

## Colbertism Continued? The Inspectorate of Manufactures and Strategies of Exchange in Eighteenth-Century France

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The best-established portrayals are not necessarily the most apt. Thus, when discussing the field of manufacturing policy in the eighteenth century it is customary to contrast France with England: on the one side, England, the liberal Eden, a paradise for entrepreneurs, on the other, France, irredeemably Colbertian, prisoner of the all-too-visible hand of the state and its administration. Colbert's ghost still haunts the history of French industry.<sup>1</sup>

The crux of the matter lies in *Colbert*, a name that implies regulations, privileges, inspectors of manufactures, and inspection and marking offices (*bureaux de visite et de marque*). Colbertism came to mean a policy of supervision and intervention probably going way beyond the original intentions of its namesake. Whatever these intentions might have been, such a policy remained associated with Colbert's name, which in turn became synonymous with bureaucratic centralization and petty state intervention, killing off the spirit of enterprise.

By debating political economy in the light of this opposition of Colbertism and liberalism, one risks repeating the obvious arguments of the protagonists. These arguments were later to be strengthened by nineteenth-century liberals for whom the very idea of state-imposed industrial regulation was economic nonsense, as absurd as it was inefficient. I should like to suggest that the matter was less simple and obvious than it appeared, by starting from an initial observation: among those engaged in manufacturing and commerce, opinions on government intervention were in fact greatly divided. Manufacturing regula-

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<sup>1</sup> Alain Guery, 'Industrie et colbertisme. Origines de la forme française de la politique industrielle', *Histoire, économie et société* 3 (1989): 297–312.

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tions were far from being opposed by all producers.<sup>2</sup> Many of them protested when the whole regulatory system finally disappeared in 1791. Jean-Pierre Hirsch has shown the continuing dissatisfaction in the commercial world with the void created by deregulation.<sup>3</sup> Should this dissatisfaction be seen as overcautiousness or a lack of entrepreneurial spirit? Turgot, in his day, chided the "fools" who were devoted to monopolies and hoped to prosper under the government's protective wing. More recently, David Landes blamed the deficiencies of the French business class, which suffered from "social and psychological attitudes unfavorable to effective entrepreneurship."<sup>4</sup>

Between Colbertism and liberalism there is another path to be taken. Why not give credit to the people involved and take their expectations of regulation seriously by trying to understand the needs and constraints they expressed? That is, why not analyze the long life of the regulatory system as something other than the mere result of inertia or of irrational behavior?<sup>5</sup>

To study these problems, I analyze the functioning of one institution: the inspectorate of manufactures, created by Colbert and heavily attacked by the new liberal critics during the eighteenth century. The inspectors were in charge of enforcing the rules and regulations in the textile industries, and the debate on administrative control of industry centered upon their activities. These inspectors therefore provide a very good perspective on the industrial system of regulation. Let us try to unravel the reasons for their actions, often concealed, and the interests of those they regulated, often unexpressed, in this complex economic game. On the chessboard of trade many strategies are possible.<sup>6</sup>

<sup>2</sup> Liberty and independence are the watchwords today: a manufacturer in Carcassonne, for example, wrote indignantly in 1786: "Important people are in favor of this system, but experience has unfortunately shown that some constraints are beneficial." (Paris: Archives nationales [hereafter AN], F/12/745 Pellet, woolen manufacturer to de Montaran, intendant of commerce, Carcassonne, 17 July 1786). In 1780 the Lille chamber of commerce was already worried about the dangers of too great a relaxation of manufacturing standards: "It is easy to see what awful disorder would ensue, the greed of the manufacturers would have no limits, the deceived customer would rightly scorn our cloth and buy elsewhere, which would lead to the complete destruction of our industry." (AN F/12/676/A, Lille chamber of commerce to Necker, 12 June 1780).

<sup>3</sup> Jean-Pierre Hirsch, "Revolutionary France: Cradle of Free Enterprise," *American Historical Review* 94 (1989): 1281-89, and idem, *Les Deux Revers du commerce: Entreprise et institution dans la région lilloise, 1780-1860* (Paris, 1991). I reviewed this important work in the *European Journal of the History of Economic Thought* 1 (1994): 625-30.

<sup>4</sup> Anne-Robert-Jacques Turgot, "Lettre au Contrôleur général sur la marque des fers," 24 December 1773, in *Œuvres économiques*, ed. Bernard Cazès (Paris, 1970), 378; David Landes, *The Unbound Prometheus* (Cambridge, 1969), 131.

<sup>5</sup> Jean-Pierre Hirsch and Philippe Minard, "Libérez-nous, Sire, protégez-nous beaucoup! Pour une histoire des pratiques institutionnelles dans l'industrie française, XVIIIe-XIXe siècles," in *La France n'est-elle pas douée pour l'industrie?* ed. Louis Bergeron and Patrice Bourdelais (Paris, 1998), 135-58.

<sup>6</sup> This essay represents a rough summary of my argument, with limited references and quo-

### Inspection and Inspectors: The Regulatory System

The whole system of rules regulating labor in the textile industry was reorganized in 1669, at the beginning of Colbert's administration. The founding document for the reorganization was the general directive for woolens, which combined all the local and regional regulations into one consolidated code. It set the standards of fabrication for woolens throughout the kingdom (size of the pieces, quality of the raw materials, number and section of yarns, dyeing, and finishing). This kind of unified regulation was quickly extended to other areas of the textile industry, mainly linens. The birth of the corps of inspectors followed shortly thereafter.<sup>7</sup>

Regulation was organized at three different institutional levels. At the bottom were the organized trades, either urban guilds or simple regulated trades. Manufacturers working within these institutions had to register in the clerk's office of the city hall, or if there was no city hall, with the local *juge de police*. If the trade was organized in a guild, all the masters also registered at the guild hall. In each city or town, there was a *bureau de visite et de marque* (an inspection and stamping office). All locally produced goods had to go through this office, where they were surveyed by *gardes jures* (warden clerks). If a product was of acceptable quality and was made according to regulations, it received a *marque de visite* (an inspection mark). This *marque* was actually a lead seal attached to the edge of the product. It cost one *sol* per item.

