.<sup>re</sup>," October 1750.

<sup>18</sup> Archives Nationales, Paris [AN] Colonies [Col] C<sup>2</sup> 44, fos. 48–60.

<sup>19</sup> Essex Record Office, Chelmsford, Mildmay Papers, D/DM/OI/27, unidentified to William Mildmay, 17 July 1753.

spirit of conquest, and does not fear to provoke a rupture with our neighbors?”<sup>20</sup> From the perspective of the directors, geopolitical stability was necessary to make a profit, indeed to keep the company afloat. The company prospered during the Franco-British peace of the 1720s and 1730s: the volume of its shipping and trade expanded; profits and share prices rose. After 1744, by contrast, it suffered major losses; its trade dried up; shareholders were pressed to recapitalize the company, and dividends went unpaid—leading to a revolt of the stockholders in 1745 and a reorganization of the direction.<sup>21</sup>

Against the background of shareholder disaffection with Dupleix, one of the syndics of the company, Pierre-Claude Delaître, proposed in 1752 that a treaty be made with the English company, not only to end the conflict in Asia, but to place the relationship between the two on a more cooperative footing. War between the companies had to end, Delaître argued: it had ruined trade; it exposed both companies to manipulation by Indian rulers; it risked teaching European military discipline to Indian powers, which in time might jeopardize the European presence in Asia; and it created an opening for interlopers like Prussia’s new Embden Company. Strife among the companies also exposed them to being exploited by their own servants, who pursued private political and financial ambitions at their employers’ expense. This last theme was a frequent complaint directed against Dupleix and his lieutenants, as it would later be against Clive and other English “nabobs.”

Delaître proposed a treaty allying the French and English companies, to which the Dutch might later be invited to accede. The companies should agree to fix the rights and possessions of each, renouncing forever any claims against the possessions of the other. Each company should guarantee the holdings of its rival in case of attack by a third party—make common cause, that is, against Indian rulers. The companies should cease meddling in the wars of Asian powers and, in case of war in Europe, the vessels and settlements of both should be exempt from attack. They should enjoy freedom to trade in all parts of India, and no new establishments should be made tending to exclude the trade of the other company. What Delaître proposed, in effect, was a cartel between the

<sup>20</sup> BNF NAF 9150, fos. 22–23, Gabriel Michel to Joseph-François Dupleix, 21 January 1754.

<sup>21</sup> Haudrère, *Compagnie française des Indes*, I: 126–127.



companies for their collective security, and the neutralization of a vast zone east of the Cape of Good Hope from European geopolitical struggles.<sup>22</sup> His proposal embodied the central elements of the initial French negotiating position in the summer of 1753.

COMMERCE NOT CONQUEST: THE GEOPOLITICS OF THE  
*COMPAGNIE DES INDES*

Delaître's proposal went beyond earlier calls for wartime neutrality deals between the European companies, or truces between adjacent settlements, and harkened back to more ambitious schemes for the permanent pacification of European long-distance trade floated in the opening decades of the century. In his 1713 plan for "perpetual peace," the abbé de Saint-Pierre had suggested that Europeans, including the India companies, should have freedom to trade in Asia under the auspices of a body established by the European federation he proposed, which would provide security and manage diplomatic relations with Asian powers.<sup>23</sup> This idea for a common European cartel to secure and pacify trade to the East Indies echoes schemes for the joint management of trade to Spanish America fostered in the same period by France's chief commercial diplomat, Nicolas Mesnager. As Koen Stapelbroek has shown, Mesnager worked fruitlessly between 1705 and 1711 to convince Spanish, Dutch, and English counterparts that an international cartel of European merchants would offer the best framework to manage trade to the Spanish Empire.<sup>24</sup> As in Delaître's later proposal for the East Indies, the trade was to enjoy neutrality in wartime. Mesnager's vision was not forgotten. It was the basis for a plan to reorganize the Spanish American trade developed in the early 1730s by France's *contrôle général*, the ministry which also supervised the

<sup>22</sup> "Mémoire sur les inconvénients pour les trois Compagnies françoise, angloise et hollandoise de leur mésintelligence dans l'Inde, sur les avantages communs à ces trois Comp.<sup>es</sup> qui resulteroient de leur Union," 30 July 1752, AN Col C2 38, fos. 74–81.

<sup>23</sup> Charles Irénée Castel de Saint-Pierre, *Projet pour rendre la paix perpétuelle en Europe*, 3 vols. (Utrecht: A. Schouten, 1713–1717), I: ix; II: 264–269.

<sup>24</sup> Koen Stapelbroek, "The Long Peace: Commercial Treaties and the Principles of Global Trade at the Peace of Utrecht," in: *The 1713 Peace of Utrecht and Its Enduring Effects*, ed. A. H. A. Soons (Leiden: Brill, forthcoming).

*Compagnie des Indes*.<sup>25</sup> The outlook of Saint-Pierre, too, had its partisans within the company: the director Pierre Saintard would publish a peace plan inspired by it on the eve of the Seven Years War.<sup>26</sup>

A second and different strain of political economic thought, identified by Istvan Hont as “neo-Colbertist,” also came into play in 1753.<sup>27</sup> Writers associated with the *Compagnie des Indes* had played a key role in the development of this line of analysis. Indeed the founder of the modern company, the Scottish financier John Law, has some claim to be viewed as its originator. Law had an ambitious agenda to pacify Europe under a benign French hegemony. Had his “System” survived, he later claimed, it “would have conserved the peace of Europe.”<sup>28</sup> Law toyed with the idea of European trading companies operating cooperatively in Asia, though it was never central to his thinking.<sup>29</sup> While converging with Saint-Pierre’s views on the value of peace, the spirit of Law’s thinking was different. The abbé wanted the structures of international politics bent to the needs of trade, while, for Law, commerce—albeit peaceful commerce—continued to be the handmaiden of power. His *Compagnie des Indes* and Banque Générale would endow France with such a degree of economic preponderance, he argued, as to make coalition warfare against it unwinnable. The result would be a peaceful Europe rather than universal monarchy, according to Law, because France would have no further interest in conquest—indeed, it “would weaken itself by expanding.”<sup>30</sup> For the Scot, peace was condition as well as consequence of his System’s success. He supported the French alliance with Britain negotiated by the abbé Guillaume Dubois, believing it would shelter his System while it took root. Tensions with Britain would ease in any case as the paper money

<sup>25</sup> Bibliothèque de l’Arsenal MS 6193, “Mémoire sur le commerce de l’Amérique, par M. Malet,” February 1732.

