

The regulation of market access in 18th century mercantilist France

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Abstract

The reforms that marked the early period of the reign of Louis XIV (1661-1715) were predicated i.a. on the marginalization of both the traditional representative institutions and the aristocracy. In-between a new model of centralized bureaucratic State emerged that was based partly on meritocratic principles, and partly on patronage and the farming out official positions. From this original set-up emerged the mercantilist project of Colbert (1661-1683), which aimed was to develop a diversified manufacturing basis and an integrated domestic economy. This included a tight control over market entry and the distribution of more or less extended *Privilèges* to industrial entrepreneurs.

We have coded 90 such decisions, made by the *Bureau de Commerce* between 1724 and 1729. The early conclusions are: (i) The decision making process was explicitly plural and formalistic: the higher bureaucrats wanted to make sure that each stakeholder to each individual case could defend his interest within a collective deliberation; then they typically confirmed the outcome of this collective iteration, without considering its substance. (ii) The revealed hierarchy of bureaucratic preferences was to first support technically innovative projects, then those which would have a positive impact on the trade balance, and lastly those that served local/ regional markets. (iii) We identify the specific policy preferences of the main parties to this decision-making process: local financial intendants, the top bureaucracy, and the 12-14 *Députés du Commerce*, i.e. part experts/ part representatives of the largest commercial cities. (iv) However the main sources of rents in the economy were off-limit: the *Bureau* had little say on the more sensitive issues like the tax farms, colonial trade or the state-sponsored trading companies (*Compagnie des Indes*, etc).

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1. Introduction

Eighteenth century France was a paradigmatic “doorstep” economy (North et al. 2009). On the one hand patterns proper to a despotic, illiberal regime were plentiful: they include an autocratic monarchy with few formal checks and balances, a hugely fragmented legal structure, the micro-management of market access by guilds and a mercantilist bureaucracy, and of course a public debt that was continuously though unilaterally restructured. On the other hand, a probable consensus view is that although this economy was less dynamic than the English or Dutch ones, it did better than, say, the Spanish, Italian or Ottoman ones.

For instance, market forces benefited from an early, unified commercial code, adopted in 1673, which most striking character was its impersonal, individualistic, liberal character. Critically, the operation of both the payment system (exchange letters) and market exit (bankruptcy) were rule-based and relatively immune from outside interventions. More generally, when reading this code, one finds almost no trace of its having been written and enforced in an economy thinly fragmented in a myriad of status groups, guilds and local uncompetitive markets that in fact protected widespread rent-seeking interests.

The present contribution explores the enigmatic conjunction of these two apparently alien economic and political logics – impersonal competition and a patrimonialist, rent-seeking institutional order that was very much organised against the extension of open access. Specifically, we focus on the “supply side policies” of the central bureaucracy: how the *Bureau de Commerce*, in Paris, developed a pro-growth, pro-innovation policy based on a case-by-case distribution of legal and fiscal exemptions, i.e. on the distribution of rents to chosen entrepreneurs.

From the 1660s till the end of the Ancien Regime, any entrepreneur in, say, the textile, glass or mining industry had to receive an agreement or *Privilège* before he could even start business. This primarily allowed him to escape the control exercised by the old guilds that were still quite strong in all well-established ancient crafts. Instead the *Privilège* asked that the new firm followed the quality norms written in the nationwide, industry-based *Règlements*: i.e. statutory texts that stated in great details how woollen cloth or silk fabric should be produced. Enforcement was then monitored by a corps of

Inspecteurs des Manufactures who reported from each province to the Paris bureaucracy every six months. Still, constraints and controls typically came with more or less extended set of tax brakes, protective tariffs, a local production monopoly, or even a monetary subsidy.

This was the core of Colbert's mercantilist project: the state, it was repeated again and again for more than a century, should support the emergence of a diversified manufacturing basis that would successfully compete against foreign producers; and in turn this asked that the bureaucracy enforces the highest standards of quality and supports the adoption of the most recent technologies. This is where the door-step conditions come back in: this pro-change and pro-growth policy assumed that neither the past economic organizations nor open access and unfettered entrepreneurship would deliver such results. In practice, the tiny, centralized and meritocratic *Bureau de Commerce* was the instrument of this development strategy as it handed out *Privileges* on a case-by-case basis, i.e. by following explicitly a policy of limited access. Therefore, the stated aims of this policy were pro-growth and pro-change, it was implemented by a bureaucracy with early patterns of formal rationalization, while its actual instruments were traditional. The very ambiguity of this machinery immediately suggest that it had everything needed in order to stifle growth and innovation for decades; said differently, success, or just the resistance to insiders' capture, required that the actual rules of day-by-day decision making be not only aligned with the stated aims of this policy; they would also have to be institutionalized enough so as to resist the pressure of rent-seeking interests.

In order to identify the principles that guided the *Bureau*, as it granted *Privilèges*, we collected and coded some 90 decisions from the years 1724-29 and tried to identify how each case was discussed: what were the initial demands of the entrepreneur, who took part to the decision, what type of argument were raised for and against the projects, and what the final decision was. In particular, we focus on the different packages of privileges and on the justifications behind each individual decision. That is, which types of projects were most favoured and how the high-stake packages were distributed, when compared to the *Privilèges ordinaires*. Hence, we are exploring the decision-making process per se, not its actual impact on the broader economy. In practice, we have very limited information as to the average performance of those manufactures; neither would we venture into any judgement for instance on whether monitoring by the *Inspecteurs* had any tangible consequence.

At this point, three early conclusions come out.

- i. The decision making process was explicitly plural and ultimately formalistic. The core rule was that each stakeholder to each case should have a chance to defend his interest, whether he would a priori support or oppose the project. If anything, the primary role of the higher bureaucrats (or junior ministers) was to make sure that this rule was enforced; hence, they first organised the deliberation process and kept the records of each opinion or argument. The actual decision was then shaped by a small assembly made of bureaucrats and a group of 10 to 12 experienced

merchants from the major trading cities; typically, these *Députés du Commerce* were relied upon as altogether representatives of local interests and technical advisers. In most cases, by far, the final decision by the minister then confirmed the joint deliberation of the bureaucrats and the *Députés*. The overall impression is that he did not care whether a glass factory would be open or not in Valence or Amiens; what he cared for was the reliability of the anterior deliberation process, the flows of information and the representation of interests.

- ii. The industrial projects that received the largest package of benefits were those that promised technical innovation, whether it stemmed from actual invention or from the importation of foreign technologies and workers – primarily from England and Germany. Then came the prospect of exporting a share of the production, and lastly were the more limited concerns for local market supply and the valorisation of local inputs.
- iii. The limits beyond this logic of decision-making first stem from its limited ex post flexibility: most privileges were granted for a period of twenty years, and though they were ways to review them and monitor firms, the rules were considerably weaker than on the ex ante side. More seriously, the main sources of rents, hence of patrimonial politics, were off-limit: the *Bureau de Commerce* and the *Députés* had little say on matter like the tax farms, colonial trade and the state-sponsored trading companies (like the *Compagnie des Indes*, or John Law's *Compagnie occidentale*).