These government controls called for a strict self-regulation by the manufacturers. The *gardes jurés* were guildsmen elected by their fellows to hold that office, and they were charged with eliminating all cloth that did not conform to the standards. They were also expected to visit the shops of the journeymen and master manufacturers on a monthly basis to make sure that the looms were in accord with the sizes specified in the regulations. Cloth merchants were also entrusted with policing the trade. All cloth went through a second inspection in the *bureaux de contrôle* (controlling offices), which were set up at retail outlets, open markets, or fairgrounds. Acceptable pieces were again tagged with a lead seal. Thus, each item was inspected and marked twice, first by the guild and then by the merchants. After that, it could circulate freely. Its two lead seals guaranteed the product's conformity to the official standards.

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tations. For a fuller development, see Philippe Minard, *La Fortune du colbertisme. Etat et industrie dans la France des Lumières* (Paris, 1998).

<sup>7</sup> *Recueil des reglements generaux et particuliers concernant les manufactures et fabriques du royaume* (Paris, 1730) I: 283–302, 343–98.

of quality and also proclaimed its origin, since the seals bore the name of the place of fabrication and of inspection

Layered upon the base of guild and merchant inspection was the second level of regulation, which was carried out by the judges of manufacture. Inferior items that did not conform to regulation were seized by the *gardes jurés* and delivered to these officers, who passed judgment on the manufacturers who had made them. The judges decided whether the seizure should be final and set the fine to be paid by the offender. This judicial role was performed by local mayors or aldermen or, in their absence, by the *juge de police*.

The third and final level of the regulatory system was a check on the officers and judges to make sure that they did their job properly. Thus, Colbert named a *commis aux manufactures*, soon called "inspector," for each province in the kingdom. This was the main innovation of Colbert's system, for regulation, inspection, and marking had existed within the guild framework for centuries. After all, kings had decreed regulatory edicts long before Louis XIV. Colbert codified, standardized, and universalized the rules for manufacturing (both urban and rural) that already existed in France. What was new and rich with far-reaching historical implications was the appointment of representatives of the central administration to oversee this system. These men were given a royal commission, and their exclusive charge was manufactures. The creation and presence of these officers became the defining characteristic of the subsequent regulatory policy known as Colbertism.<sup>8</sup> In fact, by sending commissioners into the provinces to inspect the applications of the regulations on woolen manufacturing, Colbert was establishing the first economic administration in France. Over the next several generations this economic administration incrementally established its habits, reinforced its structures, and expanded its territorial sway.

The initial inspectorate numbered only twenty or so commissioners, but their numbers doubled quickly and then hovered around sixty throughout the eighteenth century. The institution was tentative at first, seemingly unsure of how it should control economic space. Was it better to make wide-ranging, frequent regional inspections with a few nomadic inspectors? Or should there be a denser net of inspectors, working within a more confined space and settling permanently within their jurisdiction? Ultimately, the second option was chosen. Each inspector had a defined district within which he was expected to make

<sup>8</sup> See "Instruction générale aux commis envoyés dans toutes les provinces pour l'exécution des réglemens généraux des manufactures et teintures," 13 August 1669, in *ibid.*, I, 64–87.

regular rounds. He was also required to live in the administrative seat of it.

This option was definitively chosen in the 1740s, and as a result the inspection network became denser and the number of administrators in the corps increased. Under Daniel Trudaine, the head of the Bureau of Commerce from 1749 to 1769, this system of economic administration took its final shape. Trudaine's actions were very important. Under him the regulatory structure was hierarchized by a system of inspections and subinspections created and implemented in order to introduce greater functionality and efficiency. Trudaine instituted a second innovation, also aiming for greater efficiency of administration, in which commissioners and intendants observed the same district boundaries. Thus a coherent territorial network emerged where there was one inspector assisted by a staff of subinspectors for each generality.<sup>9</sup>

The inspectorate of the mid-eighteenth century had another important consequence: the birth of a new kind of state administrator. This office became a kind of laboratory where new ways to manage administrative personnel were tested, and what emerged was a corps of proto-civil servants. Inspectors were not officers but commissioners like the intendants. A customary although not technically legal system of civil service developed, and since the inspectors did not own their posts, they had to submit to more administrative discipline than did venal officeholders. Thus rules of promotion, management of careers, transfers, relationships within the hierarchy, nominations, judicial safeguards, and the near-automatic granting of retirement pensions all applied to this corps and gave it the status of civil service decades before such a service was formally established during the Revolution.

There was a fixed hierarchy within the inspectorate. The would-be commissioner began as an apprentice and then became a subinspector before ascending to the post of resident inspector. Sometimes one would then become an itinerant inspector, or a general inspector perched at the top of the corps. All of these administrators had to abide by strict rules of morality, honesty, and obedience. All but the itinerant and general inspector were obliged to live at the administrative seat of their district, and their freedom of expression was limited by a pledge to respect an official obligation of reserve. The commissioned administrator did not have job tenure and could be fired at any time. The pay was low: a subinspector earned fifteen hundred *livres tournois* per year, an inspector two to three thousand. It was not much, but it was about equivalent to the income of the engineers of the Ponts et Chaussées,

<sup>9</sup> See Minard, *Fortune du colbertisme* chap. 2.

or to the wages of midlevel clerks in the ministries or the offices of the intendants

On the whole, all the characteristics that historians have attributed to the administration of the Ponts et Chaussées were tried out first in the inspectorate of manufactures. Contrary to what Roland Mousnier thought, this new notion of the public employee, whom I have called the "Old Regime civil servant," was experienced first by these inspectors, not by the engineers of the Ponts et Chaussées.<sup>10</sup>