<sup>26</sup> [Pierre Saintard], *Roman politique sur l’état présent des affaires d’Amérique, ou Lettres de M\*\*\* à M\*\*\* sur les moyens d’établir une paix solide & durable dans les colonies, & la liberté générale du commerce extérieur* (Amsterdam: Duchesne, 1756).

<sup>27</sup> Hont, *Jealousy of Trade*, 28–30.

<sup>28</sup> Bibliothèque Méjanes, Aix-en-Provence, MS 614 (355), John Law to M. de Rosemberg, 15 May 1722.

<sup>29</sup> John Law, “Réponse aux deux lettres, sur le Nouveau Système des Finances,” in: *Œuvres complètes*, ed. Paul Harsin, 3 vols. (Paris: Librairie du Recueil Sirey, 1934), III: 115.

<sup>30</sup> BNF MS français 21750, fos. 4–5, Law to Philippe d’Orléans, undated.

Law's bank issued reduced French dependence on Spanish American silver, and thus devalued the struggle for New World trade.<sup>31</sup>

Law's ideas shaped subsequent debate in French political economy, especially debates within and on the edges of the *Compagnie des Indes*. After the Scot was disgraced in 1720, his enemies took over and reorganized the company, yet a circle of major shareholders continued to sympathize with Law's ideas. In this milieu, the most influential theorist was Law's one-time secretary, Jean-François Melon. In his *Essai politique sur le commerce* (1734), Melon claimed that "the spirit of conquest and the spirit of commerce are mutually exclusive in a nation," a formula which, echoing Law, rejected territorial expansionism and war, and valorized economic development as the sole route to security and power. Melon's political economy was pacific in spirit, concerned with containing the threat of British commercial power by developing French manufactures and agriculture.<sup>32</sup> He believed a commercial empire could play a role in generating wealth, but he rejected territorial empires, such as that of Spain, based on extraction rather than trade, and requiring large numbers of colonists and soldiers to secure. Another of Law's former lieutenants, Nicolas Dutot, while differing with Melon in many respects, also believed that peaceful commercial expansion was the key to success. "An end to those victories won by ruinous efforts," Dutot wrote. "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."<sup>33</sup>

Dutot's call for aggrandizement through peaceful commercial expansion appealed to the young Étienne de Silhouette, who would go on to be royal commissioner of the *Compagnie des Indes* in the 1750s. Invoking Dutot, Silhouette argued that the British 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 position to ruin this rival

<sup>31</sup> See John Shovlin, "Jealousy of Credit: John Law's 'System' and the Geopolitics of Financial Revolution," *Journal of Modern History* 88 (2016), 275–305.

<sup>32</sup> 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), 243–322; 263.

<sup>33</sup> Nicolas Dutot, *Réflexions politiques sur les finances, et le commerce*, 2 vols. (The Hague: Frères Vaillant & N. Prevost, 1738), II: 403–404. Dutot had been a cashier of the company under the System. See François Velde, "The Life and Times of Nicolas Dutot," *Journal of the History of Economic Thought* 34 (2012), 67–107.

and enemy nation.”<sup>34</sup> He reiterated this claim in a widely read memorandum of 1747 where he argued that the key strategic challenge was to prevent the emergence of a British monopoly of American trade.<sup>35</sup> Silhouette helped manage French relations with Britain in the 1750s as a diplomat regulating territorial disputes in America, and subsequently as commissioner of the *Compagnie des Indes*, where he also directed the unfolding negotiation with the East India Company.

In this role, Silhouette favored peaceful commerce over territorial aggrandizement in India, and put himself at the head of the anti-Dupleix party. In 1752 he told Dupleix that in Paris “peace is generally preferred to conquests.” Territorial concessions would only drag the French into internecine Indian struggles. “We do not wish to become a political power in India,” Silhouette wrote, “we want only a few establishments to aid and protect trade.”<sup>36</sup> This position was echoed by several of the writers associated with intendant of trade, Jacques-Claude Vincent de Gournay, with whom Silhouette was allied. According to François Véron de Forbonnais, the establishments of European nations in India “would deviate from their original purpose if they were to become conquering.”<sup>37</sup> Commerce rather than conquest in India was also the preference of Silhouette’s superior, *contrôleur général des finances* Jean-Baptiste Machault d’Arnouville—the most influential minister in the French government. Machault wanted financial retrenchment, for which peace was essential. “One cannot desire too much the end of the troubles in India,” he wrote in March 1753, adding that he hoped the pacific overtures of the East India Company “will be followed by a happy success.”<sup>38</sup>

<sup>34</sup> AAE CP Ang 405, fos. 394–399, Étienne de Silhouette to André-Hercule, Cardinal Fleury, 31 December 1739.

<sup>35</sup> AAE MD Ang 46, fos. 45–88, “Observations sur les finances, la navigation & le commerce de l’Angleterre.”

<sup>36</sup> BNF NAF 9150, fos. 266–267, Silhouette to Dupleix, 13 September 1752.

