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Facing and Surviving War: Merchant Strategies, Market Management and Transnational Merchant Rings

PIERRE GERVAIS, Paris

For an eighteenth-century merchant, the ultimate crisis was war; armed conflicts disrupted trade both practically, by subjecting the goods transported to confiscation by the enemy, and financially, by threatening the national and international credit networks and compensation systems on which merchants relied to clear their transactions. This was especially true for French merchants active in the transatlantic trade, when confronted with a war with Great Britain at mid-century. Land-based goods or goods transported along the coast over short distances could be rerouted, go through intermediaries, or be smuggled in a variety of ways. But by 1750, British domination of the seas was a well-established reality, and the French Navy, weakened by years of political neglect, was unable to protect the approach either to France's major ports, or to the North American continent.¹

As a result, the French trader specialized in importing colonial products (sugar, coffee, indigo, or tobacco come to mind) in an Atlantic port was faced with daunting challenges. Even if he (long-distance trade was basically closed to women, except as investors²) could pay the sky-high insurance premiums for such a trade, chances were that at least a few of his ships would be captured. And even if they made it across both British blockades, in the Islands and along the French coast, there were still major problems associated with transportation by land, since the French road network was in very poor condition, and coastal shipping right under the guns of the British Navy would be extremely dangerous, and forbidden to large ships. Would returns be in proportion to the risks? There was significant price elasticity by mid-eighteenth century in a market for colonial goods which

¹ Even though British domination was maybe not as crushing as usually argued: see Jonathan R. DULL, *The French Navy and the Seven Years' War*, Omaha 2005. For a good analysis of coastal smuggling in spite of armed hostilities, see François CROUZET, *La contrebande entre la France et les îles britanniques au XVIIIe siècle*, in: Gérard BÉAUR / Hubert BONIN / Claire LEMERCIER (eds.), *Fraude, contrefaçon et contrebande de l'Antiquité à nos jours*, Genève 2006, pp. 35–59. For a view of trade management by land in times of war, see the essay by Cinzia LORANDINI in this volume.

² See Sheryllyne HAGGERTY, *The British-Atlantic Trading Community, 1760–1810. Men, Women, and the Distribution of Goods*, Leiden 2006.

was not any more the exclusive preserve of the most wealthy, so that a plummeting supply was not a guarantee of infinitely increasing prices. And to all this had to be added the general economic slowdown, which would dry up the sources of credit a trader relied on.

I have examined elsewhere a few cases of transatlantic trade operations maintained in times of war, mostly from the point of view of North American traders. The lessons one can derive from cases such as John Amory's or Nathan Appleton's is that strong credit networks, structured around specific sets of products and connecting specific segmented markets (what I called merchant rings), were in fact highly resilient in the face of imperial pressures to break them. New credit circuits were devised, new intermediaries were found, and basic business would go on as usual.³ On the offer side, challenges were met in surprisingly efficient and flexible ways during the eighteenth century. Only at the apex of the total war which developed between Great Britain and post-revolutionary France, in the 1800s, did the stress become excessive; with each adversary bent on the complete annihilation of enemy economy, the usual tolerance and leeway disappeared, and merchants found themselves prisoners in their own port, be it Boston or Bordeaux. But this was very exceptional, and not characteristic of trade during the preceding century.⁴

What of the other side of the equation – customers in home markets, the demand side, so to speak? How were prices raised enough to face the extra costs of war? This paper presents a short case study of one trader on one very narrow market segment, the sugar market in Bordeaux at the beginning of the Seven Years' War. As we shall see, the striking feature is that no overt negotiation on public prices took place, and indeed no price was made public at all. A select group of insiders did manage the market and set the price in a process of negotiation which was largely driven by futures-type behavior, a bet on both sides on the evolution of the markets and of the overall geostrategic situation which governed them. This was the reflection of a market structure made up of two strong and unified cartels, one uniting sellers, the other buyers. Additionally, in such a situation, the volume of sales, more than the movement of prices, was the primary signal for this same group of insiders. No sale meant no agreement between the players, brisk sales meant that both cartels had reached an agreement at a given

³ Pierre GERVAIS, *Neither Imperial, nor Atlantic. A Merchant Perspective on International Trade in the Eighteenth Century*, in: *History of European Ideas* 34/4, 2008, pp. 465–473; idem, *Mercantile Credit and Trading Rings in the Eighteenth Century*, in: *Annales. Histoire, Sciences Sociales* 67/4, 2013, pp. 693–730 (retrieved at <http://www.cairn-int.info/>, 8 February 2014).

⁴ See Silvia MARZAGALLI, “Les boulevards de la fraude”. *Le négoce maritime et le blocus continental, 1806–1813*. Bordeaux, Hambourg, Livourne, Villeneuve d'Ascq 1999; eadem, *Establishing Transatlantic Trade Networks in Time of War. Bordeaux and the United States, 1793–1815*, in: *Business History Review* 79/4, 2005, pp. 811–844.

point in time, being understood that a new negotiation could always be reopened by one side or the other – whereupon sales would dry up.

I would insist on the idea that these cartels were absolutely not conspiracies, and were very far from being seen as illegitimate by their participants. Admittedly, denunciations of *accaparement*, regrating, or similar activities were a routine complaint of administrators and writers alike throughout Europe, but traders considered that they needed to reach such agreements in order to manage their segment of markets and ensure a modicum of profit. Publishing price information and trying to use a bidding process of the sort envisioned by later classical economists, from Adam Smith onward, would have hindered key processes in the commercial world, as we shall see, and would have potentially led to a complete collapse of the supply chain. When it came to eighteenth-century markets, monopoly was not a bug, but a feature, which enabled traders to face a multiplicity of disruptive forces – war included.