The sociology of recruitment proves that these people were experts, true specialists in their field. They gained their knowledge sometimes through administrative tutelage, or from their origins in the world of manufacture and commerce. In any case, a closely supervised training guaranteed their abilities. These competent though low-paid inspectors were also very aware of the public interest and of their service to the state, and they worked hard to apply the industrial policy of the Bureau of Commerce. Indeed, they were both the economic eye and hand of government in the provinces, observers and informers and at the same time controllers and propagandists. Their principal tasks were summed up as the three *cs*: control, count, and counsel.<sup>11</sup>

The first duty of the inspectors was to supervise the stamping offices, where all pieces of cloth had to go, and the workshops, warehouses, and bleacheries. They would seize items they judged to be defective and fine the offenders. Their second duty was to inform the government of the volume and the evolution of industrial production, and of the amount and rate of commercial trade. They obtained their information from the registers kept in the stamping offices and from reports from fairs. From this work they provided the first statistics concerning trade and industry.

Statistics were a major political issue, a constant worry for the royal state, which was always trying to obtain more reliable economic data. The dream of the Bureau of Commerce was to gather all the collected figures into one big book of national industry, a "Statistique générale de la France." This dream remained just that in the eighteenth century, however, and was only realized in the nineteenth century.

Still, in the eighteenth century, the inspectorate became a laboratory where a science of industrial counting and economic inquiry was developed, complete with seasonally adjusted production averages,

<sup>10</sup> Roland Mousnier, 'La Fonction publique en France du début du XVe siècle à la fin du XVIIIe siècle,' *Revue historique* 261-62 (1979): 321-35.

<sup>11</sup> Philippe Minard, 'L'Œil et la main de l'État: Les Missions des inspecteurs des manufactures en France au XVIIIe siècle,' *Quaderni fiorentini per la storia del pensiero giuridico moderno* 26 (1997): 85-137.

evaluations of quantity, and enumeration of active looms and laborers working in the industry. Inspectors were not only expected to calculate totals, they also had to analyze the qualities and defects of factories in order to encourage and advise their owners. Yet another function, then, was that of "technical consultant," propagator of technical innovation and agent for the development of manufacturing. The policy of industrial encouragement was intensified in the eighteenth century, and inspectors were charged with encouraging innovation and the spread of new processes, primarily to meet the challenge of English competition. The inspectors joined the cause of the party of industrialization and accepted without reservations the philosophy of "improvement" developed by the Bureau of Commerce.<sup>12</sup>

After all is said and done, however, can we overlook the clear contradiction between these various goals of the inspectorate? Can a controller be at the same time an adviser? Moreover, all the statistical inquiries, all the censuses of production, whatever their shape, provoked fear and dissimulation among the producers. Everyone suspected the state of hiding taxation behind the new system. The contradiction was compounded by the way inspectors were paid: until late in the eighteenth century, many were paid from the income generated by marking fees. Worse, until the 1760s in some places, inspectors' wages took the form of a compulsory contribution from the manufacturers. In the eyes of producers and traders, the inspector took the sinister shape of a tax collector or a "farmer" of the marking fee, living at the expense of the producers. The relationship between the manufacturers and the inspectors, not surprisingly, was often tense, and it is clear that the public's fear of a repressive controller could ruin the good name that that same public gave the technical adviser. This is a major contradiction, and we will have to address it again later because many historians have seen it as a portent of the corps' eventual failure.

Still, the whole activity of the corps rested on its conviction that it served the public interest. The body of doctrine which legitimized that conviction and the practices it entailed came from mercantilism and was organized around two principles that became axioms in a true orthodoxy of regulation. The first was that in order to sell, one had to manufacture good products. Quality created the market outlet. If domestic consumption of some goods was dwindling, if French exports could not compete with foreign production, it was because "the manu-

<sup>12</sup> Liliane Hilaire-Perez, 'Invention, politique et société en France dans la deuxième moitié du XVIII<sup>e</sup> siècle,' *Revue d'histoire moderne et contemporaine* 37 (1990): 36-63, and idem, 'Invention and the State in Eighteenth-Century France,' *Technology and Culture* 32 (1991): 911-31.

facturers are getting slack" and were altering the quality of their goods. This same explanation for a failure to compete appeared again and again.<sup>13</sup> It was important "not to disgust the consumer," for "trade is based on trust" and the former collapses if the latter is betrayed.<sup>14</sup>

The second principle addressed the question of why producers would betray trust by making products of shoddy quality. The mercantilist argument was that manufacturers were greedy, wanting immediate and disproportionate profit. To gain it they would deceive the consumer about the quality of the product by hiding its defects and offer the merchandise at a higher price. In doing so, they signed away their future outlets and, worse, ruined the name of the entire manufacture and the reputation of France itself in the eyes of foreign customers.

There was a twofold inheritance in this mercantilist vision. On the one hand, there was the medieval tradition of guild-based production and commerce, which combined the ideal of quality work with the defense of the consumer. On the other hand, there was the old Thomist condemnation of trade and traders, who were assumed to inhabit a mental world of greed and selfishness. Thus, it was necessary for the Bureau of Commerce to place the general interest above all other concerns and to guard the manufacturers against their own irresponsible baser instincts. This moral code, which aimed at defending the public good, emphasized the holistic dimension of economic and social life. "There are rules prescribed by the art, trade has its principles." The inspectors did not believe in the spontaneous adjustment of particular interests under the magical influence of an invisible hand and came to the logical conclusion that "if trade wants to be free, the tradesman and the manufacturer want to be supervised." This, in short, was the role and purpose of regulations.<sup>15</sup>

This ultimate argument served to legitimize the state in its role as a regulator. The state was an unbiased judge, and its mark guaranteed that a manufactured product was of good quality and in conformity with a set of standards. The state prevented deception and enlightened consumer choice. In short, the state promoted the mutual trust of the economic actors by eliminating the possibility of violating regulations and cheating the customer.