<sup>37</sup> François Véron de Forbonnais, *Éléments du commerce*, 2 vols. (Leiden: Briasson, 1754), I: 355. See also [Louis-Joseph Plumard de Dangeul], *Remarques sur les avantages et les désavantages de la France et de la Grande Bretagne, par rapport au commerce, & aux autres sources de la puissance des États*, 3rd edn. (Paris: Frères Éstienne, 1754), 237.

<sup>38</sup> AAE CP Ang 436, fol. 7, Machault to Saint-Contest, 1 March 1753.

Thus, for the French, the negotiation undertaken in 1753 constituted a convergence of two positions. It emerged from a line of thinking long associated with the company arguing that peace best served French geopolitical interests because it favored the commercial expansion which underpinned power—a view tending to value commerce over conquest. This position was allied to proposals for neutralizing trade, which had their origin early in the century. In the interests of profits and financial stability, trade must be sheltered from war, if need be through some kind of cartel with commercial rivals to neutralize it. Views with affinities to these, though derived from different intellectual roots, also spurred the peace party in the English company and its supporters in the British government. Indeed it was this convergence that opened the way for negotiation between the two companies. Thus with support from Silhouette and the leaders of the company, director Pierre Duvelaer and his brother the comte du Lude traveled to London in April 1753 to conduct negotiations with the Secret Committee of the East India Company.

#### CONTAINING FRANCE BY THE ARTS OF PEACE

The negotiations initiated in 1753 by the East India Company reflected the intellectual traditions of the company and must also be situated within currents of thinking and action oriented to recasting British relations with France. The War of the Austrian Succession ended in stalemate. Great Britain gained nothing from it, and was left with a ballooning national debt. The conflict bolstered the conviction that France was Britain's most dangerous rival, but left unresolved how the British might best respond to the French challenge. Some Britons, especially among the former "patriot" critics of Walpole, looked with equanimity on the prospect of a new war, concentrated against French naval power and colonies. Others, even among the patriots, reflecting on the futility of the preceding struggle, and the alarming inflation of the public debt, sought more peaceful ways to contain French power.

These tendencies were reflected in the government, a coalition of forces originally loyal to Walpole with others from patriot opposition ranks.<sup>39</sup> Walpole's stance in foreign relations had been notably pacific, a proclivity shared by his successor, Henry Pelham, Prime Minister

<sup>39</sup> John B. Owen, *The Rise of the Pelhams* (London: Methuen, 1957).

from 1743 until his death in 1754. Pelham pushed for an end to the War of the Austrian Succession as early as 1745, and, in 1748, looked forward to a peace which would permit economies and lower taxes.<sup>40</sup> His pacific inclinations were shared by the patriot Duke of Bedford, and by Lord Holderness, the two ministers who successively oversaw relations with France in this period. Lord Chancellor Philip Hardwicke was decidedly a member of the peace camp, as was Pelham's brother, the Duke of Newcastle, though less reliably so.<sup>41</sup> Those who sought to check France without war could draw on a range of political economic perspectives offering blueprints for a less bellicose, if still unremittingly competitive, relationship.

A proposal to liberalize trade with France was popularized by the most widely read English political economist of the 1740s, Sir Matthew Decker. A former chairman of the East India Company, Decker was the latest in a line of influential political economic writers associated with the company.<sup>42</sup> He argued that a freer trade was the best means to enrich Britain and to reduce thereby the relative power of its rival. The failure to confirm the commercial treaty signed at Utrecht in 1713, he argued, was mistaken. The British could have ousted the Dutch as the carriers of French goods, and benefited from low-priced French linens. Britain would have no trouble winning an economic struggle with France if the price of labor were contained. To achieve this end, Decker called for reform of the tax system and the transformation of Great Britain into a general free port. The customs duties funding the national debt strangled trade, he argued, while excises drove up the cost of labor, pricing British manufactures out of foreign markets. Freer trade, too, would diminish labor costs—a more effective mode of protecting British industries than high duties which encouraged smuggling.<sup>43</sup>

<sup>40</sup> Newcastle (Clumber) Collection [Ne(C)], University of Nottingham, 389/1–2 Henry Pelham to William Stanhope, Earl of Harrington, 12 July 1745; Ne(C) 1290 Pelham to Thomas Pelham-Holles, Duke of Newcastle, 12 May 1752; Ne(C) 1291 Pelham to Newcastle, 25 May 1752.

<sup>41</sup> William Coxe, *Memoirs of the Administration of the Right Honourable Henry Pelham*, 2 vols. (London: Longman, 1829), I: 32, 39.

<sup>42</sup> Philip J. Stern, "Companies: Monopoly, Sovereignty, and the East Indies," in: *Mercantilism Reimagined. Political Economy in Early Modern Britain and its Empire*, ed. Philip J. Stern and Carl Wennerlind (Oxford: Oxford University Press, 2013), 177–195.

<sup>43</sup> [Sir Matthew Decker], *An Essay on the Causes of the Decline of the Foreign Trade* (London: John Brotherton, 1744).

Given Decker's biography, it is tempting to link his political economy to the initiative of the East India Company to reach an accommodation with its French rival. Decker had been the dominant figure in the company from the 1720s through the early 1730s, a period when the two bodies avoided the clashes that marked their relationship in the 1740s. Having died in 1749, he played no part in the negotiations, but he would likely have approved of them had he lived. His staunchest City allies worked to shape a less bellicose Franco-British relationship in the 1740s, and would do so again on the eve of the Seven Years War. In 1745, Decker's friend, Gerard Van Neck—another erstwhile East India director—played a role in unofficial diplomacy seeking to end the war.<sup>44</sup> Ten years later, his brother Joshua Van Neck worked to head off the coming conflict by serving as a back channel between the peace camps in France and Britain. He was supported by his business partner and son-in-law, Thomas Walpole (nephew of Sir Robert), a sitting director of the Company.<sup>45</sup>

Yet Decker's call for freer trade was not embraced by the leadership of the company when the idea of reviving the 1713 commercial treaty with France was raised in 1749 by the Duke of Bedford. Bedford claimed that those elements of the 1713 treaty not vetoed by the House of Commons in 1713 ought still to govern trading relations between the two powers, a position the French rejected.<sup>46</sup> Nevertheless, with some support from Pelham and Holderness (who replaced Bedford as secretary for the southern department in 1751), efforts were made to liberalize trade with France. The British relaxed the duty imposed on French ships in English ports, and pushed the French to reciprocate. They sought to open French markets to British hardware and clocks. Some within the French

<sup>44</sup> AAE CP Ang 421, fos. 57–60, Jean-Baptiste Fournier to Jean-Ignace de La Ville, 7/18 June 1745.