Abraham Gradis was a major Bordeaux merchant in 1755. His firm, David Gradis & Sons, was one of the largest outfitters in what was then the biggest French port. As it happens, the Gradis house also left one of the largest private archival funds having survived in France for the eighteenth century, and is thus a household name among French early modernists.⁵ Abraham was David's son, and successfully traded with the French colonies in North America and the Caribbean, particularly Quebec.⁶ He was a major importer of sugar from Saint-Domingue, and was thus justifiably worried when the

⁵ For instance the Gradis archives was one of the main sources for Paul BUTEL, *La croissance commerciale bordelaise dans la seconde moitié du XVIII^e siècle*, unpubl. Ph.D. diss., Université Paris I, 1973. On the Gradis family, see Jean DE MAUPASSANT, *Un grand armateur de Bordeaux. Abraham Gradis (1699?–1780)*, in: *Revue historique de Bordeaux et du département de la Gironde* 6, 1913, pp. 175–196, 276–297, 344–367, 423–448; Richard MENKIS, *The Gradis Family of Eighteenth Century Bordeaux. A Social and Economic Study*, unpubl. Ph.D. diss., Brandeis University, 1988; Marguerite MARTIN, *Correspondance et réseaux marchands: la maison Gradis au dix-huitième siècle*, unpubl. M.A. diss., Université Paris I, 2008; Silvia MARZAGALLI, *Opportunités et contraintes du commerce colonial dans l'Atlantique français au XVIII^e siècle: le cas de la maison Gradis de Bordeaux*, *Outre-mers* 362-363, June 2009, pp. 87–111; Pierre GERVAIS, *A Merchant or a French Atlantic? Eighteenth-Century Account Books as Narratives of a Transnational Merchant Political Economy*, in: *French History* 25/1, 2011, pp. 28–47, and also GERVAIS, *Mercantile Credit and Trading Rings*.

⁶ Gradis' Quebec venture embroiled him in what would become the "Canada Affair", when Quebec officials with whom he had traded, including the *intendant* François Bigot, were arrested in the Fall of 1761, and accused of having brought about the loss of Canada through mismanagement of the supplies brought into the province. The affair is still a hot topic today in the history of Quebec, with Bigot, and occasionally Gradis, regularly pilloried for their business practices. For a balanced view, see Guy FRÉGAULT, *François Bigot. Administrateur français*, Montréal [1948] 1996; John-Francis BOSHER / Jean-Claude DUBÉ, *François Bigot*, in: *Dictionnaire biographique du Canada en ligne* (retrieved at http://www.biographi.ca/fr/bio/bigot_francois_1778_4F.html, 16 February 2014).

British Navy started to skirmish with French ships in the summer of 1755. These were the first naval confrontations in an undeclared war (later called the French and Indian War) which had started in May 1754 with armed clashes in the Ohio valley between French and British units, and would eventually turn in 1756 into the Seven Years' War in Europe. After the incidents of 1754 in North America, both countries prepared for war, and on 5 May 1755, Admiral du Bois de La Motte sailed from Brest with a convoy of lightly armed ships loaded with soldiers, who were to strengthen Quebec and French claims over Ohio. The British, taking advantage of their better-equipped Navy, sent two squadrons of ships-of-the-line to guard the coasts of Canada and capture the French convoy. Du Bois de La Motte managed to elude his adversaries, but two of his ships, which had been separated from the others, were captured by the British on 10 June 1755.⁷

Gradis was among the best-informed men in France; he had extensive contacts with Navy officers in Brest and especially Rochefort, and high-placed friends in the Marine Department at Versailles. He was also well-introduced among several families from the high nobility, for business as much as for pleasure since he acted as commissioner for the sale of the sugar some of his friends produced on Saint-Domingue plantations they owned. On 10 June, the very day of the attack on Du Bois de La Motte's ships, news of which would not reach France for another six weeks, Gradis presciently wrote to the owner of a plantation in Saint-Domingue, Mr. La Caze, in Versailles at the time: "I hope we will remain quiet until we Hear news of The arrival of our troops in Canada If they managed to reach There without running into Trouble I believe that there Won't be a war this year that even one could hope that our differences on these borders with the English could Maybe Be ordered which would Be fortunate for trade but If the reverse happened and If we were unhappy enough to see our Sh.ps of transport attacked [...] undoubtedly We would have a war".⁸ This was an impressively detailed geopolitical analysis, and in some ways Gradis was better informed than the King's own Ministers, noting later on in July that "Having no navy to show the English we have a few Sh.ps in our harbors but we Are unable to send them out since we lack Guns anyway the number of our Sh.ps is too limited to hold against them It would be very Advisable that we bear it pa-

⁷ Prosper LEVOT, *Biographie bretonne*, Vannes 1852, p. 572; Hubert GRANIER, *Le Vice-amiral Emmanuel Auguste de Cahideuc Comte du Bois de la Motte (1683–1764)*, in: *Marins et océans* 3, 1992, pp. 72–84. The date June 8 is often quoted as well, cf. for instance Eric SAUGERA, *Bordeaux, port négrier*, Paris 2002, p. 71.