<sup>13</sup> AN, F/12/651/III/6, Montant, Dourdan, December 1778.

<sup>14</sup> AN, F/12/654/11, "Reflexions des inspecteurs soussignes . . .," synthesis of reports, ca. 1783.

<sup>15</sup> Ibid. The second quotation is a transposition of an expression used by Montesquieu: "What hinders the merchant does not necessarily hinder trade." A similar argument is used by the inspector Crommehin, Archives départementales (hereafter AD), Nord C 7982, Valenciennes, March 1778.



On this foundation, the inspection developed a political economy of quality, summed up by an inspector as follows "It is very important for the maintenance of trade not to send off goods, especially to foreign parts, without having made sure first of the good quality of the cloth" <sup>16</sup> This economic ideology justified the intervention of royal agents fighting "abuses" and supervising workers and manufacturers of the countryside, since all were uneducated and "working blindly" The inspectors had to teach them how to work well, especially through practical demonstrations One inspector wrote, "It is necessary to have a dexterous hand, cautious and wise, knowing the genius of the people in each county, teaching them, threatening them, punishing them, or rewarding them" <sup>17</sup>

The "dexterous hand" versus the invisible hand this does appear to be a strict state interventionism, leading many historians to see in this system the worst possible incarnation of Colbertism, that is, the triumph of state control of the economy To explore the meaning of this political economy as it was in the eighteenth century we must address the following Was it really as totally absurd, as totally antieconomic as critics have alleged?

### Liberal Criticism

The liberal criticism of Colbertism includes several arguments The first is practical, material Forcing production through marking offices is costly Expenses and delays penalize everyone, producer, merchant, and consumer Second, the very principle of uniform regulation, with no consideration for local conditions and circumstances, is too rigid It is unrealistic to attempt to universally define manufacturing standards in their smallest details, because everything depends upon the concrete reality of working conditions or the availability of raw materials For instance, it is impossible to fix once and for all the number of threads used in the warp for a given width of fabric, because the warp varies with the quality of thread that the weaver is able to find The manufacturer, therefore, must be left free to adjust all these different parameters

Liberal critics of Colbertism also asserted that it is necessary to adapt supply to demand In trade, demand is most important A liberal wrote that "the customer's taste is a torrent that must be followed" <sup>18</sup>

<sup>16</sup> AN, F/12/654, Carget Bayonne, 7 August 1779

<sup>17</sup> AD, Ille-et-Vilaine C. 3929, "Memoire contenant la fabrique et le commerce des toiles appelées Bretagnes qui se fabriquent en Bretagne," by Coisy, inspector for Brittany, 1751

<sup>18</sup> AN, F/12/654, Imbert de Saint-Paul, inspector for Languedoc, 5 June 1776, on fashion, see Daniel Roche, *La Culture des apparences Une Histoire du vêtement, XVIIe-XVIIIe siècles* (Paris, 1989)

Fashion fluctuates, it is unpredictable, and it requires producers to adapt very quickly to demand. Even when manufacturing regulations are periodically revised, they are always badly and tardily adapted to the market conditions of the moment.

Moreover, liberals pointed out, consumption was becoming more diverse. The priority that regulations gave to high-quality, top-of-the-line production was then becoming irrelevant, because consumers were increasingly demanding goods for all kinds of tastes at all kinds of prices. Besides, the problem of quality would be solved by the market. Supporters of liberty like Simon Clicquot de Blervache and other liberals brushed aside the polemic on defects as a possible cause for the loss of market outlets. Clicquot wrote that "there is no good, nor mediocre, nor bad quality in itself."<sup>19</sup> According to him, a good cloth is the cloth that sells well, and no one can tell the consumer what to buy. Different qualities sell at different prices, there are several types of markets, answering different needs. All in all, the only natural way to evaluate a manufactured product is to look at its sales. The only "inspection" that counts is that which grants the advantage one can get from one's product. "Personal interest is more vigilant than any law," and so it is up to each individual to inspect what he or she is buying. Things will go "of their own force."<sup>20</sup>

Let us underline two points in this economic argument. First is the birth of a quality/price relationship, something Clicquot de Blervache discussed explicitly. "The perfection of a cloth is not a positive quality, it is only relative. That is, a cloth is good only in proportion to its price, it is in conformity with the buying wishes of the consumer."<sup>21</sup> Second, liberals heralded the virtues of free competition as the only means to really suppress deception. The most direct argument on this point is Turgot's liberal manifesto of 1759, the famous "Eloge de Vincent de Gournay," which is a kind of apology, a fable with a dupe and a thief. Turgot uses this to refute the thesis that the fraudulent greed of merchants has disastrous consequences. He shows that it is not in the interest of the seller to deceive the buyer, because the buyer will realize it eventually and henceforth purchase from somebody else. Turgot does not deny that commercial relationships can be contaminated by fraud, but he insists that the costs of these frauds are so high that they never

<sup>19</sup> AN, F/12/661/10, "Reponse de sieur Clicquot-Blervache aux questions proposees par M le Directeur general des Finances relativement aux reglements concernant les manufactures" report of April 1778.

<sup>20</sup> Simon Clicquot de Blervache, *Considerations sur le commerce et en particulier sur les compagnies, societes et maîtrises* (Amsterdam, 1758), 82.

<sup>21</sup> AN, "Reponse de sieur Clicquot-Blervache."

last. In the end, the thief is punished for his deception. "It is not that there cannot be in particular cases a thieving merchant and a consumer dupe, but the consumer dupe will be enlightened, and will not go to the thieving merchant anymore, the said merchant will be discredited and punished for his fraud that way, and this will not happen frequently because, in general, men will always be enlightened about their clear self-interest."<sup>22</sup>

The doctrine of enlightened self-interest makes possible the theoretical suppression of dishonest behavior. So, it should be enough just to *laissez faire*, and any protecting intervention would have troubling, counterproductive results. Market self-regulation must be left to play freely. Liberals concluded that the need to suppress government regulations was self-evident. Indeed, that very measure appeared often in the petitions of manufacturers or chambers of commerce.