This article unfolds in the following way. The next section discusses how it fits in the relevant literature and, specifically, vis-à-vis the North and al opus. We then summarize the main features of the institutional environment in which the *Bureau de Commerce* operated. Section four presents the Bureau per se as well as the archival sources it left to us. The next section presents the main conclusions that we extracted at this point from our data-base. Section six concludes.

2- Doorstep economics and mercantilism

North et al

The theoretical framework recently proposed by North, Wallis and Weingast (2009) has been widely recognised as a powerful tool for revisiting a founding question of the social sciences: the transition from a traditional, despotic, low-growth model of society to a liberal one. In their view, what primarily differentiates these two models is how competition in the political and economic fields is organised, and therefore how the respective resources or assets are distributed. On the one hand are the so-called “limited access” societies where only a small elite benefit from economic, political and organizational

resources. Social order is then conditioned by the capacity of this elite to remain unified and so contain its inherent violence. The masses, on the other hand, are very much dispossessed and disenfranchised; in fact, they are not really an actor of history. “Open access” societies on the other hand are marked by entrenched, institutionalized forms of competition: the risk of capture by either politicians or economic entrepreneurs is de facto controlled, so that innovation and adaptability can deliver huge, long run welfare gains. This is what makes these societies viable.

One of the main propositions brought about by North et al is the notion, or perhaps just the metaphor of a “doorstep”. In essence, against models that are founded on the opposition between two polar ideal-types, like tradition and modernity, they insert in-between a third, intermediate position. The doorstep therefore is not framed as an ideal-type, but as a contingent, identifiable historical situation, that in practice conditions full-fledged transition to liberalism and open competition. There is no way a society can join the upper equilibrium without fighting its way through the doorstep, though there would never be any guarantee it would eventually succeed: societies may also fall backwards and miss this golden opportunity

Hence, from an epistemic perspective this notion helps formalizing a superior form of social discontinuity. Against the essentially directionless history of despotic regimes or the (hypothetically) endless growth of liberal economies, the notion of a doorstep aims at accounting for the true, defining discontinuity in human history. In this sense, the doorstep is somewhat akin to the Marxian notion of transition – a situation where past social and economic relationships gradually brake up and where something radically new may possibly emerge.¹

In particular, their insistence on the law and the courts, while not essentially new, is strategic when studying early modern and modern environments. Rights are not only comparatively easy to identify and analyze, which is good from a methodological perspective. They are also very much a part of the transition that is being explored. Modern societies and polities are founded on a powerful and highly demanding legal infrastructure that is at the core of the societal evolutions at stake on the doorstep. As argued by Weber, and by neo-institutionalist historians, the evolution of the form and the uses of the law is both an instrument and a marker of social change. It enfranchises agents though, at the same time, the law and the courts become an instrument of intentional change or policy, however piecemeal – either by an enlightened despot, a Parliament, a Republican government or a small meritocratic bureaucracy.

Now, one of the problems with the notion of a doorstep is that very little specifications are offered on how agents behave there, how they are governed and how society may possibly be reformed. The

¹ Interestingly, whereas for Marx and his followers the eruption of irrational violence is concentrated in the revolutionary phases, and possibly denotes the agency of the *Avant-garde*, for North et al violence belongs to the essentially sterile or cyclical brake-downs of despotic regimes. For Marxian, what characterizes ancient “mode of production” is not underlying violence, but oppression.

doorstep is a place that is rather defined by what comes before and possibly afterwards. This derives clearly from an analytical framework where transition is essentially impersonal, non-intentional and incremental. In other terms, there is no agency. Fractions of elites successively extend the benefit of equal rights to others, so that a long-term Pareto-improving process of change may hopefully happen. But the microeconomics and micropolitics of this intermediary step are hardly envisaged.

Why should the elites be more willing to extend their franchise to others, when they have clearly resisted this perspective before? What holds together social fractions which act along so heterogeneous legal or normative principles? And how is the minority of innovators and new entrants protected in an institutional set-up that is founded on the principle of unequal and different rights? Of course, one also understands that here is an inevitable drawback of the very abstract character of the categories being used. In North et al. (2009) monographies on England, France and Holland were surely intended to add specificities – but they hardly come with concepts.

Catch-Up Economics

Comparing the English and French historical experience from the early seventeenth century and well into the nineteenth century is one of the oldest business lines in economic history. Yet there are other paradigmatic pairs that also oppose, though in somewhat different terms, forerunners to latecomers. Some decades ago for instance there was much investment in the opposition between western liberal societies and “authoritarian modernizers”, like typically Germany, Japan or Turkey (Anderson, Rosenberg 1957). The 1990s debate on the “Asian model” was a kind of follow-up, whereas today a somewhat similar opposition is also at work in the contrast between the old and declining West (plus Japan), and the emerging countries in general.

Whether one discusses the catch-up process presently at work in many part of the world, or the experience of Germany and Japan a century ago, or again that of eighteenth century France and its *Bureau de commerce*, a similar, broad pattern keeps coming out: in all three cases, lawmaking, interest representation and access to market opportunities generally respond to a rather centralised, unaccountable, bureaucratic process. Typically the authorities in charge of establishing and enforcing the rules of the game are not bound by strong constitutional commitments or by formal rules of accountability; and resources, like capital and technology, are not allocated primarily by market forces, i.e. price signals. This contrasts sharply with the classical, possibly ideal framework where rule-making and rule-enforcement are typically controlled by independent courts and an elected Parliament, this being seen, for any reason, as a counterpart to a decentralized resource-allocation mechanism. The present article, therefore, is also a contribution to the discussion on politically illiberal transition to a market economy, state-led development and how relatively independent bureaucracies can be a substitute to formal constitutional commitments.

3- The economic institutions of Eighteenth century France

The institutional and bureaucratic environment within which the *Bureau de commerce* operated, and handed out privileges to chosen entrepreneurs, may be summarised by three main patterns: this country was marked by its extreme legal fragmentation; trade and markets benefited however from cross-sectional ad hoc rules, like the 1673 *Ordonnance sur le Commerce*; and most regulatory decisions made by the central administration had a case-by-case character that did not easily support broad public policies, in the contemporary, twentieth century sense of the word. On the other hand, while not entirely absent, arbitrary interventions in civic or property rights came a far second. France was a limited access society not because rights were poorly enforced or inexistent, but primarily because their very structure did not allow for much competition or mobility.

Legal Pluralism.