⁸ French National Archives, Roubaix, Fonds Gradis, Correspondance, 181 AQ 57* [hereafter An Gradis 181 AQ 57*], Letter to Mr La Caze, 10 June 1755: "J'espère que l'on sera tranquille jusques à ce que l'on Sache des nouvelles de L'arrivée de nos troupes en Canada Si elles ont Pu S'y rendre sans avoir fait aucune mauvaise Rencontre je me flatte qu'il n'y aura Point de guerre cette année que même on pourrait espérer que nos différends pour ces limites avec les Anglais pourraient Peut-être Se ranger ce qui Serait heureux pour le Commerce mais Si le contraire arrivait et Si nous eussions le malheur que nos V.x de transport fussent attaqués [...] il est indubitable Que nous aurions une guerre".

tiently until a day come when we could Answer this insult for at this point we cannot".⁹

War with Great Britain meant that trade with the French sugar islands would be at best impeded and risky, at worst stopped completely, and the quotes above show that Gradis was certainly aware of this, since he entertained no illusion either on the chances for peace or on the strength of the French Navy. Demand for sugar was going to rise, and a logical step was to stockpile it. Bordeaux was the main sugar market for France, and prices would logically start to rise as it became clearer that war was looming. Yet, this is emphatically not what our Bordeaux trader was telling another friend and customer in high places, the noble Lady de Rochechouart, who also owned a plantation in Saint-Domingue. On 6 June 1755, Gradis wrote to her that "the Bill of lading for 14 Hogsheads of Sugar the arrival of which we had the honour to inform you they [sic] are still in store it was Not Possible to sell them so far for the little demand they have we will take advantage m.lady of the first suitable occasion which will Arise to do away with them". He was even more specific with La Caze, writing to him that "Sugars in the month Past had no demand and we judge that the F[ir]st which will Sell will be 10. 12. Or 15% less than what they cost this past winter".¹⁰ Thus it would seem that a relatively plentiful offer of sugars unloaded in the spring offset so far the risk of war, buyers being fully enough stocked as far as they were concerned.

A second set of letters however, written to a close partner of Gradis in Nantes, a M. Luker, painted a very different picture. Luker was a key partner of our Bordeaux trader, and was informed on 9 June, a mere three days after Lady de Rochechouart was told that her sugar ~~were~~ was in want of a buyer, that "Sugars dropped very little here it even seems that they won't drop at all at least if sellers maintain their Intention of not letting go there is even little sugars in town we even believe that this Article will sustain more

⁹ An Gradis 181 AQ 57*, Letter to Mlle de Beuvron d'Harcourt, 26 July 1755: "...n'ayant point une marine à pouvoir exposer aux Anglais nous avons quelques V.x dans nos ports mais nous Sommes hors d'état de pouvoir les faire sortir faute de Canons d'ailleurs le nombre de nos V.x est trop modique pour leur faire tête Il serait bien à Souhaiter qu'on prît notre mal en patience jusques à ce qu'un jour pût venir de nous faire faire Raison de cette offense car pour à présent nous sommes hors d'état de le faire". Lady de Beuvron d'Harcourt was a close friend of Gradis, and was also well introduced in the King's Court; Gradis may have tried to warn indirectly the King's Ministers of impending disaster.

¹⁰ An Gradis 181 AQ 57*, Letter to Mademoiselle de Rochechouart, 6 June 1755: "Le Connaissance de 14 Barriques de Sucre dont nous avons eu l'honneur de vous apprendre leur [sic] arrivée elles sont toujours en magasin il ne nous a Pas été Possible de les vendre jusques à présent par le peu de demande qu'ils ont nous profiterons mad.lle de la première bonne occasion qui se Présentera pour nous en défaire"; letter to La Caze, 11 June 1755: "Les sucres depuis Un mois n'ont point de demande et nous jugeons que les P.ers qui se Vendront seront à 10. 12. Ou 15 p% moins qu'ils n'ont valu cet hiver."

or less its price for a Long time which is really to Wish for".¹¹ On 15 July, Gradis wrote again to Luker, telling him that "goods from the Americas Are pretty quiet here there were a few Sales this Week of some raw Sugars from 35 to 36£ most of our shippers do not want to sell at S[ai]d Price".¹² The "little or no demand" described to Lady de Rochechouart and La Caze were thus actually a flat refusal on the part of Gradis and other importers to sell any sugar. The risk of war had prompted Gradis to stock up, and wait for prices to go up as well.

This was the right call; when on 21 July a ship from Cape-Breton brought to La Rochelle the news of the capture of the two French ships over a month earlier, Gradis was warned in Bordeaux less than 24 hours later, well before Louis XV. On 2 August, he could write triumphantly to another merchant from Nantes that "in the 3 to 4 days past here has been a lot of action on the sales of our commodities from the Americas for abroad [...] It was sold there a load of raw Sugar [sold] At 39£ 10s the fine raw from cul du Sac will sell 34 to 44£ Those of St Louis 37 to 38£"; and also wrote to Lady de Rochechouart, sparing her the figures, that "The rumors of war moved sugars a lot we are as [sic] determined to do away this week or next those which were sent to us from your plantation all the more since the price seems advantageous to us".¹³ For somebody as well-informed as Gradis, war was an opportunity first and foremost, opening up avenues for speculation which would have been closed otherwise. In economic terms, it would seem that our Bordeaux merchant was simply going long, on what was essentially sugar futures – except that the mention of the "intention" of the "sellers" pointed not to a straightforward interplay of offer and demand, but rather to a cartellized market, at least on the offer side.

We don't have to rely on Gradis' word to suspect the presence of a cartel, anyway, since it is also indicated by the fact that the volume of sales, more than the movement of prices, was taken by Gradis as a sign of the position of the market. With a free interaction of offer and demand, the price

¹¹ An Gradis 181 AQ 57*, Letter to Luker de Nantes, 11 June 1755: "les Sucres n'ont fait qu'une très petite baisse ici il y a même apparence qu'ils ne baisseront pas au moins si les vendeurs soutiennent leurs Sentiments de ne point lâcher la main il y a même peu de sucres en ville nous croyons même que cet Article soutiendra Long-temps à quelque chose près son prix ce qui est bien à Souhaiter".

¹² An Gradis 181 AQ 57*, Letter to Luker de Nantes, 15 July 1755: "Les denrées de l'Amérique Sont assez en calme ici il s'est Vendu cette Semaine quelques Sucres bruts de 35 à 36£ la majeure partie de nos armateurs ne veulent pas vendre au Susd.t Prix".