So much for the well-known liberal critique of state regulation. There is another point of view, however, that has been ignored by historians much too long: voices from the very same economic circles espousing the liberal creed were sometimes pleading for regulation. Were these people unenlightened, unaware of their own self-interest, unadapted to competition? Clearly not. Let us see why.

### Standards and Certification of Quality

In principle, the manufacturing regulations were meant to guarantee the quality of the product and thereby to protect the buyer from deceit on the part of the seller. Except for the final consumer and the supplier of raw materials, most of the economic agents in the commercial chain of textile production were both buyer and seller, and all were affected by regulatory constraints. The regulations and the successive controls in the stamping offices ensured that exchange remained in check. At almost every stage of manufacture and trade, labels and quality were inspected to guarantee the integrity of the transaction. The different groups engaged in production and exchange had an interest in keeping and enforcing this system of standards.

The actual situation is quite simple to describe. A merchant could not realistically check the quality and size of every piece of cloth he bought. The woollens or linens were folded and packed away, so he had to rely on samples and labels. Moreover, it was impossible to check the cargo of any sale made from a distance, whether directly or through

<sup>22</sup> Anne-Robert-Jacques Turgot, "Floge de Vincent de Gournay" in Cazes, *Ecrits économiques* 87-89.

brokers based on samples inspected beforehand. The multiplication of middlemen as the volume of trade increased only compounded the risks of deception and diffused responsibility.<sup>23</sup> So trading always included a problem of confidence. Traders were afraid of counterfeiting, of dishonest suppliers, and so on, and no amount of liberal prophesying about perfect markets would allay those fears.<sup>24</sup> Controls and certification of standards in the marking offices were, therefore, useful for guaranteeing trust. The *garde jurés* and the inspectors did for the merchants what the merchants could not do themselves.<sup>25</sup> This kind of official guarantee of quality served to limit uncertainty in the markets. It was a confidence factor that could make trade easier, since theoretically it protected everybody from the potential fraud of their commercial partners.

In the end, this is one explanation for the fact that some could find a regulatory system to their commercial interest: regulations, controls, and inspectors policed economic behavior and thereby secured the trust that was necessary for efficient and profitable commercial transaction. Traders did not take lightly the question of the social organization of confidence. On this point, they were not ready to follow the argument offered by Turgot and the most liberal economists. They did not believe in the miraculous suppression of fraudulent economic behaviors thanks to the invisible hand in the marketplace.

The reason for this rejection of part of the liberal creed is simple. Turgot's theoretical scheme did not fit with the reality of the market as traders experienced it day in, day out. Firsthand experience had enlightened them against liberal assumptions of invisible hands. One remembers the morality play of the dupe and the thief: according to Turgot, the deceived customer learns quickly how to protect himself against the dishonest seller. In the end, the thief is always punished, and

<sup>23</sup> Thus, a merchant at Amiens denounced the dishonest behavior of some of his colleagues, who deceived foreign customers by sending excellent samples to obtain orders and then providing goods of increasingly poorer quality (AN, F/12/676/A, Pailleux, Amiens, correspondence with the Bureau du Commerce, 1778-79).

<sup>24</sup> The struggle against counterfeiting was a continual worry for the manufacturers. In 1824, for instance, a bill was introduced "to repress alterations or substitutions of names on manufactured goods" (AN, AD XI 62, report by Lemoine des Mares, 25 June 1824, printed pamphlet).

<sup>25</sup> "They would lose too much time if they were obliged to measure off every piece that they buy" (AD, Nord C 7982, report of the subdelegate Crendal, Valenciennes, 29 June 1778). "The cloth is brought for the merchants to buy several hundred pieces at a time, and quantities of it are bought every day. How would it be possible to measure them all? It would cause the merchant, not only great annoyance, but also an enormous expense, by forcing him to employ more people for the purpose, whereas with a stamping office the cloth is gauged exactly, the merchant has no worries, and for the cost of two *sols* a piece [the stamp tax], he avoids an expense that would become burdensome and useless" (AN, F/12/1429, Crommelin, inspector at Valenciennes, 18 February 1792).

it is therefore not in his interest to deceive the customer<sup>26</sup> In the liberal doctrine, there is no need for an institutional support of confidence, because the suppression of dishonest behavior takes place automatically

The weakness of this argument comes from the fact that it is based on a completely theoretical view of perfect-market mechanisms and has nothing to do with the actual conditions of exchange It is very doubtful that the thief would be punished for his deception as fast as Turgot claimed, because of the length of the channels, because of the delays in the orders, and especially because of the huge number of middlemen between manufacturers, merchants, retailers, and end-of-the-line consumers The commercial chain was very long from the clothier in Picardy to the Parisian shop It was even longer from the weaver in the countryside of Brittany to the trader in Saint-Malo, then to the one in Cádiz, and then finally to the retailer in Mexico City or Lima Furthermore, the customer did not always have the immediate opportunity to go elsewhere

Turgot's argument assumed that the deceived customer had enough economic information to be able to find his way in the market, quickly and in his best interest But of course not all the economic agents were perfectly familiar with the conditions of the market It seems very bold to accept Turgot's implicit hypothesis that market and product information could be gathered quickly and easily, or that the economy was even stable enough to make possible such gathering of information What was rather the case in France in the eighteenth century was fragmented markets, sharp differences in prices between regions, and difficult travel and transport conditions Information exchange was impeded just as much as trade, and so it is simply mistaken to hypothesize that markets were informed almost immediately and at a very low cost

The perfect market described by Turgot simply did not exist, and the economic information was much more costly to acquire than he imagined Turgot's argument includes a kind of theoretical sleight of hand, actually a tautology He postulated that the mechanisms of perfect competition existed already, even while his policy was aimed precisely at creating these mechanisms But the hypothesis of perfect competition implies many preconditions there must be freedom of entry into the market, the competing goods must be homogeneous, and prices and qualities on the market must be absolutely clear But of course, none of these preconditions existed in eighteenth-century France There were many constraints limiting access to the market