The point to start from is that individual rights were first structured by an unwieldy array of social institutions. The best known among them were of course the three main status groups: the nobility, the clergy and the Tiers-Etat. Perceived differences in social standing came with contrasted regulations in matter of taxation or, for instance, access to high positions in the state or the Army. Then, most social and economic activities were tightly and locally regulated, whether one think to guilds, neighbourhood or village organisations, municipal charges, etc.² [Olivier Martin, De La Mare]. Not least, are the legal and judicial consequences of the kingdom having been gradually extended, since the beginning of the millennium, out of a relatively small patch of land around Paris. For centuries kings kept aggregating provinces, self governed cities and other semi-autonomous feudal fiefdoms that already had a developed legal and judicial system. Still, the king and the Parisian courts the capacity had only a limited and incremental capacity to impose their rule and their customary law on the new territories. As a result, by the 17th and 18th centuries, civil life was regulated by 65 *coutumes générales* and 300 other *coutumes locales*, which were all enforced by the local courts and ultimately by the 14 *Parlements*: i.e. regional supreme courts and sprawling bureaucracies, rather than legislative

² Olivier-Martin (1953) remains a key source on the legal history of the Ancien Régime; Richet (1973) offers a short though comprehensive perspective on the institutions of the Ancien Régime generally speaking; and Hilaire (1985) is a fine introduction to the history of commercial law. In matter of supply side microeconomic norms and controls, see also Olivier Martin (1944), on the corporations see for instance Kaplan (1984, for millers and bakers), or Darnton (1987, for the printers and publishers). Among the primary sources, the most comprehensive, and almost quasi-anthropological treatise is De la Mare's *Traité de Police* (1722) which is a compendium of all bodies of norms and rules, enforcement agencies, municipal authorities in early xviii^e century Paris.

authorities.³ Moreover, these customs were not exclusively local, informal rules: over the centuries, they had also been written and confirmed by the monarchy so that they would not easily recede in the background and progressively dissolve into a more unified law. In fact, they remain untouched until the first months of the Revolution when the principle of law-based equal rights was solemnly established – both across social status and local jurisdictions.

Trade law.

As said, there is one key exception to this image of an intensely fragmented legal landscape – trade law. Absolutist France was one of the first countries where this diffuse body of trade customs, partly inherited from the Italian medieval statutes, were confirmed and written into state-sanctioned law. In many other places in Europe the Law Merchant found its way into the law of large trading cities – think about Amsterdam, Hamburg, Cologne, or Genoa.⁴ The point is that its early codification, via the 1673 *Ordonnance sur le commerce*, would give it a uniquely wide territorial extension. It was actually one of the very first bodies of law which, in France, would apply across the whole country and thus enforce equal impersonal rights over the whole kingdom – though only within the specific status group of merchants, which exact delimitations would cause endless conflicts of jurisdiction. In this sense the *Ordonnance* neatly illustrate how, in general, impersonal rights, market integration and normative centralisation necessarily come together.

A second element of interest in this discussion is how the Law Merchant was actually written into state-sanctioned law. The classical, liberal story in this respect is English and it is associated with the highly specific experience of the Common Law courts: from the mid seventeenth century onwards, but most clearly under the stewardship of Mansfield, Lord Chief Justice between 1756 and 1788, trade customs were gradually confirmed by way of precedents.⁵ As Mansfield, but also Blackstone recorded, in practice the law was thus “discovered” by convening groups of informed traders that would pass on to the judge the expectations or common understanding of practitioners, on this or that specific matter. In France the judiciary worked of course very differently and, as said, the overall judicial regime was far less unified, hence far less centralized and impersonal than in England. Accordingly, the commercial code was not written by independent judges but by the King’s bureaucrats and lawyers, who nevertheless happened to be rather practical men. Hence, they did not try to re-event from scratch the rules of the market, as they more or less did for silk and woollen fabric. In fact they convened groups of informed traders and asked them about actual practices and expectations, on this or that

³ See Grinberg (2006) on the *coutumes*.

⁴ In a large bibliography on the Law Merchant per se, see for instance Basil (1998), Donahue (2004), Galgano (2001). On the transition from the classical Law Merchant to state-sanctioned commercial law, see for instance Baker (1979), Padoa-Schioppa (1992), Piergiovanni (2005).

⁵ See Baker (2002), Lowry (1973).

specific matter; the *Conseillers d'Etat* would then write down those *coûtumes* into a well-ordered, rational and actually rather light code.⁶

Bureaucracy and Representation

Behind the experience of writing the *Ordonnance*, lies a more general pattern: over the seventeenth and eighteenth centuries, commerce would be the only social group in France to benefit from formal representative institutions.⁷ Well before the reign of Louis XIV, and especially during the mercantilist heyday of Colbert (1661-1683), public authorities regularly attempted to establish permanent organizations that would inform them altogether about legal practices, local economic conditions, the operation of manufactures and guilds, the state of infrastructures, or for instance the disputes between merchants and more or less influential local rent-seekers. The creation of the *Députés du Commerce*, in 1700, and their mandate to inform decision-making at the highest level, reflects an attempt to institutionalize and stabilize these practices. It also came together with the establishment at the same time of Chambers of Commerce, which first duty was actually to elect the *Députés* and then to keep them informed of local circumstances.

Still, these institutions were envisaged as representative only of specific interests. Most clearly, they were not intended to be associated with any notion of sovereignty or popular legitimacy. The *Députés* would only contribute their information and expertise to the King's decisions, or those of his ministers or administrators. And with this aim, they would also speak up for their own, fully legitimate interests, or those of their community or social group. In other words, this was a model of corporatist representation.

The reliance upon co-opted groups of select traders, when preparing the 1673 *Ordonnance* or when establishing the *Bureau*, in 1700, was indeed an entire of the political model that developed by the absolutist monarchy. After 1661, the project of a modern, centralized, bureaucratic state was explicitly envisaged and fought for against two alternate monarchic models: either government with the high aristocracy, or government with the provincial judicial elite that crowded the above-mentioned provincial high courts; this second road would have also been consistent with a more regular reliance

⁶ The exact conditions under which the *Ordonnance* was prepared, and the main influences that bore on it, remain obscure. One reason is that the archives of the comity that prepared it have been lost, contrary to the other great Colbert *Ordonnances*, first of all the 1683 *Ordonnance sur la Marine*, that absorbed the maritime side of the Law Merchant. The 1673 text addresses only land-based trade and is therefore primarily influenced by Italian municipal statutes and by law of the fairs. See however Hauser (1933), Hilaire (1986), Lafon (1979), Levy-Bruhl (1931). The 1673 *Ordonnance* has benefited however from the publication of two large complementary books by Jacques Savary (1622-1690), i.e. the main influence on the writing comity: first is *Le Parfait Négociant* (1675) which contains i.a. an informed commentary of the *Ordonnance* as of the intent and understanding of the writers; second are the *Parères* (1688) ie a compendium of usages and traders' customs, hence a remarkable treaty of the Law Merchant, that is explicitly presented as complementary to the *Ordonnance*. *Le Parfait Négociant* was reprinted regularly until the late 18th century and translated into Dutch, German and English.

⁷ See Bonnassieux (1883), Mousnier (1962-63), Richet (1973).

upon the *General Estates*, i.e. the most representative, country-wide assembly under the Ancien Regime, a body that in fact was never convened between 1614 and 1789.