<sup>45</sup> BL Add MS 32861, fos. 118–119, Thomas Walpole to Horatio Walpole, 28 November 1755; BL Add MS 32862, fol. 279, unidentified to Newcastle, 29 January 1756.

<sup>46</sup> John Russell, Duke of Bedford to Willem Anne van Keppel, Earl of Albemarle, 3 August 1749, in: *Correspondence of John, Fourth Duke of Bedford*, ed. Lord John Russell, 3 vols. (London: Longman, 1844–1846), II: 40–44; AAE MD Ang 69, fol. 17, François-Marie Durand to Louis-Philogène Brulart, marquis de Puyseulx, 17 July 1749. As Antonella Alimento has shown, Forbonnais underlined the dangers of unequal trade treaties in this context: "Beyond the Treaty of Utrecht: Véron de Forbonnais' French Translation of the *British Merchant* (1753)," *History of European Ideas* 40 (2014), 1044–1066.

administration were open to a measure of liberalization.<sup>47</sup> The sticking point was a British law passed in 1745 to ban the importation of fine French linens.<sup>48</sup> Pelham introduced a bill to repeal the exclusion in 1753 but gave it only lukewarm support. In fact, the bill was anathema to some of the government's most loyal supporters, including William Baker, chairman of the East India Company, who came out strongly against it.

Ultimately the company's position on negotiating with the French in 1753 owed less to Decker's position on trade liberalization than to his conviction that the best way to beat the French geopolitically was to undersell them. This general perspective was shared by many in the Pelhamite camp. Lord Hardwicke and his sons, Philip, Charles, and Joseph Yorke, cultivated a circle of writers and political economists broadly sympathetic to Walpole and sharing his skepticism that Britain could be the economic gainer by war. In letters to Philip Yorke, Thomas Birch discussed Voltaire's *Anti-Machiavel* and the abbé de Saint-Pierre's judgment of the work, while excoriating the aggressive foreign policy of Frederick II.<sup>49</sup> The younger Yorkes befriended Isaac de Pinto, a leading critic of jealousy of trade.<sup>50</sup> The Hardwicke nexus also drew in Josiah Tucker, who held that Great Britain must strike at France not through war but via peaceful commercial competition. Tucker opposed fighting to extend the British Empire into the interior of North America. He urged that Britain check its enemy "by y<sup>e</sup> Arts of Peace."<sup>51</sup> Its rulers must expand trade, manufactures, and navigation, to "increase his Majesty's Revenue, and do everything that is necessary to make a Nation great and powerful; without involving us in any Disputes with France or any other Power."<sup>52</sup>

Pelham, Hardwicke, and Holderness patronized officials who shared their outlook. One such was William Mildmay, appointed as a royal

<sup>47</sup> AAE MD Ang 69, fos. 151–152, Philibert Trudaine de Montigny to Puyseulx, 27 May 1751.

<sup>48</sup> AAE MD Ang 69, fos. 4–162.

<sup>49</sup> BL Add MS 35396, fos. 35–36, Thomas Birch to Philip Yorke, 27 October 1741.

<sup>50</sup> BL Add MS 35918, fos. 1, 4–12, 15–19, 23–33, 75, Pinto to Charles Yorke; fol. 82, Joseph Yorke to Pinto; BL Eg MS 1749, fos. 317–318, Pinto to William Bentinck, 20 July 1765.

<sup>51</sup> BL Add MS 4319, fol. 260, Josiah Tucker to Birch, 30 November 1756.

<sup>52</sup> [Josiah Tucker], *The Case of the Importation of Bar-Iron, from Our Own Colonies of North America* (London: Thomas Trye, 1756), 15.



commissioner to accommodate Franco-British differences in America. Against the hardline position of his fellow commissioner, William Shirley, Mildmay supported a pragmatic partition of disputed territories in America.<sup>53</sup> He viewed trade as a field of struggle between nations but believed that, if the confrontation with France could be limited to an economic terrain, Britain must prevail, given the burdens imposed on the French by their “constitution.”<sup>54</sup> In political economic works published in the 1760s he argued that while natural endowments were important, it was intelligent economic policy that would decide the contest between states.<sup>55</sup> Mildmay took a lively interest in the India negotiations, and hoped for a peaceful accommodation. From Paris he reported that “All sensible people in this Country, as well as in ours, are convinced that a flourishing Commerce cannot be carried on by either Side without a mutual agreement to keep Peace with one another.”<sup>56</sup>

A similar view was taken by Alexander Hume, an influential East India shareholder, MP, and ally of Pelham and Holderness, who was to play the leading role in company negotiations with the French. As a former agent of the Ostend Company in Bengal, Hume had experience of managing a profitable India trade without troops and fortifications, but also understood the decisive character of European politics for the companies. After the Ostend operation was terminated under the Treaty of Vienna in 1731 the East India Company recruited him, and he served in the direction during the War of the Austrian Succession.<sup>57</sup> There he experienced the downside of military confrontation with the French. Hume saw little advantage to acquiring more territory on the Coromandel Coast. “We desire no Conquests upon the French in India,” he argued. “They would be of no use to Us.”<sup>58</sup>

<sup>53</sup> BL Eg 3456, fol. 203, Mildmay to Holderness, 22 April/3 May 1752.

