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**BEGINNING OF FRENCH EAST INDIA COMPANY AND ITS
ESTABLISHMENT IN PONDICHERRY: A HISTORICAL OVERVIEW**



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Short Profile

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ABSTRACT:

The chief concern of this article is to focus on the why and how French East India Company (Compagnie Des Indes Orientales) arrived in India. In doing so, first, it would explore briefly the economic and political conditions of France during sixteenth and seventeenth century. This is followed by an overview of the path of the formation of the French East India Company, its organization, its arrival in India and its landing at Pondicherry and snippet of the performance of the Company in India.

KEYWORDS

France, French East India Company (Compagnie des Indes Orientales), Pondicherry, 1664.

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INTRODUCTION :

French were late comers in India. They arrived in the subcontinent in 1664, while the other Europeans like Portuguese, Dutch and English had already spent nearly a century here; however, French state was continuously making efforts since a long time back in this regard.¹ Historians who have studied maritime history of India and European presence and expansion in the Indian subcontinent have generally focused on Portuguese, Dutch and English maritime and commercial ventures. However, history of French in India remains a neglected area. Few scholars have paid attention on the French activities in India. Generally, the history of the French East India Company has been confined to the accounts of their trading, military and diplomatic activities.² Some influential works done by French historians like Paul Kaeppline, Jacques Weber, are biographical in nature and only available to French knowing readers.³ Henry Weber and Jules Sottas, in their writings provide rich information about the activities of the French Company in India from the rise of connection of the French with Indians.⁴ In addition, S.P. Sen did important work in this field, he emphasized on political history of the French in India. At the same time, he pointed out actual military efforts of the French to retrieve their fortunes in India.⁵ In his pioneering study of the French trade with Bengal or indigenous merchants of Bengal, Indrani Ray using a wide array of French sources, reconstructed the changing world of the Indian merchant as they competed with the European trading companies.⁶ About a decade ago, Arvind Sinha in his excellent and detailed study, reveals the French Company's commercial relations with the English as well as indigenous merchants.⁷

The chief concern of this paper is to explore what conditions paved the way for the formation of the French East India Company in France and then later its establishment in Pondicherry (India). It also gives an overview of the commercial ventures of the French East India Company from its beginning in 1664 (1674, the Company established itself in Pondicherry) to its re-incarnation in 1719. This paper attempts to explain the type of linkages of the French state with French East India Company and it also tries to document complexities of commercial relations of the French private traders and officials. These explorations into the mechanisms of how the Company, state, officials and private traders engaged with each other provide us a fresh insight in to political and commercial milieu of that period in France and in the Subcontinent.

The present article is predominantly based on archival materials, official and non-official, that were produced particularly by the French Company's officials, the deliberations of the French Council of Pondicherry. Several French official and traders like François Martin, Lespiney and others wrote their memoirs which gives ample information about the commercial activities of the Company.⁸ In addition, there were various French voyagers and traders who wrote their accounts wherein they recorded about the performance of the Company and reflected upon the nature of indigenous merchants as well.⁹ Apart from this, I have used the deliberations of the Council. Such deliberations gives very critical information about the issues related with merchants like their way of dealing, their demands as well as about the decision of the French officials and traders on such issues. Correspondences of the Company with the authority of Paris also proved an important source for this study. All sources that I have used in this research article are primarily in French language and few are in English.

Political Economy of France in the Seventeenth Century

Before discussing about the formation of the French East India Company, it would be crucial to understand the economic and political milieu of the France from where the Company had originated. Between sixteenth and eighteenth centuries, western European nations (Netherland, Britain, France etc.) underwent fundamental shifts in their political, social and economic structures. All these European powers adopted a variety of mercantilist policies, designed to enrich both state and local merchant class. These included various aspects such as protecting local industries and shipping against foreign competition and merchants, control over flow of bullions, supply of slaves (Africa), control over trade routes (Asia).¹⁰ It was during this period of transformation that the North American, African and Asian continents became an important element in the economic landscape of Britain, Netherland, Spain and France. Each set out to develop a series of colonies in the above-mentioned regions that would supply them with the raw material required to fuel economic development.