The point is that the exclusion of established representative bodies from the policy-making process asked that alternative channels of information and interest representation had to be found. From this derives the gradual extension of local networks of *Intendants* and *Inspecteurs*, but also the willingness to integrate stakeholders in specific decisions or policies. But one may also include the constant demand for surveys and local investigations, or the reliance of the administration upon the Academy of Sciences, travellers, or long-distance merchants as source of information.⁸ The image of a bureaucracy, secluded in Versailles, intended on imposing its will and project without consideration for local circumstances is clearly not the good starting point envisaging how the country was governed. This does not mean that this regime was democracy by stealth; it was not, in any possible sense of the world. But the rules of the game and the way the country was governed explicitly recognized its socially pluralist character.

The *Contrôle Général des Finances*, i.e. the Ministry of Finance (as of many other things) is generally seen in the historiography as the founding stone of this modern, bureaucratic state in France. It became the embodiment of altogether the personal rule of Louis XIV and the emergence of a state structure that, in practice, would develop on its logic, i.e. independently from the person of the King, hence his physical survival, family alliances, coteries, etc.⁹ The staff that surrounded Colbert and which then populated the bureaux of the *Contrôle* was first made of hard-working men, whose life-strategy was organised around their professional carrier at the highest level of government – not around the intrigues of the Court. This was also the place where a rational division of labour along departments and bureaux gradually emerged. Civil servants in the modern sense of the word may thus have emerged here, though one step below the high-fliers: the *commis* were the one who cared for well-kept files, who recorded the correspondence with local administrators.¹⁰

The modern, Weberian character of the *Contrôle* should not be overstated, however. Patronage was widespread and even considered as normal, and most high positions were still farmed out, hence they would not entail a direct hierarchic relation or an easy capacity to organise the overall bureaucracy

⁸ On the development of the local economic bureaucracy, read i.a. Ricommard (1962-63); and on the statistical surveys, see Brian (1994), Perrot (1995), as well as Gille (1964) for a somewhat outdated inventory.

⁹ The literature on the *Contrôle Général* is far larger than on the *Bureau*, which was a sub-part of it. Antoine (1973 and 2003) is the point where to start from, as he relies on a most extended knowledge of the existing archives, although the analytical dimension is less developed. On the xvii^o century public finance, Bayard (kkk) and Dessert (1984) are classical contributions. Mousnier (2005) offers a broad panorama of the institutions of absolutist France; Sarmant and Matthieu (2010) on the government machinery under Louis XIV. There is also large library on xviii^o fiscal and financial bureaucracy. See for instance Boscher (1970) or Richet (1973); Church (1981) develops a strong, rather anti-Tocquevillian argument on the transition from Ancien Regime to modern, post-revolution bureaucracy; it includes a fine retrospective on the evolutions during the last three decades before 1789. One of the problem as regard the history of the *Contrôle*, however, is that a large part of its archives have been destroyed during the revolution (especially the parts that covered public debt), together with the archives of the *Fermiers Généraux*.

¹⁰ Felix (1997).

around impersonal principles.¹¹ Top mandarins for instance directly hired their own staff, which would come and work in their respective *hotel particulier*. Hence the top bureaucrats empowered their staff, rather than being empowered by them as is the rule in modern, Weberian setting. It was only late into the eighteenth century that most *commis* would automatically survive successive ministers and governments: i.e. as a rule, not because of their personal reputation of competence and diligence.

The overall size of this bureaucracy is an issue on which generations of historians have obtained remarkably limited results. After Felix (1997), the Paris bureaux would have represented a staff of about 100-110 persons by the 1770s, and around 150 by 1789; the local network in the provinces would have totalled some 540 persons by mid-century. On the basis of the distribution of official seals (that allowed e.g. to send letters, inquiries, or orders) Felix then estimates that the *Bureau de Commerce* represented about 12% of the cadre of this bureaucracy in 1763, a proportion that has probably fell gradually over the century: there are little indication that the overall size of the *Bureau* increased over time, contrary to the rest of the *Contrôle*.

Economic government

The experience of the *Contrôle des Finances* can also be appraised in quantitative terms: in the year 1736, after Michel (1973), the royal administration took a total of 3741 *arrêts*, which were the standard, most elementary form of decision – hence the other end of the spectrum when compared with the *Ordonnances*. That year, and out of this total, 70% came from the *Contrôle*. And within this sub-total, 80% were taken without any personal intervention by the King, even though he was in principle the sole source of authority. This reflects the relative functional autonomy of this administration and also its emergence as the main structure of government. By comparison, the other ministries took much less decision and the king's hand was present in close to 90% of cases.

This pattern of decision-making was also characterized by its case-by-case character: the bureaucracy seized cases or disputes when prompted by local demands or grievances. It would then investigate the case, collect information, inquire about specific interests and then conclude. The implication is that this regulatory activity rarely took the form of top-town “policy initiatives”. The King could wield extreme, possibly lethal powers against *specific* agents, like sending him to the Bastille; or he could grant him various privileges or invite him to Versailles. But the King had a most limited capacity to influence decentralised behaviours *in general*.¹² That is, he would not “govern society”, in so far as he

¹¹ On the specific dimension of the administrative work, the recruitment and the division of labour at the *Contrôle Général*, see for instance Boshier (1964), Monnier (2003); on the *Commis* as the real embryo of modern bureaucrats, see Baxter (1980) and Felix (1997) who is probably the best source on the difficult question of the size of the staff and its evolution over the xviii^e century. Also the volume edited by the Monnier (2003), where Barbiche, after having asked “what we don't know about the *Contrôle*” Barbiche (2003) underlines that its decision-making process has not been much explored.

¹² Brousseau et al. (2010)

would try to shape or influence how the division of labour worked, whether one thinks to market transactions or to collective behaviours regarding public health, working conditions, the environment or technical innovations. Said differently, the notion of an abstract, representative agent, or subject, which rights could be adjusted, or reformed, or manipulated from above has very little credibility.

Hence, beyond the elegant *Ordonnance sur le Commerce*, with its quasi-constitutional character, public regulation did not produce many norms of broad, impersonal character.¹³ This explains why the law did not easily grow and evolve out of the principles written into the *Ordonnance*, whether this would be judge-made or bureaucratically written. Legal treatises or traders' books kept commenting the 1673 *Ordonnance* and they used to quote a number of judicial cases and some decisions made by the administration.¹⁴ But there was nothing remotely looking like the English practice of precedent-based lawmaking.