¹³ An Gradis 181 AQ 57*, Letter to Portier Frères, 2 August 1755: "Depuis 3 à 4 jours il y a beaucoup de mouvement pour l'achat de nos denrées de l'Amérique pour l'étranger [...] il s'y est vendu une cargaison de Sucre brut [jill.] A 39£10s le beau brut du cul du Sac se vendront de 34 à 44£ Ceux de St Louis de 37 à 38£"; letter to Mlle de Rochechouart, 5 August 1755: "Les bruits de guerre ont donné beaucoup de mouvement aux sucres nous sommes comme déterminés à nous défaire cette semaine ou dans la prochaine de ceux que nous avons qui nous ont été adressés de votre habitation d'autant que le prix nous paraît assez avantageux".

of sugar should have gone up from June on, until it had reached a level at which the market would clear, and in which the risk of war was fully incorporated. Instead, prices remained stable, but became irrelevant, since sales stopped (at least according to Gradis, but he was certainly well-informed of everything which went on on the sugar market in Bordeaux). This situation probably points in part to the customary nature of prices in the early modern period. Sugar prices were supposed to go down after the arrival of numerous loads sent from the Caribbean in the spring; they were pushed upwards by the war preparation of France and Great Britain. There was no bidding process from buyers, and no new price given by sellers, as if all the actors needed some external element to justify a change in the customary lower price. Thus these public sugar prices functioned as *tarifs*, reference prices in relation to which actual transacted prices would be distributed, as in the regulated markets of the Old Regime such as flour and bread markets – which may well have provided a template for price formation on all markets, rather than an exception.¹⁴

But such a drying-up of the market indicated above all that all sellers operated in lockstep, from a commonly held informational basis, and indeed probably all buyers too, a fact confirmed in the next stage of our story, as it turns out. On 6 August 1755, four days after having celebrated the new-found domination of the sellers, Gradis wrote to la Caze that while “Sugars have regained favor for the past few days the fine raw from cul de Sac will sell at 42 to 44 the % There was a sale from Cap at 39£10s”, he had also to report that “mr Bois de la Mothe [sic] has arrived at Quebec with his Sh.ps on June 22 l[a]st we learned this from a Schooner having Left Louisbourg on July 12 the British Sh.ps were still cruising there but they let the merchant vessels pass through without assaulting them.” According to another letter from the same day, the schooner bearing these news had arrived at La Rochelle on Friday, 1 August, which means that by Monday, 4 August, the sugar operators were aware of this new development. By 9 August, Gradis was explaining to a M. d’Inteville, a nobleman allied to the Rochechouart family who honored our Bordeaux trader with his protection, that his hogsheads, who had just reached Bordeaux, would not be sold right away: “there has been some movement on sugars here but almost nothing was sold except a little raw sugar it seems now that there is some Quiet on the part of our buyers This since there is some reassurance on the fear of war which is seen As unavoidable but not as imminent as had been thought in the f[i]rst moment after the capture of our Sh.ps”.¹⁵

¹⁴ See Dominique MARGAIRAZ / Philippe MINARD, *Marché des subsistances et économie morale: ce que “taxer” veut dire*, in: *Annales historiques de la Révolution française* 352, 2008, pp. 53–99, particularly p. 64. It is worth noting that both authorities and popular mobs aimed at preventing market management by volume, i.e. the disappearance of all sellers.

¹⁵ An Gradis 181 AQ 57*, Letter to La Caze, 6 August 1755: “les Sucres ont repris faveur depuis quelques jours les beaux bruts du cul de Sac se vendront de 42 à 44 le % Il s’y en est vendu du cap de 39 £ 10s [...] mr Bois de la Mothe est arrivé devant Qué-

Who were “our buyers”? A letter sent on 13 August to the brothers Portier, traders in Nantes, explains in more details that “For the past 4 to 5 days There has been here no purchase of Sugar nor of Coffee, it is even said that our buyers would like to push These articles a bit lower but they will have a hard time of it unless we see some hope of some compromise which we don’t forecast at this time”.¹⁶ This confirms that the sugar market was dominated by two narrow groups of operators, both able to unite as cartels, both having achieved collective control of information flows and a fair degree of coordination in their decisions. By mid-August, the two cartels were at loggerheads, and no resolution was in sight, at least as long as there would be no certainty of war. Gradis wrote to Luker on 18 August that “Sugars are rising here as in your place the raw [sugars] from 38 to 42£ the heads & Common, from 43 to 46 the other qualities in proportion.” On 26 August, the prices were roughly the same: Luker was informed that “raw Sugars are still at 39£ to 42£,” confirming that the sellers’ cartel maintained control of the situation. As late as the end of September, Gradis wrote his Nantes friend and partner “Sugars from the Americas Are here at the same rate as at your place but Nobody wants to sell since it is firmly Believed that war will be declared very soon by England.”¹⁷ The sellers’ cartel was entering its third month of withholding sales, and still no price negotiation had been taking place, which probably means that the buyers’ cartel was still hoping for a negotiated settlement avoiding war, and refused to offer the kind of price which would bring sellers to the table.

This was not what the planters and noble families using Gradis as an agent to sell their sugar heard from the Bordeaux operator, however. As we have seen, by mid-August prices were higher than ever, and still our sugar agent bombarded his principals with complaints about the lack of demand:

bec avec Ses V.x le 22 du mois de juin d.er nous l’avons appris par une Goëlette qui est Partie de Louisbourg le 12 de juillet les V.x anglais y étaient toujours en croisière mais ils laissaient les navires marchands sans les insulter”; letter to Reynach, 6 August 1755 (on news arrived August 1); letter to M. d’Inteville, 9 August 1755: “il y a bien eu quelque mouvement ici sur les sucres mais il ne s’y en est presque point vendu que quelques sucres bruts il paraît à présent qu’il y a un peu de Calme de la part de nos acheteurs Cela sur ce qu’on paraît un peu plus rassuré sur la crainte de la guerre qu’on regarde Comme inévitable cependant pas si prochaine comme on l’avait pensé dans le p.er moment de la prise de nos V.x”.