In order to understand the mercantilist policy pursued by the French state to improve wealth of state and then of local merchants, it would be important to understand the relationship between the state, nobility and merchants in Ancien Regime. French state was an absolutist state where monarchy established its control over every realm of power and resources and apart from building subordinate power blocks did not allow the growth of such national institutions that could resemble liberal-bourgeois institutions of the British types. Its foremost absolutist monarchs, Louis XIV, had three main targets for establishing his direct control over his realm: to reorganize the administration of government, to replenish his empty treasury, and to establish borders that he could defend against attack from his enemies. Louis worked to tighten central control over the array of departments, regions, and duchies that together made up France. However, in the area of finance, his ministers Mazarin, Colbert and Seignelay, played more pivotal role as discussed later in the chapter. In the area of military, Louis worked with his ministers Michael Le Tellier and Le Tellier's son, the Marquis de Louvois, to build up French defenses.¹¹

In the second half of the seventeenth century, changes in military organization, weapons, and tactics sharply increased the cost of warfare. Because traditional sources of revenue were inadequate to finance these growing costs – as well as the costs of government – monarchs sought new ones. Only monarchies that succeeded in securing a strong financial base that was not dependent on the support of noble estates, diets, or assemblies achieved absolute rule. The French monarchy partly succeeded in this effort after mid-century. However, obviously, it had had its negative impacts, which could be proved vulnerable for the government such as its aristocracy were nostalgic for their former liberties and lost power: from Saint Simon and Boulainvilliers to Montesquieu, they did not cease to complain.¹² Probably, because in the second half of the seventeenth century, Louis would make the French nobility dependent upon his goodwill and patronage. In turn, he would support their local influence and their place in a firm social hierarchy. Therefore, the French nobility under Louis XIV, eventually concluded that the best way to secure their own interests was to support the monarchy. For instance, during the realm of Ancien Regime, nobles were continuously investing in capitalistic enterprises; including government chartered trading companies, mining enterprises, and estate-based manufactures of glass, sugar and textiles.¹³ In all these enterprises state was playing a pivotal role to expand the market and then profit. Robert M. Schwartz claims that, “nobles, and particularly financiers, were central participants in these markets by dint of their economic resources and their connections at court.

Financiers made their money by exploiting royal financial institutions, including selling offices, advancing loans to the royal government, skimming revenues off provincial tax flows, speculating in government paper, and investing in state-sanctioned trading monopolies".¹⁴

In the seventeenth century, to strengthen the state from the economic point of view, France had adopted the policy of mercantilism. In his industrial policy, Colbert believed that France needed to produce for itself those manufactured goods that it was having to import. To achieve this mercantilist goal, derived from, among other sources, the ideas of Richelieu, Colbert was willing to invoke a variety of improvisations: direct subsidies, exemptions from the *taille*, monopoly grants, controls exercised through town guilds. Skilled foreign workmen were persuaded to settle in France and to pass on their skills to native artisans; protective tariffs were imposed. The famous tapestry works of the Gobelins family was made a state enterprise, and France became largely self-sufficient in the production of woolen cloth. Colbert also had some success in other industries, such as sugar refining, plate-glass making, and the production of silk, naval stores, and armaments. Both, Richelieu and Colbert saw the importance of colonies as a market for selling their stuff. For that too, they have emphasized on the growth of industry in France. The overall results of his hard work, however, were disappointing. France underwent no industrial revolution during the reign of Louis XIV.¹⁵

In its quest for economic domination, France established a series of colonies, through the various trading companies, in several regions of the world such as the North Atlantic maritime region (Acadia); the Saint Lawrence River Valley and the Great Lakes Region known as New France; the lower Mississippi River Valley; Gulf Coast region Known as Louisiana; various island of West Indies and south-east Asia.

The French East India Company: Formation and Organization

At the beginning of seventeenth century, issue of sea trade towards Asia triggered in among the ministry of France, particularly after the establishment of English and Dutch commercial companies in India and their growth in oceanic trade, through which they were earning a huge profit, whilst as a result of this lag a sense of inferiority was growing amongst the French people. By making impression about demand of eastern products in France Abbe Raynal claimed that " They (French) consumed more eastern productions than any other nation; they were as favorably situated for procuring them at the first hand; and yet they were content to pay to foreign industry what their own might as well have partaken of".¹⁶

Other countries were doing trade towards Asia were selling Asian commodities in France, which has also became the cause of drain of wealth from to other nations. Besides this, French were also loosing the various such opportunities that could have helped them in various ways for the improvement of their economy, naval expansion, and stronger position in Europe etc.