4- The *Bureau de commerce*

Le Bureau et les Députés

From 1700 till 1789, under three successive kings, the *Bureau de Commerce* worked as a stable instrument of government, along essentially constant procedural lines. Though it was a sub-part of the *Contrôle Général*, the Bureau was not a part of the *Conseil du Roi*, hence it was not even nominally presided by the monarch. This probably allowed it to develop at a distance from the complex and often obscure machinery that came with the exercise of the divine right to rule.¹⁵ At least until the mid-eighteenth century, there are suggestions that early modern bureaucratic patterns were rather more developed at the *Bureau de commerce* than in the rest of the *Contrôle*.¹⁶

A core collective figure of the *Bureau* was the *Députés du Commerce*. These were some 10 to 14 well-established, experienced merchants, were partly elected and partly co-chosen from the largest trading

¹³ Olivier-Martin (1938), Boulet-Sautel (1985)

¹⁴ After Savary's multiple reeditions (and translations), the most quoted treatises on commercial law and practice are Toubeau (1682), Rogue (1773) and Bornier (1789).

¹⁵ See Schaeper (1983), Seuron (1995); Garrigues for a contribution on the *Intendants du commerce*, who were the main bureaucratic agents, set in-between the ministerial staff and the *Députés*.

¹⁶ The literature on the *Bureau* is not very large. Early studies, of good quality, have been published by Hutteau d'Ottigny (1857), Biollay (1885), Bonnassieux (1900), and Wybo (1936). During the second half of the twentieth century the discussion on the *Bureau* became entirely part of the broader dispute on French mercantilism after Colbert and the possible resistance against this legacy. Cole (1943) was an early contribution that emphasises consensus and continuity, whereas Scoville (1982), Rothkrug (1965) defend the view that the *Députés* were in fact *laissez-faire* militants – a position that we certainly do not share in the present article; see also Cain (1913) at this point. One of the best references, especially on the early years of the Bureau is Schaeper (1983), who covers its first fifteen years of existence, at the end of the reign of Louis XIV; he offers a detailed description of its internal working, division of labour, staffing, etc. An other series of publications then look at the two last decades of the *Bureau*, before the Revolution, see Parker (1979). Not least is Minard (1998) who offers a landmark contribution on the control of manufactures and the corps of *Inspecteurs*: he thus covers the monitoring and enforcement dimension that immediately comes after the attribution of the *Privilège* – which is the object of the present article. On the distribution of privilege, see also Bondonio (1933).

cities. There are evidences of sustained flows of correspondence, memorandums, briefs and actual directions being sent to them; and there is also a return flow from the Bureau to the provinces, as well as a number of hard cases where the *Députés* of specific cities dissented and wrote a separate contribution. Still, the relationship of the *Députés* with their city of origin was often conflictive: if anything, available monographies suggest that municipal authorities and the local Chambers of Commerce, who paid for the *Députés*' remuneration, were often frustrated with the difficulty of controlling them.¹⁷ This, to a substantial extent, was a consequence of the almost immediate abandon of two-year mandates rule: apparently, the bureaucrats and ministers preferred to keep working with the same persons over very long period of time.

The point is that though the *Députés* were not exactly agents of their cities, they remained grounded in the social and cultural environment of commerce and, specifically, in its upper ranks. In practice, they never came from the world of corporations and guilds, i.e. crafts and hand-workers. Their typical back-ground was long distance trade, shipping, luxury goods manufacturing, banking and so on. In other words, they represented what was known as *La Mercanzia* in the medieval Italian cities: i.e. a network of often powerful private interests that operated on a cross-sectional basis vis-à-vis the guilds and were more generally in a position to derive considerable benefits from their capacity to trade across the closed, highly-regulated markets of those days. Typically, the *Députés* also shared their lives between private interests and public duties: before joining the Bureau, most of them had a long background either in municipal government or in the *cours consulaires* – the traders's courts.

Still, they never became part of the top bureaucracy and, for sure, they were not co-opted within high aristocracy that lived in Versailles. They remained lay people, often with limited formal education, and they were only expected to contribute their expertise and understanding of commercial practices and usages. This was reflected recurrently in their writings and oral presentations, where they used to express themselves, collectively, in the name of “the good of the commerce”, which in turn was probably perceived as a fully legitimate sub-part of the public good, or “the good of the kingdom”.

One of the benefit of the bureaucratic stability of the Bureau is that its archives are comprehensive, well-kept and in good material conditions.¹⁸ Not least, they did not attract the wrath of the mob during the Revolution – contrary to the archives of both the *Contrôle*, not to speak of those of the *Fermiers Généraux*, or tax farmers. It is therefore possible to piece together how each decision was received, investigated, discussed and resolved. Literally thousands of files are still available, whether they

¹⁷ Read for instance Quenet (1978) on the *Députés* from Nantes, who notes that some among them were actually engaged in slave trade across the Atlantic; also Labraque-Bordenave (1889) on the case of Bordeaux, Pariset (1887) for Lyon, and Fournier (1920) for Marseille; this latter city was apparently well-known for the resources it mobilised for corrupting high officials and small informants in Paris.

¹⁸ The archives of the *Bureau*, as those the *Contrôle Général*, are at the Archives Nationales in Paris. In the former case, see Archives Nationales (2007, available on internet) for a broad description of the available material. Bonnassieux (1900) is also a most helpful source, as it offers an index of all decisions made at the Bureau between 1700 and 1790, an analytical table is added and an historical introduction.

concern the demands for Privileges by manufacturers or other issues. This present shape of the archives, and its orderly, standardized character backs up our assumption that here was indeed a well-institutionalized, process-based bureaucracy whose rules and decisions action can actually be traced and surveyed over almost a century.

What comes out, more precisely, is the image of a decision making process that was both formalistic and pluralistic. Clearly, the final decision by the minister did not reflect a personal judgement as regard the potential of each submission for privileges, i.e. the substance of the project. He just confirmed the outcome of a collective deliberation and assumed that it included enough internal checks so as to make sure that the decision was not captured by a specific interest group or a party. The open confrontation of interests, arguments, facts and past experiences was expected to deliver the best, or the least-worst decision. This underlying “meta-rule” is reflected in the way each demand for privileges was actually received and handled:

- i. Individual demands reached one of the two principals of the Bureau, i.e. either the Minister of Finance, or the Secretary for Marine (who had control over colonial trade);
- ii. The Director of the *Bureau* then dispatched each demand to one of four *Intendants du commerce* who were, with their *commis*, the bureaucratic backbone of the Bureau. At that point, they also asked for a factual report or the personal opinion of other stakeholders: first the representative of the Ministry at the local level, then the local Chambers of commerce, municipal or provincial authorities, corporations or guilds, a Fermier-Général, etc; if the petitioner’s initial demand was based on the pretence of a technical innovation, the Académie des Sciences would have to investigate it.
- iii. Once all those stake-holder have given their opinion and when the needed information had been obtained, the Députés received all those elements. How they worked together is unclear, although most of the time their collection deliberation would found its way into a collective *Avis*, with an outside possibility, when local interests were in open conflict, for concurring written contributions by individual Deputies.
- iv. About twice or thrice a month, the Director of the *Bureau* met with the *Intendants*, some high-fliers from the *Contrôle Général*, and the Deputies (who in principle did not talk). Again, more information and inquiries could be asked at that point, though the rule was to go for a vote, to which all participants took part. A plurality of votes made the decision which was then transferred to the Minister as that of the unanimity of the Bureau.
- v. The Minister took the final decision on the basis of this collective opinion: it is extremely rare that either the vote of the *Bureau* or the minister’s decision was entirely at odd with the opinion expressed at the previous level of decision making. Typically, divergences would come down to

graduations in the package of privileges, for instance in ways that would reduce the fiscal cost for the treasury.