<sup>26</sup> Turgot, "Eloge de Vincent Gournay," 87-89

Supply and demand did not follow the criterion of atomization that defines a competitive market in liberal economic theory, nor did buyers and sellers behave as if the prices were given in advance and from somewhere outside themselves. Above all, the immediate substitution of goods was impossible, and the information on their respective prices and qualities was neither always complete nor quickly accessible.<sup>27</sup> Actually, it is difficult to find a more *imperfect* competition.<sup>28</sup>

In this context, the problem of good faith in labels and marks was far from trivial. The smooth functioning of commercial operations was dependent on a social organization of confidence, which the market of itself could not provide. In order to be able to trade in acceptable conditions, it was necessary to have common references, collectively accepted standards that could guarantee a minimal level of trust between partners. Trade, especially international, long-distance trade, needed the security that came with official standards and official certification.<sup>29</sup> Unwanted surprises when unpacking bundles of cloth could thereby be avoided, thanks to the state's guarantee of quality.<sup>30</sup>

The rules guaranteeing these standards of quality, as we have seen, predated the codification by the state. The state, in other words, was registering customs that were already old. The system of marks and control of manufacturing ratified accepted qualities and common standards about which trading parties had already reached *de facto* agreement. Codified rules made official and generalized the application of what we might call "quality covenants," which the various economic agents had already tacitly recognized.<sup>31</sup> Actually, it seems that no exchange,

27 Dominique Margairaz, 'La Formation du réseau des foires et des marchés: Stratégies pratiques et idéologies', *Annales ESC* 41 (1986): 1215–42, and *idem*, *Foires et marchés dans la France pré-industrielle* (Paris, 1988).

28 For an analysis of a situation of "imperfect competition" in the contemporary economy, see Jean Gabszewicz and Ian Gilo, 'Price Competition When Consumers Are Uncertain about Which Firm Sells Which Quality', *Journal of Economics and Management Strategy* 1 (1992): 629–50. It shows that in such a case the liberal ideal of perfect competition is a product of utopian economics.

29 The example of *bretagnes* cloths and their lasting success in the Latin American market provides a perfect illustration. See Jean Tanguy, *Quand la toile va: L'Industrie toilère bretonne du XVI<sup>e</sup> au XVIII<sup>e</sup>* (Rennes, 1994); Jean Martin, *Toiles de Bretagne: La Manufacture de Quintin, Uzel et Loudeac 1670–1830* (Rennes, 1998), and André Lespagnol, 'Des Toiles bretonnes aux toiles bretonnes: Conditions et facteurs d'émergence d'un 'produit-phare' sur les marchés ibériques,' in *Changes et cultures textiles dans l'Europe pré-industrielle: colloque de Rouen, 1993*, *Revue du Nord* hors série 12 (collection Histoire, ed. Jacques Bottin and Nicole Pellegrin (Villeneuve d'Ascq, 1996): 179–92.

30 This situation resembles that which Lucien Karpik calls an "economy of quality" when the supply and demand are principally defined by the quality and an asymmetrical relationship of information prevents the buyer, unlike the seller, from evaluating all the available qualities and distinguishing easily the good from the bad, then the exchange depends more on a social organization of confidence than on classic market forces. Karpik's analysis, although applied to one specific type of supply (actually a service: lawyers) provides interesting features of comparison. Lucien Karpik, 'L'Economie de la qualité', *Revue française de sociologie* 30 (1989): 187–210.

31 'L'Economie des conventions,' special issue of *Revue économique* 40 (1989). See in particular, François Eymard-Duvernay, 'Conventions de qualité et formes de coordination,' 329–59.

no agreement between the participants would have been possible without a prior common framework, a founding covenant that would do away with all suspicions and all factors of uncertainty. In this case, the covenant concerned the quality of the goods now regulated, ratified, and made official by the royal administration, which was developing a concept of market policing.<sup>32</sup>

Thus, we have a double movement. On the one hand, standards were the result of a coordinating process between producers and customers, and the agreement was built during this process. On the other hand, a rule was developed to ratify the conventional standards defined that way, and that rule gave the agreement the strength of an official statute. So we could baptize the regulatory system that Colbert developed a "regime of a statutory and a regulatory covenant." Marking and inspecting here served as a substitute for the impossible self-regulation of the market. The statutory covenant and the confidence it instilled made trade easier and more efficient. All this is anti-Turgot, the triumph of the political economy of quality that the inspectors fought for and that corresponded to concrete, actual commercial situations.

Why, then, was the statutory political economy of quality questioned? Why were there countervailing opinions in commercial circles? The answer is that all these mechanisms that I just described did not exist for all types of goods, nor in all markets. The regulating system was functioning perfectly well for top-of-the-line goods, where there was competition in quality more than in price, and where there was only one kind of consumer with fixed demands. Colbert was expressly concerned with this type of market and this type of goods—high quality, sold mainly abroad. Coarse cloth did not enter these commercial channels, and its consumption was limited to peasant households. But when economic expansion hit the semiluxury or middle-of-the-line goods market, the regulating system was rendered inapplicable or even obsolete. In this market, the specifications of goods were changing all the time. This was the realm of fashion, of "novelties," and in such a market demand shifted constantly. The consumer was not always the same anymore, and his or her demand was no longer fixed.<sup>33</sup>

<sup>32</sup> François Eymard-Duvernay, 'La Qualification des produits' in *Le Travail Marches, règles, conventions*, ed. Robert Salais and Laurent Thevenot (Paris 1986), 239–48. In a pioneering article, written before covenant economics was developed in France, George Akerlof showed how doubts as to the nature of the goods exchanged, and particularly uncertainty as to their quality, could disturb the conditions of exchange so far as to prevent an equilibrium. His example concerned the market for more or less defective secondhand cars, where buyers had great difficulty in judging their quality. George A. Akerlof, 'The Market for Lemons: Quality, Uncertainty, and the Market Mechanism,' *Quarterly Journal of Economics* 84 (1970): 488–500.