However, notwithstanding the best efforts of both the Crown and private trading interests starting in 1604, the French efforts to establish a similar trade repeatedly failed throughout the seventeenth century (See Table 1.1). A Company was established by a group of merchants by the order of King Henry IV on 1st June 1604. This Company was granted trade monopoly for 15 years. It was exempted from all customs duties on the merchandise, which it would bring back on the first two voyages.¹⁷ In July 1615, Company was reconstituted by letters-patent of Louis XIII; French merchants got the trade monopoly for eighteen years and conducted trade under denomination of the La

Compagnie des Moluques.¹⁸

Under the guidance of Cardinal Armand De Richelieu, French ambition towards India got new enthusiasm. Richelieu was one of the first French ministers to identify the geopolitical importance of obtaining dominion over the seas. For the promotion and expansion of French commerce at global level and for control over the seas, he enthusiastically created French navy and as result of it, France emerged as a major naval power in Europe.¹⁹ In 1626 at the 'Assembly of Notables', he declared that he intended to create big Companies like English and Dutch and to induce the merchants to join them.²⁰ He invested himself with a strong official position to control French commerce by becoming Grand Maître et Surintendant -général du Commerce.²¹ He appreciated the crucial importance of colonies. Richelieu deliberately wanted to develop French commerce so that he could modernize and establish France as a strong power in Europe and in other continents too. Both these goals were achieved through the expansion, development, and protection of its overseas colonies.²²

Richelieu examined the earlier efforts of establishing Company and its failure and resolved to create new trading companies.²³ During the period of Richelieu, France was doing considerable trade in Mediterranean Sea. Interestingly, his enthusiasm turned him towards Atlantic sea too and he established a company in West Indies, called St. Christophe in 1626. This company helped the French in strengthening and expanding their commerce in Antilles and North America. Another mercantile initiative to improve and protect French commercial interests was the creation of Compagnie des Indes by Richelieu (1642). Under his aegis in 1642, the 'Société pour le commerce des Indes Orientales' was created at Paris. It was a global trading company, modeled on British East India Company. Since Richelieu, who was one of the founder of this died in the very year of its inception (1642), the company did not show much dynamism, though it survived for another twenty years and was finally dissolved in 1663, its only significant achievement was the establishment of commercial enterprise at Madagascar.²⁴

French were able to create a successful Company not before 1664. With the foundation of Compagnie des Indes Orientales, France succeeded in creating a durable vehicle for its presence in India. Dutch and English Companies were led by merchants but the French Company was overtly a state project. The initiative of this project goes to the credit of Colbert, Louis XIV's minister of finance (in office 1665-1683). It is generally believed by historians that Colbert was the person who gave birth to this Company. Colbert's financial and mercantile policies are described as 'Colbertism', an ideology that exerted powerful influence on French political economy. His association with the Company was very intimate so much so that in course of time it came to be known as Colbert's Company like the Company established by Jean Law in 1719 came to be distinguished as Law's Company.²⁵ Colbert believed the Indian Oceanic trade to be the most lucrative in the world, one that yielded over 12 million livres to the Dutch merchants of the united province annually.²⁶ According to Colbert control of foreign trade was crucial for the prosperity of the state, and therefore, it should actively participate in this sphere in order to safeguard and promote its interest. Colbert's aim behind the creation of Company was "to provide the benefits to the Kingdom from commerce particularly of Asia and to prevent the English and the Dutch from this profit, as they had done before alone".²⁷ Colbertism was sort of economic nationalism. He was inspired by the principles of mercantilism, established in France by Barthelemy de Laffemas, following by Richelieu with some ups and downs.²⁸ Colbert adapted benefits from the mercantilism to the national specificity of France. This trade policy was based on the idea that the enrichment of the kingdom ensures the glory of the King. In Colbert's view, French must prevent the external flow of

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money and attract foreign money to increase the stock of money in their country.²⁹