The data-base

If we consider the paper-track left by this process, four main contributions can usually be hunted down:

- i. The report by the local or provincial representative of the Ministry first reflected the average opinion of the main local interests, hence how a given decision might be received locally; this report could also suggest to consult other stakeholders and often it include a more personal judgement on how the decision might affect the “good of the province”
- ii. The *Avis des Députés* was then based on this report and added a cross-regional perspective and a better command of past decisions and policies followed by the Bureau; and as they integrate the case on this broader picture, the *Députés* also spoke explicitly in the name of the “the good of commerce”: a notion that suggested a capacity to contribute to the broader “public good”, a category which in turn came repeatedly in the political and bureaucratic vocabulary of that period.
- iii. The main arguments in the collective discussion at the Bureau and the ensuing vote are summarised in various Minutes that were recorded and kept by different participants. This is generally the source where one can also find an abstract of the opinions from second-rank contributors, like the Chambers of commerce or the Academy of Science.
- iv. Lastly, the arrest or the letters patent that sanctioned the Minister’s decision repeat the main arguments, but also use to expose in full the initial demand of the local entrepreneur – which is generally not available in its original form.

The rule-based character of this bureaucracy and its comprehensive paper track make it possible to identify which motives and objectives drove in practice the allocation of privileges. With this view we assembled the main contributions to some 90 submissions (successful or not) and coded the main arguments that were brought forward by each main stakeholder.

- i. We can first identify which privileges or benefits were actually demanded by entrepreneurs, within a total of about 25: from the grand statute of ‘*Manufacture Royale*’, down to some local tax exemptions. As interesting, the acceptance rate can also be inferred for each of these individual rents (monetary or symbolic).
- ii. The policy preferences of, respectively, the local *Intendant*, the *Députés* and the *Bureaucrats* can then be identified. This not only confirms that the final decision was not controlled by any of

them; this also says which arguments for each of these three parties: competition, import-substitution, technical innovation, or local development.

iii. Finally, it is possible to match each possible benefit (statutory or fiscal) with different types of business project, whether they aim for instance at import-substitution, local development, etc.

The 90 cases that were collected and coded cover the years 1724 to 1729. Politically and institutionally, this period comes right after the rather unstable years marked by the Régence (1715-1723) and by the crisis of the Law system in 1720. The Bureau de Commerce, for instance, had been formally (though not de facto) dissolved in 1715 and then re-created in 1723. It is generally considered that both the *Contrôle* and the *Bureau* had fully recovered in terms of institutional and procedural stability by 1725.¹⁹ Individual files in the national archives actually become again much more reliable and comprehensive from that year on. Moreover, the second half of the decade was comparably peaceful on the external front and successful on the economic one. This is reflected in a rather steady flow of demands for privileges, i.e. entrepreneurial activity.

5- Market access and privileges: what and how the *Bureau* made decisions

An open contest

Tables 1 first indicate that it was not enough to submit a demand for privileges in order to obtain them. A comparable share of submissions is granted or refused (37%), with the balance going to submission being accepted though with a reduced package of benefits. In other words, privileges were not handed out freely, nor were they de facto limited to a sub-set of the potential population that would in fact self-select – while the outsiders would have just renounced submitting.

Table 2 then provides a first confirmation that the three main parties did not see submissions with the same eye: as a rule, the local Intendant is much more in favour of granting them (68%), whereas the Députés are much more restrictive: their rejection rate is 50% higher and half of the submission which they accept come with suggested restrictions as regard the package of benefit. Even among the submissions that had received the support of the Intendant, a substantial part (22%) would not be supported by the Députés, or a much greater proportion (38% against 18%) would come with a downsized package of privileges. The Bureaucrats, lastly, come in-between though they rather bend towards the more restrictive policy defended by the Députés.

¹⁹ On the exact period that is covered by the present survey, and while leaving aside the literature on the Law system, see Antoine (1989) for an account of the high politics at the court and the government; Abakane (1967) for economic policies of the post-Law years, also Antonetti (1984) on a financial scandal at the *Contrôle Général*, in 1730.

All privileges are not born equal

If we now look at the different types of privileges that could be demanded and handed out (Table 3), it appears that entrepreneurs and the administration did not value them equally: some are more often found in submission than others, and all were not as easily granted. Four main categories can actually be identified.

- i. first is the type of firm and whether, typically, it would benefit from the statute of Manufacture; this often came with a degree of spatial exclusiveness: once established in a given place, no other producer in the same branch could open a plant within a perimeter that extended from a few miles (3 or 10 *lieues*) to a province, or even the whole kingdom. Whereas local exclusion often aimed at limiting congestion (eg in the use of natural resources like wood or water) the larger one came with a much stronger element of rent; obtaining such benefit was also much more difficult (53% of rejection), and this concerned only 12% of all projects (mostly intellectual property cases). Note also, that exclusion zones as regard production does not imply a monopoly on the local product market: competitors were only confronted to a transport cost and to possible internal tariffs.
- ii. Tax exemptions were, expectedly, one of the most demanded benefits. They are of two main types: domestic and external tariffs, and taxes on the revenue of the investors and their employees. Among these two the former ones were much more demanded, and comparatively easy to obtain (27-30% of total cases). By comparison, the tariff exemptions, that implied much more direct distortions vis-à-vis potential competitors, were, as a whole, much less common: 10 to 18% of projects received them.
- iii. Then are exemptions regarding civic or civil rules, which were rather easy to obtain.
- iv. Lastly are a number of benefits that were rarely demanded or hard to obtain: a monopoly access to some resources or to product markets were exceedingly rare (4-6% of cases). Similarly, it was very difficult for industrialists to directly reach the final clients: they generally had to go through local retail traders, hence the guilds. Last but not least, monetary subsidies, in the form of either a loan or a grant, were rare, both on the demand side and on the bureaucracy's side.