<sup>33</sup> See the synthesis of Jean-Yves Grenier, 'Les Conséquences économiques de la croissance

For some goods and markets, then, the economy of quality underpinning the regulatory system became meaningless, because in that type of market everything depended on price elasticity, not on a marginally superior quality. So there were actually several different kinds of markets, which followed very different laws. There were as many different "worlds of production," and each one was organized around particular goods, commercial conditions, and specific covenants.<sup>34</sup> There was price elasticity on the one hand, competition for quality on the other. These were two different commercial universes, and, of course, they did not follow the same rules.

The divisions in opinions on regulations become clearer, then. At the vanguard of the fight for regulation we find those whose business went well only if the quality of the goods was maintained, if the standards remained fixed. These people benefited from an administrative authority enforcing respect of the quality covenant. On the contrary, all those who were bothered by regulations belonged often to another "world of production," the world of light clothes, of novelties, of fashion, of middle or ordinary quality. For them, standards changed rapidly and so were less important than the selling price.

In the world of regulation, standards could be a weapon for the most powerful—the traders. The precise codification of specifications for each kind of cloth was a powerful tool with which merchants or merchant-manufacturers could pressure producers. That was as true when these merchants bought a semifinished product from the manufacturer as when they put out raw material to be transformed. The very existence of standards could be used to constrain suppliers in order to get pieces at the best possible price, even when the standards were no longer applied, and even when the merchants themselves bought or produced nonstandard cloth. The regulatory standard was used as a means to pressure the weavers, who could be threatened with denunciation to the authorities for quality fraud. Because the commercial bal-

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demographique," in Jacques Dupâquier, *De la Renaissance à 1789*, vol. 2 of *Histoire de la population française* (Paris, 1988), esp. 466–69, and his thesis, *L'Economie d'ancien régime: Un Monde de l'échange et de l'incertitude* (Paris, 1996).

<sup>34</sup> Robert Salais and Michael Storper, *Les Mondes de production: Enquête sur l'identité économique de la France* (Paris, 1993), 22–25. These two economists intend to "confront the actual characteristics of inequality, diversity, and heterogeneity in economic situations, and inquire into the existence of several possible worlds of production and the ways they interact in many real worlds of production" (10). Each of the four "possible worlds of production" is defined by the combination between a form of economic coordination, a type of product, and a register of action. I have not taken this analogy further here, since my purpose is not to write an industrial and commercial history of France, but to relate the discourse and debates of political economy to their roots in the real problems of economic activity.



ance of power was deeply unequal, then, legal standards of production were fully to the advantage of traders

Such a phenomenon of using regulation for competitive advantage came up again at each stage of the commercial process. The play on regulations and standards of production was an integral part of the permanent balance of power underpinning exchanges. Each participant's dream was to be able to impose upstream rules on his employee or supplier, while he himself, downstream, would escape all regulations. For example, the same manufacturers opposed, on the one hand, the creation of any rule on the number of threads in the warp and in the weft of a piece of woolen, and demanded, on the other hand, the benefit of a regulation codifying and guaranteeing the good quality of their wool supply. Any regulation was good as long as it did not create constraints on oneself but concerned everybody else, especially suppliers. Freedom for me, constraint for everybody else – that was the doctrine.<sup>35</sup>

There was, therefore, a specific role for the repeated invocation of regulations by the very people who sought to evade them selectively. Regulation actually existed within a curious dialectic relationship between the collective and the particular. The necessity of quality could be universally recognized as a guarantee preserving the market outlets for and reputation of a manufacturer or trader, but everyone was secretly hoping at the same time to escape this restriction while competitors would respect it, or be forced to respect it. The collective advantage of maintaining standards could be strangely mixed with the individual hope of receiving the dividends of fraud. After all, transgressing the rule was only in the interest of the transgressor if that rule was actually enforced. The advantages of fraud vanished if there was no regulation, no constraint imposed on everybody in principle. The comparative advantage derived from fraud existed only if competitors were forced to follow the rules that the cheat did not respect.<sup>36</sup>

This helps to explain these bizarre differences of opinion on regulation. Clearly, the world of manufacture and commerce was anything but a unified whole. On the contrary, everybody's interests changed with the nature of the product, with their position, strong or weak, in

<sup>35</sup> The inspector at Elbeuf, in 1763, was not fooled by this double game. 'The manufacturers want to be as independent as possible, but they want the opposite for their employees and the outworking spinners, whom they would on the contrary wish to subject without hindrance to the whims of their master carder-spinners in the countryside.' AN F/12/737, Vallon de Boisroger to Trudaine, Elbeuf, 5 January 1763.

<sup>36</sup> Erhard Friedberg, *Le Pouvoir et la règle. Dynamiques de l'action organisée* (Paris 1993), 169–

the commercial process. We must see this world as divided, both on the contents of the rules and on whether they were to be kept at all.

### A New Policy

The enlightened administration was just as divided as the practitioners of the manufactures. Although almost everybody was against guilds, the question of market police was still hotly debated. What was true for the grain trade was also true for the market of manufactured goods. Of course, the prevailing general direction was liberal, as seen in the major governmental decisions of 1759 (on the freedom of the printed cloth and cottons trade) and of 1762 (on the freedom of industrial labor in the countryside, this decision, however, only ratified a *de facto* situation).

Let us consider liberalism, then, but carefully. The great organizer of this state policy was Daniel Trudaine, the head of the Bureau of Commerce (1749–69) who was followed by his son Trudaine de Montigny (1769–76) in the same post. But the elder Trudaine was no Turgot. He did not buy the utopian idea of a perfect market, of a complete *laissez-faire*. Trudaine was rather the heir of Vincent de Gournay, his colleague when, as a young man, Trudaine was beginning his career as *intendant du commerce*.