¹⁶ An Gradis 181 AQ 57*, Letter to Portier Frères of Nantes, 13 August 1755: “Depuis 4 à 5 jours il ne S’y est fait aucun achat de Sucre ni de Café il paraît même que nos acheteurs voudraient bien faire baisser un peu Ces articles mais ils auront de la peine à moins qu’on voit quelques espérances à quelque accommodement ce que nous ne prévoyons pas quant à présent.”

¹⁷ An Gradis 181 AQ 57*, Letter to Luker, 18 August 1755: “Les sucres s’élèvent ici comme chez vous les bruts de 38 à 42£ les têtes & Communs de 43 à 46 les autres qualités à proportion.”; letter to Luker, 26 August 1755: “les Sucres bruts sont toujours à 39£ à 42£”; letter to Luker, 31 [sic!] September 1755: “les Sucres de l’Amérique Sont ici au même taux que chez vous mais Personne ne veut vendre puisque l’on est dans la ferme Croyance d’une déclaration de guerre très prochaine de la part de l’Angleterre”.

“It is fondly hoped that we will not have War This year because of this hope Sugars do Not sell they have at this moment no demand as well as those we have in store could not Be sold” (20 August to M. de Rochechouart); “We did not succeed in doing away with the Sugars we have in store Coming from your plantation when we will find an Adequate price we will take advantage of it we will let you know” (22 August to Lady de Rochechouart); “M. Fereire from Guadeloupe sent us some Sugars that we have on hand And which remain unsold When we will have done away with them and the yield will have been received by us we will inform you” (22 August, to M. Duboucher, tax official in Dax); “Sugars Are quiet as it is very difficult to sell some it Was Not Possible for us up to now to do away with yours” (26 August, to M. d’Inteville); “Sugars are also not much in demand It was Sold Here some country raw 37£ to 40 but no white is sold I find myself with a part Contract of which nobody offers me no [sic] Price” (29 August, to Benech de l’Epinay); “Sugars have Almost no demand there is nothing sold in the uncertainty in which we are on Peace or war” (13 September, to Mr. La Caze).¹⁸

Why such a double language? Gradis was actually acting in the best interest of his principals. By holding out, he was hoping to get a better price, and since he was paid on commission, both he and the planters he represented would benefit. The obvious explanation for his duplicity was that he did not trust the business sense or the patience of the sugar producers. Most of them were chronically cash-strapped nobles, who would possibly choose a quick return over delayed higher profits. But there is another explanation, which possibly reinforces this first, obvious one: by keeping his principals in the dark, Gradis maintained control over the sugar stock, and could change his mind at a moment’s notice. Indeed, on 19 September, he wrote to M. d’Inteville that “we were able to sell yesterday your 39 hogsheads of sugar which are in store at 45£”. D’Inteville’s brother-in-law, the Chevalier de Rochechouart, vetoed the sale, however, much to Gradis’ chagrin. In-

¹⁸ An Gradis 181 AQ 57*, Letters to Mr. de Rochechouart, 20 August 1755: “On se flatte que nous n’aurons point de Guerre Cette année cette espérance fait que les Sucres ne Se vendent pas ils n’ont quant à présent aucune demande ainsi ceux que nous avons en magasin n’ont pu Se vendre”; to Mlle de Rochechouart, 22 August 1755: “Il ne nous a pas été possible de pouvoir nous défaire des Sucres que nous avons en magasin Provenant de votre habitation lorsque nous en trouverons un prix Convenable nous en profiterons nous vous en informerons”; to M. Duboucher “receveur des tailles”, 22 August 1755: “Mr Fereyre de la Guadeloupe nous a fait passer quelques Sucres que nous avons en notre pouvoir Et qui sont invendus Lorsque nous nous en serons défaits et que le produit nous Sera rentré nous vous en informerons”; to M. Dinteville, 26 August 1755: “Les Sucres Sont en calme et on a beaucoup de peine à en vendre il ne nous a Pas Été Possible jusques à présent de nous défaire des vôtres”; to M. Benech de l’Epinay (a Saint-Domingue planter travelling in France), 29 August 1755: “les Sucres n’ont pas aussi beaucoup de demande Il S’y est Vendu quelques bruts de pays 37£ à 40 mais on n’en vend pas des blancs je me trouve avec une Partie dont on ne m’en offre pas aucun Prix”; to M. de La Caze, 13 September 1755: “les Sucres n’ont Presque pas de demande il ne s’y vend rien dans l’incertitude où l’on est de Paix ou de guerre”.

deed the latter complained to d'Inteville, telling him that “mr your brother-in-law who is in this City considered fitting to Run the risks of the Events it is very certain that if we are unfortunate enough to have War which we see as coming very soon that [sic] there is no doubt that Sugars will rise As well as also if we were happy enough to have peace Sugars would decrease very Considerably”. A fortnight later, the missed opportunity still rankled, and Gradis wrote to the meddling Chevalier de Rochechouart to point out primly that “up to now nobody Has offered for your Sugars other than 45£ for % as it had happened when you were here this article is quiet since the arrival of these ships from Martinique I do not believe that if we had war we could get any time soon the price of 48 to 50£”. To which Rochechouart could have logically answered that so far, nothing was lost, since the price had remained stable at 45 *livres tournois* for a hundred pounds of sugar.¹⁹