Arguing for privileges

If we shift from the demand and the distribution of privileges to the arguments brought forwards by the different parties to the decision, sharp and significant contrasts come up (table 4). Let's start with the final decisions, which reflect the underlying trade-off of the administration, growth and the supply side of the economy are pre-eminent concerns: the perspective of reducing imports or increasing exports; local economic conditions; technical innovation; fair competition. Next came the private costs of the project and the technical competences of the entrepreneur. Lastly are legal considerations,

which rather show up as arguments against granting privileges: either because the project runs against existing status or ordonnances; or because they would infringe in the exercise of the property rights or privileges of existing producers or consumers. If we then look at how the parties to the anterior deliberation argued, significant differences come up, that reflect relatively stable policy preferences:

1. The entrepreneurs, to start with, looked at local conditions (like the size of the potential market, or the presence of natural resources); they paraded their own expertise and innovative skills while balancing them with the need for some support from her Majesty; and they brought forward privileges granted in the past to other, comparable project, typically in an other province. On the other hand, they did care much with legal and competition issues, with the others' property rights or the presence of a common good.
2. The local Intendant, then, was very much the voice of the local economy: he was first looking at the local market and at local resources that beg to be exploited. On the other hand, he was not the one to look at privileges granted elsewhere in the past, and competition, clearly, was no part of his implicit development strategy.
3. The Députés present a much contrasted set of policy preferences: comparatively, they do not value much local development in general, or the capacities and resources of the entrepreneurs; but they are the one to bring forward issues of competition and access to the market.

Matching business projects and privileges.

The last step in this discussion is to match the different types of privileges with different entrepreneurial projects. After having seen how privileges were differently valued by the grantees and the donor, and after having then observed that the different parties used to mobilize different types of arguments, therefore of contrasted preferences, we now turn to the final outcome of the process. And what comes out here is that patterns of regularity also emerge at this point: packages of privileges have a logic of their own. They do not simply reflect the balance of positive and negative opinions on the submission within a more or less orderly balancing process; they also reflect an implicit intention to shape packages differently, depending of the objective which each business is expected to reach. This is a further step away from the default proposition that rents were distributed on the basis of non-economic objectives - personal favour, political alliances, capture by special interests, etc. Hence, the decision process that is not only structured and institutionalized in ways that help resisting these pressures; the final distribution also reflects an in-built, collective capacity to differentiate between a set of contrasted policy objectives.

Table 5 starts from five different industrial project that have been identified exogenously, on the basis of the statements made by the member of the Bureau about their policy aims.

- i. Technical innovation²⁰, which is discursively the prime objective of the Bureau, typically a large territorial exclusion zone and with access, sometimes a monopoly access to the product market – ie the consumer. On the other hand, privileges that are more associated with the production function and its return for the entrepreneur is under-rated vis-à-vis the average project.
- ii. Trade-promoting, or import-substituting projects then come with very different packages, focussed on domestic and border tariffs, including quantitative regulation like import licences. These are as well the type of projects that may benefit from some monetary support, either as grant or direct subsidies; they also concentrate the privilege of exiting standard jurisdiction, so that they could bring their disputes either to the local Intendant, or the Bureau. This suggest that this sector was more susceptible to litigation.
- iii. The priority to local development, whether in terms of employment and activity, or in terms of market supply is the third main model that structures the allocation of privileges: it comes with local or regional exclusion zone, some room to choose one's location or to extract natural resources. Direct access to the local consumer and a capacity to attract foreign workers are other dimension, that reflect ia the willingness to support the extension over the whole kingdom of new technologies that could benefit a large public; examples in the archives range from textiles to glass or tin.
- iv. The valorisation of local resources is primarily with the mining industry; its privileges are first associated with securing access to minerals, limited support in terms of production costs and financial support. This suggests that once established, this type of exploitation did not need lots of support in order to expand.
- v. Lastly, efficiency enhancing projects represent a more diverse ensemble, with distinct needs and a support policy that is focussed standard fiscal benefits, access to foreign inputs and to final market, and a substantial demand for financial support; this suggest a relative fragility of these projects.

6- Conclusion

The reformist years that marked the early period of the reign of Louis XIV have seen the emergence of an original model of state and government. It was predicated i.a. on the marginalization of both the traditional representative bodies and the aristocracy, which was herded in Versailles. In-between emerged a new model of central bureaucracy, based partly on meritocratic principles and partly on patronage and the farming out official positions. Empirically, one of the most enduring pattern of this

²⁰ This includes in fact a large majority of demands for nation-wide patents, together with the right to exploit them commercially. We intend to differentiate more neatly, at a later stage, between industrial project and intellectual property investment.

bureaucratic model would be an long run effort to both extend the administrative network at the local level and to establish reliable mechanisms of information gathering and interest representation. This was especially the case in commercial matter, which was at the core of the mercantilist project. The promotion of manufactures and new technologies was then pushed via a complex though quite stable policy framework that reflected the specific doorstep character of the Ancien Regime.

The detailed survey of how market access was regulated by the *Bureau de commerce* has shown how a process-based, formalistic rule of decision explicitly aimed at giving voice to all stakeholders. Pluralistic deliberation, collective vote and a de facto confirmation by the principal, ie the Minister, then delivered decisions that were indeed taken on a case-by-case basis, though in a manner that explicitly aimed at controlling the risk of capture and adverse selection. In other terms, the decisions were discretionary as regard the substance, though their rule-based character gave them a formal, means-end rational character. This contribution, however, does not provide any indication as regard the ex post real world (i.e. substantial) rationality of those decisions: we cannot assess how privileged manufactures fared and how this policy of limited access affected economic development.

What this experience suggests, more generally, is that in a doorstep society like Ancien Regime France, the coexistence of different logics of behaviour was supported by different legal rules, enforcement agencies, judicial fora and administrative structures. Alternate logics of economic and social behaviour are ultimately formalized by different sets of rights, which would prove unevenly competitive, transferable across regions and impersonal. In turn those rights tend to be enforced and protected by different models of jurisdictions and bureaucratic agencies. “Conflicts of laws” and conflicts of jurisdiction then emerged as the main institutional and political site where the broader tensions between fractions of society where played out. In such a setting, equal and impersonal rights can be extended to non-elite groups, or to politically marginal interests, by way of quasi-constitutional arrangements.

On the other hand, in Ancien Regime France, there were not many self-evident forces that spontaneously pushed towards an extension of the realm of open access within society. Because the regulation of the legal and judicial borders between competing social interests was the key to stability, the risk of entrenchment was always there. Bureaucratic centralisation allowed circumventing part of the obstacles caused by intense social fragmentation. But it also made more difficult the emergence of an indeed centralized legal framework that would have been the support of the extension of impersonal, abstract rules. In practice, the nobility resisted until the very end against both fiscal reform and its own gradual convergence with the emerging economic elite. The experience of the *Bureau de commerce* in matter of privilege seems to have followed this pattern: although it was apparently not grossly captured by special interests, it never emerged as a forum for structural change; it then resisted the liberal reforms pushed by the physiocrats from the late 1760s onwards; and it was apparently not so popular in the early liberal years of the Revolution.