<sup>54</sup> BL Eg 3456, fos. 254–255, Mildmay to Holderness, 19/30 June 1752.

<sup>55</sup> William Mildmay, *The Laws and Policy of England, Relating to Trade, Examined by the Maxims and Principles of Trade in General* (London: T. Harrison, 1765). Mildmay was a longtime student of political economy. See Essex Record Office, Mildmay Papers, D/DM/O1/19, 27–28, 42.

<sup>56</sup> William Clements Library, University of Michigan, Mildmay Papers, vol. 3, Mildmay to William Mildmay, Earl Fitzwalter, 13 February 1754.

<sup>57</sup> BL Add MS 73965, fos. 27–28, John Drummond to Horatio Walpole, 12 August 1737.

<sup>58</sup> BL Eg MS 3484, fos. 45–50.

But he appreciated the menace that a militarized French presence there represented to the interests of the English company. Its other vulnerability was the threat to its balance sheet of any shock in India—a hazard that extended to public credit, given the role the company played in the management of the public debt. These were issues to which Hume was sensitive, both as a major stockholder, and as one of Pelham’s closest City allies in the management of the government’s credit.<sup>59</sup>

The solution to these problems was the separation of the India trade from global Franco-British military competition. Hume was the principal champion in the British company of the neutrality treaty proffered by the French—a neutrality to extend not only to settlements and trade in India, but to the shipping of the two companies. Neutrality would resolve the problems of the company in India by rechanneling Anglo-French competition into a more purely commercial form, while benefiting British security at home by saving the Admiralty from sending a squadron to the Indies in any future war.

#### TERRITORIAL PARITY AND COMMERCIAL COMPETITION

Despite the support for an accommodation between the companies, a deal proved elusive. While the companies favored the neutralization of trade, the divergent interests of the two governments stymied an agreement extending to shipping. Neither was the English company prepared to go as far as the French in matters of security cooperation in India. There were other hitches. While the French were in earnest about abandoning the strategy pursued by Dupleix, they were reluctant to give up all the territorial gains he had made, which inspired British mistrust that they still sought territorial empire. Despite these hurdles a deal might have been possible; indeed, a preliminary agreement was actually signed late in 1754 in the Coromandel. Ultimately, it would be clashes in America that rendered these efforts futile.

The Secret Committee of the East India Company took up Hume’s arguments in favor of neutralization. In the Duke of Newcastle’s words, “our Directors now press the neutrality extremely.”<sup>60</sup> The companies

<sup>59</sup> BL Add. MS 33055, fos. 265–268, “Memorandum relating to Mr. H[ume],” 10 December 1760.

<sup>60</sup> BL Eg MS 3484, fol. 17, cabinet minute, 30 May 1753.

wished to assume a neutral stance in future Franco-British wars; their wartime position would be analogous to small, commercially vulnerable polities hoping to shelter their trade in a time of conflict. For the two governments, on the other hand, this meant circumscribing the domain in which future conflict might be conducted.<sup>61</sup> The discussion of a neutrality agreement continued over the summer, but while the cabinet approved a neutralization of settlements in Asia, it refused to extend it to French vessels at sea.<sup>62</sup> The Admiralty opposed the measure, wanting to take advantage of British naval superiority.<sup>63</sup> The French were understandably uninterested in any agreement that did not cover their shipping.<sup>64</sup>

If it scuttled the neutrality deal, the cabinet nevertheless favored an accord to end hostilities in India. The conflict threatened to drag in the two powers, and English public credit was hostage to the fortunes of the company. The talks focused henceforth on ending the fighting and preventing future struggles by fixing the possessions of the two companies and committing both to withdraw permanently from Indian politics. The companies accepted that they should cooperate in the future on security matters. The French proposed an alliance in India.<sup>65</sup> The more minimal formula settled on by the English was that each company would seek the good offices of the other in case of a dispute with an Indian power.<sup>66</sup> While both parties agreed to withdraw from Indian politics, settling outstanding succession struggles was a thornier problem. The English wanted the French to recognize their claimant in Arcot, Mahomed Ali Khan.

<sup>61</sup> The distinction is between *neutrality* and *neutralization*. See Éric Schnakenbourg, *Entre la guerre et la paix: neutralité et relations internationales XVII<sup>e</sup>-XVIII<sup>e</sup> siècles* (Rennes: Presses Universitaires de Rennes, 2013), 10–11.

<sup>62</sup> BL Eg MS 3484, fos. 34–35, Newcastle to Joseph Yorke, 26 June 1753; fos. 43–45, Secret Committee to Newcastle, 18 July 1753; fos. 74–75, Newcastle to Joseph Yorke, 14 September 1753.

<sup>63</sup> AAE CP Ang 436, fos. 193–196, Mirepoix to Machault, 8 June 1753.

<sup>64</sup> BL Eg MS 3484, fos. 27–29, copy of a letter to Duvelaer, 16 June 1753.

<sup>65</sup> BL Eg MS 3484, fol. 59, “Extrait des articles d’un projet de neutralité envoyé par M. Duvelaer, le 23 May 1753 avec des observations par le Comité Secret de la Compagnie des Indes de France.”

<sup>66</sup> BL Eg MS 3484, fos. 122–123, “Heads of Articles,” 26 October 1753.

The French refused. Duvelaer agreed to a compromise allowing the Mughal emperor to designate a nawab, but he was overruled by Paris.<sup>67</sup> The French were worried about losing credibility in India.