Colbert wanted to form this Company on the Dutch model of Company but inexplicably French Company rarely followed the Dutch model.³⁰ Dutch Company was executed and directed by the shareholders themselves unlike the French Company, which was completely dependent on French ministers for its administration and finance. It was managed by a Paris-based chamber-générale of Directors appointed by the King, and these Directors were supervised by an official who reported on the progress of the Company directly to the King. This chamber was to enjoy the power of making statutes and regulations for promoting the welfare of the Company. The central chamber worked with regard to purchase, sales, armaments, equipage, salaries and other running expenses. There were also provincial chambers located in the major port towns of France.³¹ When the Company was reorganized in 1685, provincial chambers except Lyon were abolished. This also shows fragile nature of the Company. The Company's capital was raised from the royal families, from courtiers and financiers, and only reluctantly from the merchants communities of provincial town.³² Holden Furber argued that the French Company was not a Company but rather it was a syndicate, because if anybody had power in the French East India Company it was the syndics.³³

Colbert had tried to attract merchants from various parts of the country. Unfortunately, he was not able to create enthusiasm among the bourgeoisie or trading classes. Merchants were not ready/interested to invest in the Company Fernand Braudel has underlined merchants' distrust of the royal government, the comparative inadequacy of the means at their disposal and the immaturity of what might be regarded as French capitalism,³⁴ as some of the obstacles in the path of French commercial enterprise, which were related to French mercantile class. Probably, due to this reason various trading companies were created and had fallen or abolished in the seventeenth century France. (See table 1.1).

As a consequence of disregard of merchants towards trading Companies, the crown and royal families remained at the heart of investment in the Company. Colbert projected to invest initially 15 million livres in the Company. This capital was divided into shares of 1000 livres. Investors could sell their shares but were debarred from withdrawing their capital.³⁵ Investors were offered some security by the fact the king bought 3 million livres of shares, against which the losses of the first 10 years could be offset. Colbert instructed the nobles and the officials to be interested in the Company. It was disappointing for the Company that only 12 syndicates paid. Some of the cities refused. It was even hinted that this was another tax imposed on the nobles.³⁶ Colbert had done his best to stimulate private investment through a concerted propaganda campaign spearheaded by Francois Charpentier. They faced same lack of enthusiasm among bourgeoisie even after 1664 that had greeted earlier schemes for an East India Company. As a result, of the 5.4 million livres that had been subscribed by the summer 1667, 2 million had come directly from the king and rest from the private investors dominated by royal family, by assorted courtiers, and especially by members of the noblesse de robe.³⁷ As soon as French commerce started to grow in India, Colbert was no more to see the growth. He died in 1683.

After Colbert's death, his son The Marquis de Seignelay, took the responsibility to run the Company. He had appointed as Secretary of the State of the Marine. Under Seignelay, the Company was reorganized, with a new charter given by the king in 1685, when he was appointed as President and Director of the Company by the king. Now, the structure of the Company was divided in three departments, first, the general administration of law, order and deliberation etc, under the supervision of Directors. Second, the specific administration like details of general accountability and the third with

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the work of commerce, voyages, sale, purchase etc.³⁸

It is important to notice here, from Richelieu to Mazarin and to Colbert, trading companies' administration was leading by the French nobles, upper clergy and leading magistrates.³⁹ It was only in 1700, Conseil de Commerce (French Council of Commerce) was created. It composed both government officials and representative, which were mostly merchants, from the major trading cities of France.⁴⁰ Lionel Rothkrug in his book *Opposition to Louis XIV*, claims that French government after the death of Colbert and Louvois (war minister, 1691) facing a 'crisis of confidence'.⁴¹ French merchants were growing in wealth and assertiveness in the 1690s, consequently they somewhat challenged the government for the 'liberty of trade'. Therefore, in that sense, the Council of Commerce was the result of growing merchant unrest against nettlesome regulations imposed on the economy by an increasingly reactionary government. Contrary to that Thomas J. Schaeper argues that the Council was not the result of any movement of opposition of crown, rather it was an enlightened reform by government of Louis XIV. He suggested three reasons for the creation of council: the return of peace, bureaucratic necessity, and the recent division of control over commercial affairs.⁴²

[La Compagnie des Indes Orientales: 1664-1719](#)