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TABLES 1 & 2 : Submissions and Rejections

Requests		Decisions	
New Venture	49,0%	<i>Privilège</i> Granted	36,3%
Intellectual Property	10,8%	PG with Restriction	26,5%
Renewal/Enlengthement	18,6%	<i>Privilège</i> Refused	37,3%
Interpretation/Conflict Settlement	10,8%		
Extension of Scope	10,8%		

	Number	% of total cases	% of cases conditional on Intendant's approval
Intendant' Recommendation	56		
Approval	38	67,9%	
Approval with restrictions	10	17,9%	
Refusal	8	14,3%	
“Avis des Députés”	74		
Approval	25	33,8%	40,0%
Approval with restrictions	23	31,1%	37,8%
Refusal	26	35,1%	22,2%
Final Decision	102		
Approval	37	36,3%	45,6%
Approval with restrictions	27	26,5%	31,6%
Refusal	38	37,3%	22,8%
Academy of Sciences	14		
Approval	12	85,7%	66,7%
Refusal	2	14,3%	33,3%

TABLE 3: Rejection Rates

Request	% of Request	% of Rejection
Duration	26,7 Years	-38,5%
Right to Establish a Business		
Simple Manufacture	34,3%	-45,7%
Manufacture Royale	33,3%	-14,7%
// Patent/Trademark	10,8%	-54,5%
Mining	6,9%	-28,6%
Freedom to locate	32,4%	-42,4%
Right of Preemption	10,8%	-27,3%
local territorial exclusiveness	18,6%	-21,1%
Regional territorial exclusiveness	17,6%	-22,2%
National territorial exclusiveness	18,6%	-52,6%
Tax Exemptions		
Individual Taxes for Shareholders	39,2%	-27,5%
Individual Taxes for Employees	36,3%	-32,4%
Taxes on Inputs	24,5%	-32,0%
Tariffs on Inputs	18,0%	-55,6%
Taxes and Tariffs on Ouput	12,7%	-23,1%
Taxes on Consumer Goods for Workers	5,9%	-16,7%
Rights		
Civic and Military Duties Exemption	44,1%	-22,2%
Naturalization of Foreign Workers	6,9%	14,3%
Nobles among the Shareholders	13,7%	-14,3%
Right to Import	6,9%	-42,9%
Other		
Exclusivity on Inputs	6,9%	-57,1%
Monopole of Service Provision	9,8%	-60,0%
Retailing	15,7%	-37,5%
Grants	13,7%	-28,6%
Loan	2,9%	0,0%
Privilege of jurisdiction	10,8%	-63,6%

TABLE 4: Arguments and Motives

	Motivation of Final Decision	≠with Application	Intendant's' Influence	Deputies' Influence
Customs, uses, ... +	2,0%	0,0	3,4	0,7
<i>Privilèges</i> granted in the past +	14,7%	8,8	-0,4	-3,9
Statutes, Ordinance, Laws +	3,9%	-1,0	-2,1	-2,6
Trade Balance (Import Substit/Export)	31,4%	4,9	0,8	-4,3
Local Economic Dynamic	30,4%	5,9	10,7	-7,4
Consumers'/Users' interest	3,9%	3,9	3,2	1,5
Technical Innovation	14,7%	7,8	-5,8	-1,2
Productive Efficiency/Output Quality	35,3%	5,9	2,2	-11,0
Fixed Costs/Investments	28,4%	2,9	-1,6	-14,9
Need to attract workforce/talents	10,8%	-1,0	3,5	-8,1
Valorization of Localized Resources	13,7%	8,8	9,5	-7,0
Reduction of Unemployment/Poverty	12,7%	1,0	-2,0	-3,3
Public Good Provision	0,0%	2,0	1,8	0,0
Fraud Reduction	2,0%	2,0	-0,2	0,7
Customs, uses, ... -	0,0%	0,0	0,0	1,4
<i>Privilèges</i> granted in the past -	3,9%	-2,9	3,2	2,8
Statutes, Ordinance, Laws -	83,3%	-83,3	-83,3	-76,6
Managerial/Innovation Risk	4,9%	-4,9	2,2	5,9
Implementation Issue	4,9%	-4,9	-1,3	-2,2
Fair/Efficient Competition Distortion	14,7%	-14,7	-5,8	17,7
Common Knowledge/Know How	7,8%	-7,8	-7,8	8,4
Established capacities and capabilities/Risk of Oversupply	9,8%	-8,8	-4,4	3,7
Threat on Collective Wealth/Property Rights infringements	12,7%	-12,7	-2,0	2,1
Threat on Collective Wealth/Commons/Public Goods	7,8%	-10,8	-6,1	1,6
Fiscal Cost	3,9%	-7,8	1,4	0,1
Fiscal Equity	3,9%	-2,9	5,0	-1,2

TABLE 5: The Economic Logic of Privilege

Type of Privileges Granted	Characters of the project					
	Frequency	Innovat ^o	For. trade	Local Develpt	Local Res.	Efficiency
Right to Establish a Business						
Simple Manufacture	29,7%	-13,9	28,2	12,4	-3,4	-3,4
Manufacture Royale	45,3%	-31,5	3,0	3,0	-35,0	16,8
// Patent/Trademark	7,8%	92,2	12,2	32,2	-7,8	92,2
Mining	7,8%	-7,8	32,2	52,2	92,2	52,2
Freedom to locate	29,7%	1,9	-8,6	38,7	17,7	28,2
Right of Preemption	12,5%	0,0	25,0	37,5	37,5	37,5
local territorial exclusiveness	23,4%	-16,8	23,2	49,9	16,6	9,9
Regional territorial exclusiveness	21,9%	13,8	13,8	35,3	6,7	13,8
National territorial exclusiveness	14,1%	52,6	41,5	8,2	-14,1	74,8
Tax Exemption						
Individual Taxes for Shareholders	45,3%	-28,1	9,9	-0,5	-31,5	16,8
Individual Taxes for Employees	39,1%	-19,1	24,9	0,9	-31,1	28,9
Taxes on Inputs	26,6%	-3,0	38,1	14,6	-14,8	20,5
Tariffs on Inputs	6,3%	-6,3	68,8	18,8	-6,3	93,8
Taxes and Tariffs on Output	15,6%	-5,6	44,4	34,4	4,4	44,4
Taxes on Consumer Goods for Workers	7,8%	12,2	52,2	52,2	52,2	32,2
Rights						
Civic and Military Duties Exemption	54,7%	-34,7	-3,3	-9,0	-37,5	5,3
Naturalization of Foreign Workers	12,5%	0,0	12,5	75,0	12,5	37,5
Nobles among the Shareholders	18,8%	22,9	22,9	22,9	-2,1	22,9
Right to Import	6,3%	18,8	43,8	43,8	-6,3	68,8
Other						
Exclusivity on Inputs	4,7%	-4,7	28,6	28,6	-4,7	62,0
Monopole of Service Provision	6,3%	93,8	18,8	43,8	-6,3	93,8
Retailing	15,6%	34,4	24,4	44,4	4,4	74,4
Grants	15,6%	-5,6	34,4	24,4	-15,6	44,4
Loan	4,7%	-4,7	62,0	28,6	-4,7	62,0
Privilege of jurisdiction	6,3%	-6,3	93,8	-6,3	-6,3	68,8