The more fundamental difficulty, however, which absorbed the negotiators for much of 1754, was the disposition of territories and settlements. Initially, the English proposed that both companies withdraw to their prewar limits. This was unacceptable to the French who, if they disavowed the strategy of Dupleix, wished to salvage from his acquisitions whatever seemed compatible with future peace.<sup>68</sup> The East India Company next proposed that the French retain new acquisitions near Pondicherry, while ceding to the English equivalent territories near Fort St. George.<sup>69</sup> This too was unacceptable in Paris. Silhouette wanted to preserve gains in the Northern Coromandel.<sup>70</sup> Ultimately the French aspired to territorial parity with the English company.<sup>71</sup> For their part, the English negotiators worried that the French had not broken with the spirit of Dupleix, that they still sought large territorial concessions and tax revenues.

Ultimately, the English company wished to separate trade from “political” sources of profit or advantage. In language adopted by the Secret Committee, Hume proposed that the two companies should have the right to establish any factories they pleased on the Coromandel Coast or in the Deccan, “provid’d such new Establishments or Factories do not by their Extent, Situation, Revenues or other Profits (excepting Those to be obtain’d by Commerce only) give just Cause of Umbrage to either Company.” Neither company was to be permitted to develop a tax base, nor was either to be allowed to fortify or garrison new establishments “beyond what may be necessary to secure their own Persons & Property.”<sup>72</sup> Neither company should use political means to close off trading opportunities to the other. The model here may have been the

<sup>67</sup> AN Col C<sup>2</sup> 41, fos. 114–115, Duvelaer to the Secret Committee of the *Compagnie des Indes*, 2 May 1754.

<sup>68</sup> BL IOR/I/1/4, “Narrative of what formerly passed towards effecting an Accommodation between the English and French Companies.”

<sup>69</sup> BL Eg MS 3484, fos. 122–123, “Heads of Articles,” 26 October 1753.

<sup>70</sup> AN Col C<sup>2</sup> 39, fol. 97, Silhouette, “Mémoire sur les affaires de l’Inde.”

<sup>71</sup> BL Eg MS 3484, fos. 280–284, Machault to Mirepoix, 11 March 1754.

<sup>72</sup> BL Eg 3486, fos. 119–120, draft proposal for revised 5th article. See also fol. 121, Alexander Hume to Holderness, 30 October 1754.

smaller European companies, which managed to trade—and seemingly to profit—without the large investments in security that threatened the balance sheets of the English and French. Alexander Hume, it will be recalled, had made his fortune in the Ostend Company.

As the talks dragged on, each company feared the other was playing for time, angling to strengthen its military position in India. At Silhouette's behest, the French sent 2,000 men to India under director Charles Godeheu, who was to replace Dupleix as the leading French official. Godeheu was authorized to negotiate a provisional settlement with the servants of the East India Company. On learning of the large force traveling with him, however, the English directors demanded a naval squadron to protect British settlements.<sup>73</sup> By the end of 1754, Hume was beginning to doubt that negotiation could resolve the outstanding issues and was contemplating military solutions.<sup>74</sup> This was a second best strategy, but a treaty with the French appeared increasingly out of reach.

All hope was not yet lost though. On his arrival, Godeheu quickly concluded a truce and provisional treaty with Thomas Saunders, the Madras president, which embodied aspirations articulated by both sides in the preceding years. The two officials agreed to withdraw from the quarrels of Indian princes. During the truce, the two "nations" were to make common cause against any Indian ally that disturbed the peace. The treaty made a preliminary territorial division based on the principle of parity between the companies. So, for example, they decided that Machilipatnam and Divi should be "neuter" until London and Paris decided on a final partition, with each side eventually to receive one settlement or the other. Trade was to be "free," in the sense that neither side would obstruct the other, throughout the Carnatic and in the countries to the north of the Coromandel.

When word of its signing arrived in Europe, the Godeheu–Saunders Treaty revived hope for a permanent agreement. While Hume criticized the treaty as "loose and imperfect," if revised it might serve as the basis for a deal.<sup>75</sup>

<sup>73</sup> BL Eg MS 3484, fos. 70–72, Court of Directors to Holderness, 14 September 1753; BL Eg MS 3484, fol. 98, cabinet minute, 27 September 1753; AAE CP Ang 437, fos. 25–26, Mirepoix to Saint Contest, 17 January 1754; BL Eg MS 3484, fol. 136, council minute, 17 January 1754.

<sup>74</sup> BL Eg 3486, fol. 193, Hume to Holderness, 1 December 1754; fos. 210–213, "Plan humbly offered for the Support of the British Possessions Trade & Priviledges [sic] in the East Indies."

<sup>75</sup> BL Eg MS 3487, fol. 72, Hume to Holderness, 8 June 1755; fos. 76–77, Hume to Holderness, 26 June 1755.

Holderness congratulated Hume on “the appearance there now is of bringing about an accommodation between the English and French E. I. Comp<sup>s</sup>.”<sup>76</sup> The Indian treaty seemed set to revive the negotiation in London. But just at this moment it became clear that military conflict between French and British forces in America was imminent.<sup>77</sup> Frontier clashes in the Ohio country in the summer of 1754 had broadened by 1755 into an undeclared war pitting British regulars against French colonial troops and their Native American allies. With a formal state of war now fast approaching, the Godeheu–Saunders deal became a dead letter.<sup>78</sup>

#### CODA: TRADE AND GEOPOLITICS AFTER THE SEVEN YEARS WAR

The Seven Years War transformed the context of Franco-British relations in India. By the end of the conflict, the East India Company had established the foundations of a territorial empire in Bengal, and decisively defeated the French on the Coromandel Coast. At the peace, the *Compagnie des Indes* ceded all the territories it had gained since 1749. But if the scene had shifted, the challenge of securing Asian trade persisted. For the East India Company, it was unclear if the costs of territorial empire in Bengal could be sustained on the basis of its new privileges. “So large a sovereignty may possibly be an object too extensive for a mercantile company [. . .] without the nation’s assistance,” worried Clive. Laurence Sullivan warned of the dangers of territorial empire for a trading company, remarking that the conquests of Dupleix had been a prelude to French ruin.<sup>79</sup> Clive’s acquisition of the *divani* for the company in Bengal would not resolve this dilemma. The problem of balancing revenues with administrative and military costs plagued the

<sup>76</sup> BL Eg MS 3487, fos. 112–113, Holderness to Hume, 11 July 1755.