After the establishment of the Company, French were looking for a place in India where they could establish themselves. During this period Surat was a quite famous trading center of India, where other Companies already had their trading posts. This place was under the governance of Mughal emperor Aurangzeb. Boullaye le Gouz⁴³ and M. Bebber, president of the French Company, had visited Agra to meet Aurangzeb for the permission of establishment of a comptoirs at Surat. The French established their first factory at Surat after getting the parwana from the Aurangzeb on 11 August 1666.⁴⁴ Surat remained the head quarters for the French trading enterprises in India in the seventeenth century, but with the turn of eighteenth century, Surat was replaced by Pondicherry. After few years, in 1686, Duplessis, French official, had obtained the authorization from the Nabob of Bengal to establish a French trading post at Balassore. In 1693, one another parwana was given by Ibrahim Khan, Nabob of Deccan, which allowed French Company to do trade in the entire province of Bengal, Orissa and Bihar.⁴⁵ By virtue of this authorization the Company was able to establish itself first at Chandernagore and then Cassimbazaar, Dacca, Patna and Jugdia. Besides this, the French Company established their factories at Raybag, Mirjan (1669), Tellicherry (1670). In 1673-74, French got control over Pondicherry with the approval of Sher Khan Lodi.

Following the establishment of first factory at Surat, Francois Caron was appointed as first Director General of commerce in India of the French Company. French had sent numbers of ship from Surat. Their commerce was flourishing well. In Surat, the competition among the European nations was very high. Therefore, it was very difficult for the French Company to survive in the region. Apart from trading competition, from the initial period of the Company, French had continuous acute shortage of capital and as well as they were new in East and had less experience about the Indian market. In 1669, the Company secured a firman from Golkunda for the establishment of a factory at Masulipatnam. It proved valuable for the Company in procuring goods from the Coromandel Coast. French rivalry with the Dutch in India was another vulnerable factor for their commerce in India. In 1672 under the guidance of De la Haye, the French Company forcefully established themselves at Trincomalee. Consequently, Dutch had seized the San Thome in 1674.

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In these conditions, the French Company moved to Pondicherry, where commencement of commerce took longer time as it due to their rivalry they had to fortify the town and also they had lack of money. This time (1675-76) the Company had total debt of 4,000,000 livres⁴⁶ and it was 800,000livres in Surat⁴⁷, and now they were in need of more money so they could restart their commerce. French State again came forward to support the losses of the Company. Earlier in 1667, king invested more 2 million livres in the Company to maintain the confidence of the shareholders. In 1676, the majesty had forgiven the debt of the Company forever.⁴⁸ Another step taken by Colbert, to cover the loss, to strengthen the company financially and improving trade, was to recall private merchants for trading to participate in eastern trade. These private merchants were made to secure space on Company's vessels and had to pay ten percent to the Company on their imports and exports.⁴⁹

French rivalries with other countries in Europe and in India also affected, directly and indirectly, their trade and commerce. Even before France could have firmly established its toehold in India, a war broke out in Europe between France and England. Later on, Netherland and other countries also joined, which is known as the War of the league of Augsburg. During this war, Dutch captured Pondicherry from the French. As a result, for some time, French trade was almost completely uprooted from India. In 1697, the Treaty of Ryswick (30 September) restored the status quo ante and Pondicherry returned to France. As soon as the French began to expand their trade in India, ' War of the Spanish Succession' commenced in Europe in 1702. This war ended in 1713 with the 'treaty of Utrecht'.

The French Company already had shortage of capital and these wars put it in a more vulnerable position financially. Dutch and English were in opposition of French trade and commerce in the Indian Ocean. French were facing difficult problems because the Company did not want to involve in wars. They already had a huge debt in France and India. Without the proper trade it was not possible to pay the debts. The period between 1664 and 1719, the phased of Compagnie des Indes Orientales, was marked by ups and downs in French commerce in India and particularly in Pondicherry. A large number of ships caring cargo were sent from France to India and vice versa during this period. The Company sent to India total 104 ships of different tonnages in the years 1665-1706: 35 ships between 1665 and 1676; 39 ships between 1679 and 1695; and 30 ships between 1697 and 1706. However, for various reasons described below, even this magnitude of maritime trade did not prove to be profitable sufficient enough to enable the Company to repay its huge debts in both India as well as in France.⁵⁰