Here is a recent rediscovery. In France in the eighteenth century there was a liberal movement that predated the Physiocrats and had no relation to them. This movement, organized around Jacques-Claude Vincent de Gournay and François Véron de Forbonnais, was peculiar because it proposed a limited liberalism, a liberalism that would not be capitalist but that would offer balanced economic development. And it would be the state that would ensure this balance.<sup>37</sup> In this brand of liberalism there would be freedom of trade, deregulation, and generalized free competition, but Gournay was frightened of monopoly situations born of unbalanced accumulation at least as much as he was afraid of guild privileges. Therefore, the watchdog-state had to be there to make sure that economic growth would be well balanced.<sup>38</sup> In fact, Gournay's dream was a universe of small producers, regulated by ideal competition. The state would be the defender of equilibrium, and it would

<sup>37</sup> Simone Meyssonnier, *La Balance et l'horloge. La Genèse de la pensée libérale en France au XVIII<sup>e</sup> siècle* (Montreuil, 1989); idem, "Vincent de Gournay (1712–1759) et la balance des hommes," *Population* 1 (1990): 87–112, and Jean-Claude Perrot, *Une Histoire intellectuelle de l'économie politique* (Paris, 1992).

<sup>38</sup> Simone Meyssonnier, "Aux origines de la science économique française. Le Libéralisme égalitaire," in *La Révolution française et le développement du capitalisme, Revue du Nord*, hors série 5, collection Histoire, ed. Gérard Gavot and Jean-Pierre Hirsch (Villeneuve d'Ascq, 1989), 111–24.

also have a role of promotion. Its policy of encouragement and lowered interest rates would guarantee employment, the means of subsistence, and labor.

So Trudaine's administrative policy at the bureau as inspired by Gournay was actually that of a state both regulating and inciting within a framework of free competition. What happened, then, to regulations and inspectors? As far as regulations were concerned, there was no positive decision. Rules were simply left alone, and were less and less applied. Inspectors received orders to be less vigilant, and little by little their assignments were redefined. The fight against fraud was put on hold, and the inspectors' other roles came more to the fore. They increasingly gathered economic information and industrial statistics on the one hand, and encouraged the dissemination of technical advice and the diffusion of innovations on the other. Repression was being replaced by boosting. The inspectorate, then, became the privileged tool of Trudaine's industrialist policy.<sup>39</sup>

So the old regulations were shelved for the sake of industrial growth. But the old problems did not entirely disappear. There was still a demand by producers and traders to guarantee good faith in trades, this was, as we have seen, a crucial part of the regulatory system. This wish existed also among the liberal leaders of the Bureau of Commerce, men like Abeille, Roland de la Platière, and Clicquot de Blervache, who were closer to Gournay than Turgot. For these people, it was important to continue marking cloth, a practice that served three essential functions: first, to distinguish French goods from foreign, second, to enable censuses of production, and third and above all, to guarantee truthful labeling and thus honest exchange.

We find again here the old argument that quality certification was necessary to protect the customer against hidden flaws. But here the goal was no longer to check whether the goods were in conformity with the standards of production. The goal was to make sure that the seller told the truth, that the goods really had the characteristics that the label said they had. That shift, subtle as it may seem, was highly significant. The aim was no longer to say that a product was good, but rather to disclose the way it was produced.

Actually, I think that we can discern the entire evolution of French industrial and commercial policy in the second half of the eighteenth century.<sup>40</sup> In spite of all the bumps and ministerial changes, the general

<sup>39</sup> Minard, *Fortune du colbertisme*, chap. 7.

<sup>40</sup> See the pioneering works of Harold T. Parker, *The Bureau of Commerce in 1781 and Its Policies with Respect to French Industry* (Durham, N.C., 1979) and idem, *An Administrative Bureau during*

trend went this way. A commercial police, seen as a necessary prop for a smooth progress of exchanges, came to replace production rules.<sup>41</sup> The inspectorate of manufacture did not disappear, its assignments were changed.

## Conclusion

The historiography has often been wrong in its interpretations of how various market participants dealt with regulations. The situation cannot be understood with a simple binary opposition between Colbertism or statism on the one hand and liberalism on the other. If we understand it that way, we miss what was actually happening and being said in markets, workshops, and administrators' offices, and we explain nothing. The situation is complicated because we must distinguish between several levels of historical experience: between the contents of regulations and the people who decided what these contents were to be, and between the various kinds of regulations.<sup>42</sup> It is not the same thing, for instance, to regulate production (standards for a product) and labor (working conditions, policing laborers).

Clearly, we cannot just consider this history as a whole, from above, either from the perspective of a mercantilist, Colbertist policy or from an imaginary liberal utopia. Nor can we oppose the state and the manufacturing and trading world as two antithetical blocs, as if each were a homogeneous and unified universe. The shape of society and economy in the Old Regime does not conform to simplistic readings inspired by classical nineteenth-century political economy. Recognizing this fact opens the way for new lines of inquiry and collective discussion about markets, regulation, and the state in the Old Regime.

TRANSLATED FROM THE FRENCH BY  
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*the Old Regime: The Bureau of Commerce and Its Relations to French Industry from May 1781 to November 1783* (Cranbury, N.J., 1993).

<sup>41</sup> William M. Reddy, *The Rise of Market Culture: The Textile Trade and French Society, 1750–1900* (Cambridge, 1984).

<sup>42</sup> See my contribution, "Les Communautés de métier en France au XVIII<sup>e</sup> siècle: Une Analyse en termes de régulation institutionnelle," in *Guilds, Economy, and Society: Proceedings of the Twelfth International Economic History Congress*, ed. S. R. Epstein, H. G. Haupt, C. Poni, and H. Solv (Seville, 1998), 109–20.