Except that this was entirely theater on the part of Gradis. Not only had he written to Luker at the very end of September that he refused to sell, but he was even more specific with the Marseille firm of Boyetet & Agnel on 2 October 1755, writing to them that “assorted Sugars and such Common and white assorted are presently worth here from 45£10 to 46.10s and look like rising raw from 37 to 41£ even up to 42.10s”.²⁰ In other words, Gradis had tried to sell d'Inteville's sugar at the going price, and had had to give up on the sale under pressure from the brother-in-law of his principal. This was not a sale in the best interest of the latter, and Gradis was disingenuous when he explained that he was “able” to sell at 45 – he was “begged” to sell at 45 was closer to the mark! And while he was correct in pointing out to d'Inteville that waiting was risky, it must be observed that he was running that very risk on behalf of all his other principals. Why not allow the same opportunity to customers who, for once, were wealthy enough not to demand expedited sales of their sugar?

The most likely explanation is that the sale of 19 September was for the benefit of a buyer who was closer to Gradis than d'Inteville and his brother-in-law. Indeed our Bordeaux trader concluded exactly three sales of sugar from 1 June 1755 to the end of the year, one to “Navire l'Union”, in other words to himself as member of a shipping partnership, and the two others to

¹⁹ An Gradis 181 AQ 57*, Letters to M. d'Inteville, 19 September 1755: “nous avons pu vendre hier vos 39 barriques de sucre qui sont en magasin à 45£ [...] mr votre beau frère qui est en cette Ville a jugé à propos d'Encourir les risques des Evénements il est très assuré que si nous avons le malheur d'avoir la Guerre que nous regardons très prochaine qu'il n'y a pas à douter que les Sucres augmenteront Comme aussi si nous avons le bonheur que d'avoir la paix les Sucres diminueraient très Considérablement”; to Chevalier de Rochechouart, 31 [sic] September 1755: “jusques à présent personne Ne nous a offert de vos Sucres que 45£ du % comme l'on avait fait lorsque vous étiez ici cet article est en calme depuis l'arrivée de ces navires de La Martinique je ne pense pas que si nous ayons la guerre que nous puissions obtenir de longtemps le prix de 48 à 50£”.

²⁰ An Gradis 181 AQ 57*, Letter to Boyetet and Agnel, 2 October 1755: “les Sucres assortis et tels Communs et blancs assortis valent actuellement ici de 45£ 10 à 46. 10s avec apparence de hausse bruts de 37 à 41£ même jusques à 42. 10s”.

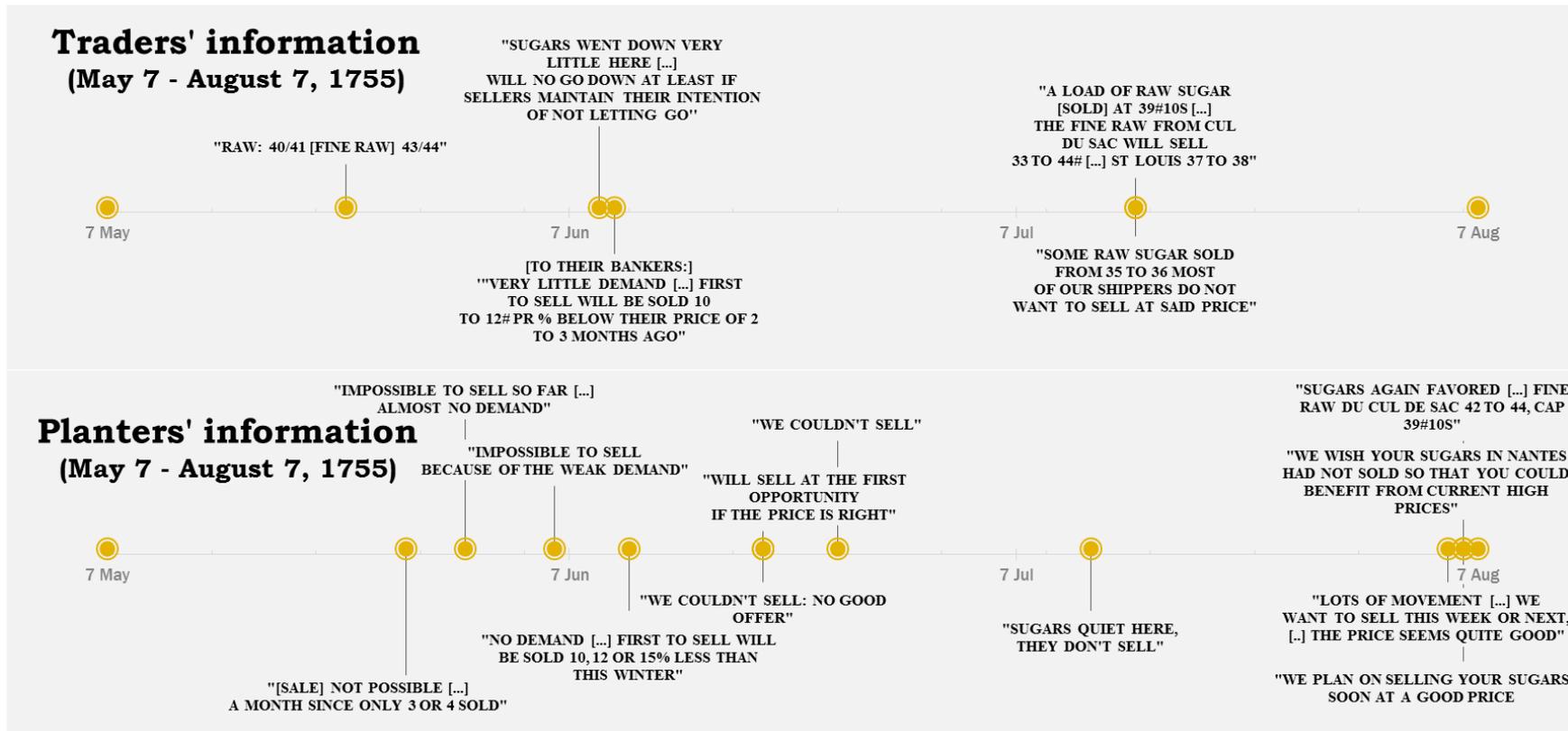
David Lopes and Jacob Fernandes, fellow traders and close partners with whom he had extensive dealings, and who were possibly also members of the extended Jewish-Portuguese diaspora.²¹ More generally, Gradis was fully aware of the extent to which sugar had become a strategic commodity. On 22 August, he wrote to Pierre Boni, a trader in Hamburg, telling him that “for many days past Sugar products and other articles from The Americas sell here as well as at your place but there is nonetheless Every indication that if come [sic] to be unfortunate and have war as we See which seems even As inevitable that [sic] their prices will be more advantageous this is why we incited our friend m.r Jean Leris who owns a load of raw Sugar of 400 hogsheads from *cap St Domingue* to load it for you and to your address [...] there [in Bordeaux] was sold this Week various loads raw sugar F[o]r Foreign countries at 40 & 41£”.²² In other words, even as he stockpiled sugar in Bordeaux and maybe sold some to favored partners at high prices, Gradis was also already organizing future sugar deliveries in neutral territories in Northern Europe, all the while swearing high and low to his principals (on the very same day he wrote to Boni!) that the market was dead and without demand.