<sup>77</sup> BL Eg MS 3487, fol. 83, Secret Committee to Holderness, 27 June 1755; BL Add MS 32856, fol. 113, Roger Drake to Newcastle, 22 June 1755; BL Eg MS 3487, fos. 134–135, Secret Committee to Henry Fox, 18 August 1756.

<sup>78</sup> BL Eg MS 3487, fos. 116–117, Secret Committee to Sir Thomas Robinson, 30 July 1755.

<sup>79</sup> Robert Clive to William Pitt, 7 January 1759, cited in *Fifth Report from the Select Committee of the House of Commons on the Affairs of the East India Company* (New York: A. M. Kelley, 1969 [1812]), clvi; BL IOR/H/808, fol. 186, Laurence Sullivan to Pitt, 27 July 1761.

company for decades, and gradually drew the crown into stewardship over the company's domain in India.<sup>80</sup>

If the problem of balancing profit with security persisted for the English company, it was more acute—and the postwar debate correspondingly more searching—in the *Compagnie des Indes*. The company was reorganized in 1764, and in 1769 the crown stripped it of its monopoly and reconstituted it as the manager of the Indian *comptoirs* necessary to sustain a “free” French trade. These reforms and the arguments they elicited have been ably described elsewhere.<sup>81</sup> My objective here is simply to situate the debate of the 1760s in relation to the 1753 treaty initiative and the thinking it reflected.

The principal point is that the terms of the postwar debate constituted a partial rupture with the political and intellectual traditions of the company—a breach which eventually effaced earlier peacemaking efforts. Some of the impulses that distinguished the prewar period faded. Neutralizing trade receded as a solution to the problems of French commerce in Asia. Proposals for security cooperation with the British disappeared; only in the 1780s, with the foundation of the *Nouvelle Compagnie des Indes*, did the idea of a cartel resurface, and then in a different form.<sup>82</sup> The efforts of the company to reach an accommodation with its British rival were gradually forgotten, while the notion that the companies favored war in the interests of trade began to take root. This process of rupture and occlusion occurred in part because debate on the problem of securing Asian trade moved outside the company, into the public sphere, and came to be dominated by individuals without ties to the organization—indeed hostile to its existence. The war years had given birth to Physiocracy, which disdained

<sup>80</sup> H. V. Bowen, *Revenue & Reform. The Indian Problem in British Politics 1757–1773* (Cambridge: Cambridge University Press, 1991); H. V. Bowen, *The Business of Empire. The East India Company and Imperial Britain, 1756–1833* (Cambridge: Cambridge University Press, 2006).

<sup>81</sup> Kenneth Margerison, “Commercial Liberty, French National Power, and the Indies Trade after the Seven Years’ War,” *Historical Reflections/Réflexions Historiques* 35 (2009), 52–73; Kenneth Margerison, “The Shareholders’ Revolt at the Compagnie des Indes: Commerce and Political Culture in Old Regime France,” *French History* 22 (2006), 25–51; Anoush Fraser Terjanian, *Commerce and Its Discontents in Eighteenth-Century French Political Thought* (Cambridge: Cambridge University Press, 2013), 137–181.

<sup>82</sup> Holden Furber, *John Company at Work: A Study of European Expansion in India in the Late Eighteenth Century* (Cambridge, MA: Harvard University Press, 1948), 32–35.

most previous political economic reflection as little more than mercantile lobbying. The Physiocrats favored an agricultural empire based on free trade, and deplored a colonial system predicated on monopoly, whether the national monopoly of the *Exclusif* in the Atlantic, or the company monopoly of Asian trade.<sup>83</sup> They and other critics received a hearing because the *Compagnie des Indes* appeared to be a broken institution—the challenges it faced in Asia nearly insuperable. The postwar conversation was dominated by new proposals: to shift defense costs from the company to the crown; to develop the Mascarene Islands as a base to protect French commerce, free of Indian political pressures; and to end the company's monopoly.<sup>84</sup>

Once it became clear that the Godeheu–Saunders Treaty had failed, a range of competing free trade schemes emerged promising to render French trade in Asia peaceful and prosperous. In June 1755, Vincent de Gournay suggested that the trade be opened to all French merchants, and that the *Compagnie des Indes*, funded by a duty on India goods, maintain the forts and establishments necessary to sustain the trade. Free trade would be greater in volume, more competitive in price, and—free of defense costs—more economical. The tax revenues it would generate would fund a security umbrella in the shape of the reformed company.<sup>85</sup> In 1756 Delaître, too, proposed that the company's monopoly be broken. The trade could be conducted from Mauritius, he suggested, if the island were developed as a military colony and entrepot.<sup>86</sup> At the end of the war critics of the status quo returned to the charge. The future Physiocrat, Nicolas Baudeau, suggested that the company be reconstituted as a carrier of French goods to and from the Indian Ocean, but that the trade be opened to all French subjects. Military and agricultural colonies in the Mascarene Islands, defended by the crown, would secure this commerce. More sweeping reform was staved off in 1764 with a

<sup>83</sup> Pernille Røge, “A Natural Order of Empire: The Physiocratic Vision of Colonial France after the Seven Years' War,” in: *The Political Economy of Empire in the Early Modern World*, ed. Sophus Reinert and Pernille Røge (Basingstoke: Palgrave Macmillan, 2013), 32–52.

<sup>84</sup> Emma Rothschild, “Global Commerce and the Question of Sovereignty in the Eighteenth-Century Provinces,” *Modern Intellectual History* 1/1 (2004), 3–25.