Therefore, the French government decided to maximize its profit by expanding the trade with India through soliciting the involvement of private traders. The Company's monopoly of French trade to the East was leased to a group of merchants and the Company. By taking a percentage of the value of the return cargoes from groups of St. Malo traders, the French govt. anticipated to make money to redeem its debts without trading or raising further loans.⁵¹ A small group of merchants of St. Malo was closely associated with the great financier of Paris Antoine Crozat. These traders managed to establish control over the trade between France and the Indian Ocean. They signed eight treaties of trading partnership with the Company between November 1707 and December 1714. The trading monopoly of St. Malo's traders completed in 1715, but it was renewed for another 10 years.⁵² During 1708 to 1719, St. Malo traders sent not less than 33 ships.⁵³ However, according to A. Ray the arrangement with the merchants of St. Malo was a disaster for the French living in India, because whilst St. Malo merchants took away a share of French trade with India, they did not pay anything towards the maintenance of French factories in India, which was solely born by the Company.⁵⁴ Therefore, we find that even by 1719, French in India were under huge debts to the indigenous merchants. Thus after more than fifty years of

existence in India, unlike the British and Dutch, the Compagnie des Indes Orientales failed to establish itself.

We can identify several factors that contributed to the failure of the French Company. Some of these factors were intrinsic to its formation. For instance, unlike the British Company, the French Company was directly controlled by the state. The power was divided among several persons or syndicates. Although they wanted to follow the Dutch model, they did not give the shareholder the power to control the affairs of the Company.⁵⁵ Besides this, historians have also underlined various other factors that contributed to the process of decline of the Company. These included corrupt administration, acute shortage of capital, destructive borrowing policies,⁵⁶ the levity and impatience of proprietors, the oppressive spirit of the treasury, and miseries of the war.⁵⁷ Other reasons emphasized by this research, which played a part in failure of the French Company are related with disputes and tensions within the French Community in the subcontinent at various levels.

CONCLUSION

This article began with constructing a context of the political economy of France in seventeenth century and the circumstances—of France and Europe—which provoked the French King and ministry to found various trading Companies. Notwithstanding the urge of French ministry for indulging in a large scale international trade, merchant communities of France were not interested in investing their money in such trading Companies. Consequently, more than twenty Companies were founded and abolished/fallen over the course of seventeenth century. French state remained in the center of investment and administration of the Companies. The French East India Company was also a result of the same commercial project of the French state. After the arrival of the French Company in India, they settled themselves in Pondicherry. This became their main trading and administrative comptoir. The French Company faced various ups and downs in its commercial ventures as we have seen above in the chapter.

Table 1.1: Principle Companies of Maritime Commerce Created and Abolished/Fallen in France in the Seventeenth Century

Name of the Company	Date of Creation/abolition
Compagnie des Indes Orientales, incorporated with a new Company	1604/1625
Comapgnie de Canada	1620/1627
Compagnie de Morbihan	1626
Compagnie for l'Isle de Saint-Christophe and Isle adjacentes	1626
Nouvelle Compagnie for the Isles de l' Amerique	1635/1651
Compagnie des Indes Orientales	1642/1663
Compagnie de la France Equinoxiale	1651/1653
Compagnie de la Chine, reunion in 1664 as Compagnie des Indes	1660/
Compagnie des Indes	1664/1719
Seconde Compagnie des Indes Occidentales	1664/1673

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Compagnie du Nord	1669/
Compagnie Du Levant	1670/1684
Nouvelle Compagnie du Bastion de France	1673/
Compagnie du Sénégal ou du Cap-Verd	1673/1679
Nouvelle Compagnie du Sénégal	1679/1708
Compagnie de l'Acadie	1683/1703
Compagnie de la Louisiane	1684/1690
Compagnie de Guinée	1698/1720
Compagnie de la Chine	1697/
Compagnie de la Louisiane	1698/1717
Compagnie de Saint-Domingue	1698/1720
Compagnie de la Baye de Hudson	1701/1713
Compagnie de Guinée	1701/1716
Troisième Compagnie du Sénégal	1708/1717
Compagnie de Louisiane	1712/1717
Compagnie de la Chine	1713/
Compagnie d'Occident	1717
Compagnie des Indes Orientales	1719/1769
Nouvelle Compagnie des Indes	1785/1791

Source: André Morellet, Examen de la réponse de M. N. **au Mémoire de M. l'abbé Morellet, sur la Compagnie des Indes ; par l'auteur du Mémoire, Paris, 1769, pp. 35-37.

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