Graphs 1 and 2 recap the three parallel strands which run through Gradis’ correspondence. They must not be taken as any indictment of what was essentially a key tool for eighteenth-century merchants: their ability to hold under control a market segment, in spite of a high degree of apparent uncertainty, and under pressure from their suppliers. Keeping the latter in the dark enabled actors like Gradis to mete out preferential treatment, and build strong networks of partners allowing him to survive conflict between the empires of the time (a strategy which served Bordeaux traders well, until the pressures of the Napoleonic wars became too strong for such informal agreements). The uncertainty of war, which was almost as unpredictable as a bad harvest, could be dealt with through mechanisms of negotiation between the various cartels involved which would block any excessive speculation and limit price fluctuations, whereas a free and unfettered market would never have been able to ensure this modicum of stability and prevent wild price fluctuations.

²¹ An Gradis 181 AQ 6*, “Journal, 20 août 1751–14 mai 1755”, and 181 AQ 7*, “Journal, 1er juin 1755–26 octobre 1759”.

²² An Gradis 181 AQ 57*, Letter to Pierre Boni, 22 August 1755: “depuis bien des jours les Sucrieries et autres articles de L’Amérique se vendent ici aussi bien que chez vous mais il y a pourtant Toute apparence que si venons avoir le malheur d’avoir la guerre comme nous le Voyons qui paraît même Comme inévitable que les prix en seront plus avantageux c’est pourquoi nous avons engagé notre ami mons.r Jean Leris qui a une cargaison de Sucre brut de 400 barriques du cap St Domingue de la charger pour chez vous et à votre adresse [...] il s’y [Bordeaux] est vendu cette Semaine diverses cargaisons sucre brut Pr L’étranger à 40 & 41£”.

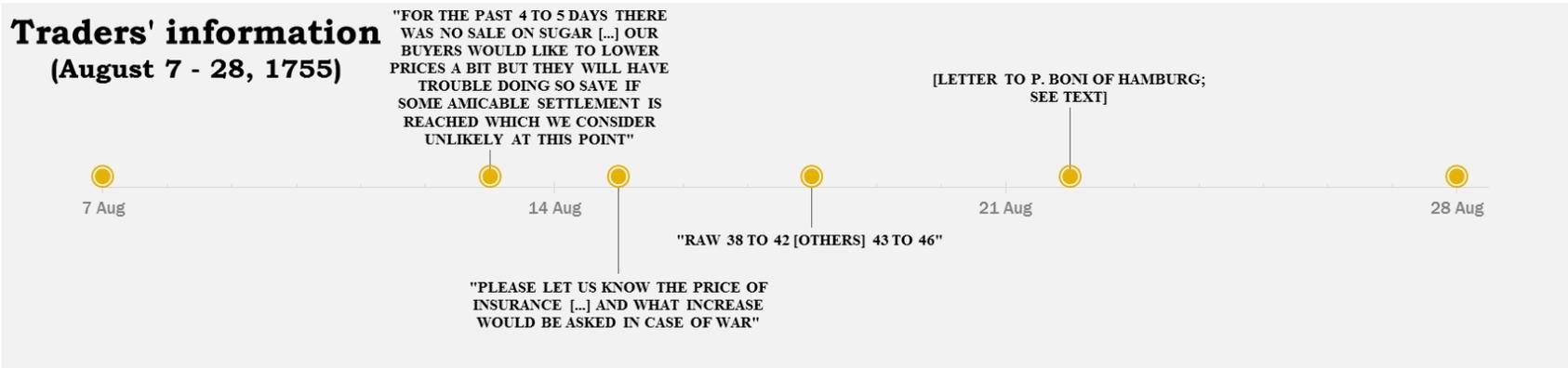
Figure 1: information in Abraham Gradis' active correspondence, May 7 – August 7, 1755