<sup>85</sup> Jacques-Claude Vincent de Gournay, “Observations sur le rapport fait à M. le Contrôleur-Général, par M. de S.\*\*\* le 26 juin 1755, sur l'état de la Compagnie des Indes,” in: André Morellet, *Mémoire sur la situation actuelle de la Compagnie des Indes* (n.p., 1769), x–xxiv.

<sup>86</sup> AN Col C<sup>2</sup> 43, fos. 174–225, “Mémoire sur le commerce de l'Inde,” 31 October 1756.



recapitalization of the company, a renewal of its trade, and the transfer of sovereignty over the Mascarenes to the crown. The champion of this restructuring, Jacques Necker, argued that the company's difficulties stemmed from bearing the costs of defending French trade in Asia. If these could be reduced or passed to the crown, the trade might yet flourish.<sup>87</sup>

As the company moved toward a new financial crisis in the late 1760s, the ministry decided to revoke its monopoly and employed the abbé Morellet to make the case for reform. Morellet offered a revived version of Gournay's 1755 proposal: free trade, with the *Compagnie des Indes* to continue to operate the *comptoirs* necessary to sustain it.<sup>88</sup> Under pressure from critics, he later suggested that the trade could be carried on without maintaining the establishments of the company in India, a position previously sketched by the abbé Roubaud, a Physiocratic fellow traveler, who looked to Indian powers to protect merchants.<sup>89</sup> Without fortifications and troops, French trade would be less likely to arouse the jealousy of rival nations. The most radical position in the 1769 debate was taken by François Quesnay's protégé, Pierre-Samuel Dupont, who argued that the French trade could never be secured; that the effort to compete in Indian Ocean commerce had been a continual source of jealousies and wars; that France would be better off buying India goods from other Europeans and establishing on this basis a reciprocal trade in French commodities.<sup>90</sup>

Each of these free trade schemes, in their different ways, embodied the impulse to separate trade altogether from "political" functions, or the provision of organized violence, and in this sense represented a retooling of the older notion that commerce and conquest were incompatible. The ethos of the prewar *Compagnie des Indes* was appropriated, in transformed fashion, for the new paradigm. It continued to be axiomatic in the postwar climate that conquests in India be avoided. Indeed, under the leadership of the duc de Choiseul, François-Joseph Ruggiu suggests, a policy of

<sup>87</sup> AN Col C<sup>2</sup> 47, fos. 53–60, "Discours de M. Necker, banquier" (1764).

<sup>88</sup> Morellet, *Mémoire sur la situation actuelle*.

<sup>89</sup> André Morellet, *Examen de la réponse de M. N. \*\* au mémoire de M. l'abbé Morellet, sur la Compagnie des Indes* (Paris: Desaint, 1769); Pierre-Joseph-André Roubaud, *Le politique indien, ou considérations sur les colonies des Indes orientales* (Paris: Lacombe, 1768).

<sup>90</sup> Pierre-Samuel Dupont, *Du commerce et de la Compagnie des Indes* (Paris: Delalain, 1769).

avoiding extensive territorial acquisitions was extended to the whole French Empire.<sup>91</sup> Eclipsed and cannibalized in this fashion, the pacific Colbertism of the prewar decades was destined to recede from view, the victim of its own failure either to keep the peace or to aggrandize the monarchy.

The swansong of this tradition, we can see in retrospect, was the 1753 effort to reach an accommodation between the two India companies. In the aftermath of global Franco-British war and in the midst of a sweeping reconfiguration of Indian politics, the perennial problem of balancing the costs of security with the profits of trade in South Asia had become acute. The French company proved most imaginative in offering solutions to this challenge, perhaps because it had a model in the initiatives to reorganize the Spanish trade by cartel and neutralization during the War of the Spanish Succession—a model which the abbé de Saint-Pierre proposed extending to the East Indies as early as 1713. But both companies had fostered traditions of political thought in which the “arts of peace” were conceived as an effective substitute for war in the struggle of states for power. This perspective was appealing to politicians and officials in a period of exhaustion and financial restructuring following the stalemated War of the Austrian Succession. Yet the British government was not prepared to concede wartime immunity to French East India shipping, and in the wake of this impasse, the negotiations focused on less ambitious goals—ending the conflict between the companies; disentangling both from Indian politics; forging an understanding on security cooperation in Asia; and agreeing on a permanent division of establishments and territories in India.

One might argue that there was a contradiction at the heart of the 1753 initiative. The thinking that shaped it was rooted in the very jealousy of trade whose destabilizing consequences the leaders of the companies wished to transcend. Company directors and shareholders wanted to create a pacified space in which Asian commerce could flourish with greater safety and predictability. But they also represented

<sup>91</sup> François-Joseph Ruggiu, “India and the Reshaping of the French Colonial Policy (1759–1789),” *Itinerario* 35/2 (2011), 25–43. Also, Sudipta Das, *Myths and Realities of French Imperialism in India, 1763–1783* (New York: Peter Lang, 1993). For a contrasting view, see Kenneth Margerison, “French Visions of Empire: Contesting British Power in India after the Seven Years War,” *English Historical Review* 130/544 (2015), 583–612.

peace as necessary to foster the wealth that would aggrandize their respective sovereigns. The companies were key sites for the articulation of such a viewpoint because, on the one hand, they stood to bear the costs of the imbrication of commerce with geopolitical competition, while, on the other, they were important elements in the military-fiscal apparatuses of major powers. Did this tension doom the 1753 negotiations to failure? I do not think so. The treaty negotiations were victims of events, not intellectual contradictions—it was the entanglement of the India accord with a separate imperial conflict in America that finally wrecked it. Only, perhaps, from the perspective of the new paradigm which crystallized in the aftermath of that failure can the early eighteenth-century geopolitical traditions of the India companies be found wanting.

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