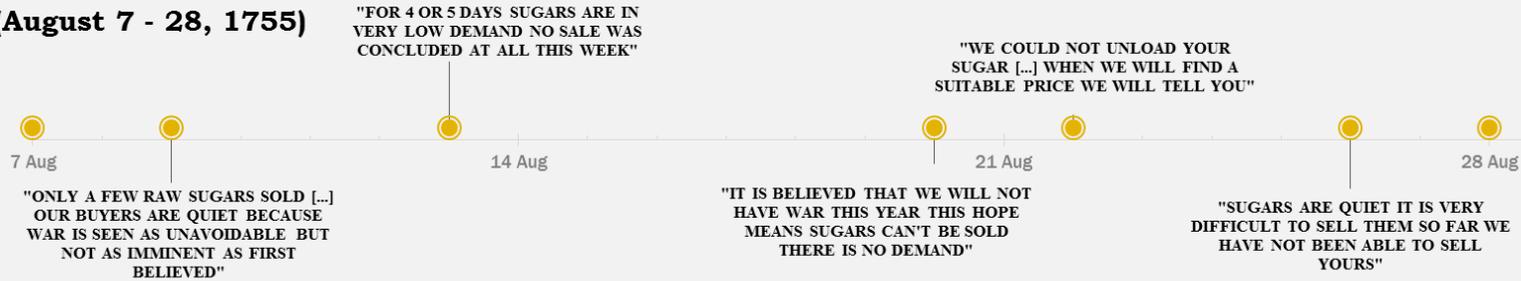
Source : AN Gradis 181 AQ 57*

Figure 2: information in Abraham Gradis' active correspondence, August 7 - August 28, 1755



Planters' information

(August 7 - 28, 1755)



War information

(August 7 - 28, 1755)



Source : AN Gradis 181 AQ 57*

This required, from bottom to top of the graphs, detailed information on the flow of events (“War information”); independence from the producers, who were to be kept at arm’s length and prevented from interfering in the traders’ exercise of their market control (“Planters’ information” – information in this case actually rather meant disinformation); and coordination between the main actors, both locally – something which the written correspondence would obviously not record except through indirect references to collective attitudes among “buyers” or “sellers” – and throughout the extended networks through which the members of a given ring dispatched the goods they controlled and circulated both political and public pricing news (“Trader’s information”). The latter type of information was strictly limited to members of the same ring; indeed Gradis treated his bankers in Paris to the same disinformation he sent the planters’ way (“Sugars without demand [...] The first to be sold will be 1 to 15£ pr % less than 2 to 3 months ago”, he wrote on 10 June).²³ Bankers dealt in discounted paper, and had no need to be appraised of the intricacies of the sugar market; indeed the less information they had, the less information would be leaked among producers and uninitiated parties. Market control was hard enough to maintain among members of the various rings concerned, and would certainly not become easier if everybody became an expert, a point illustrated by Gradis’ own troubles with the interfering Chevalier de Rochechouart.

In this system, differential merchant power arose from access to credit, access to information, and access to markets. Cartels could wait out a negotiation only to the extent that their members had strong credit sources and the willingness (and means) to store goods over the long run. This meant that the ability of its members to immobilize capital without ending up defaulting on some of their obligations, in spite of the dizzying whirl of commercial paper any large trader had to discount or remit all the time, was a crucial component of any merchant ring, and never more so than when the usual course of business was upset, as in war. A second element was information: decisions had to be taken at the right time, which explains the flow of political news which took up a good share of any merchant’s correspondence. This was not gossip, or a general passion for politics, but hard-headed business transactions, in which the flow of information was maintained as a *quid pro quo* between traders. The result was what we have seen with Gradis, a Bordeaux trader better informed of world affairs than probably any Minister in the Versailles court, and possibly in Saint-James as well.

Last but not least, unity had to be maintained between the major group of players concerned in a given market. Specialization was necessary to a certain extent, at that level at least: no large international trader was playing jack-of-all-trades, one had to concentrate on maybe half a dozen products for which one would become a prominent member of the controlling ring.

²³ An Gradis 181 AQ 57*, Letter to Chabbert & Banquet, 10 June 1755: “les Sucres n’ont pas de demandes nous prévoyons Que les premiers qui Se vendront se donneront à 10 ou 12£ p% moins qu’il n’aurait valu il y a 2 ou 3 mois”.

Not one hogshead of sugar could move through Bordeaux without Gradis or one of his allies hearing of it, and that dominant position was an important part of cartel enforcement. There was also the close-knit, personal nature of merchant interaction within town. Merchant socialization, in the Chamber of Commerce, in the Tribunal, on the docks, in coffee-houses, around dinner tables at home as hosts or guests, was thus not only a cultural trait, it was a business necessity. No merchant could operate outside the information loop, not only because information was a crucial tool, but also and above all because hiding too much from fellow cartel members could only lead to distrust, and possible estrangement from the ring, with disastrous consequences. Each sale Gradis mentioned in July-August 1755 was a betrayal of the sellers' cartel, and while it could be justified on the grounds of necessity or expediency, such justifications probably had to be convincingly presented among the ring's members if a breach of unity was to be forgiven, or at least overlooked.

In this universe of well-organized merchant rings, risk could not be entirely suppressed, but it took much less severe forms than generally assumed. This was true only, by the way, of large enough operators, who could play across several markets at once.²⁴ Gradis dealt in sugar, coffee, and indigo from America, and in flour, wine and spirits from the Bordeaux hinterland (writ large, from the Charentes to the upper Garonne). By seamlessly combining these basic markets into one transatlantic and European operation spanning Ireland, England, the Baltic, the Low Countries, Northern and Western France, and the Spanish Mediterranean, our Bordeaux trader managed to escape even the impact of a few ships lost here and there; other operations would make up for loads sunk or being captured. As for price fluctuations, we have seen that they were never really unexpected. Actually, one could argue with Jean-Yves Grenier that there was a "normal" cycle of prices, and fluctuations upward or downward which remained normally within a pre-set range allowing for what was deemed a "fair" profit.²⁵ But in this framework, war, and any exogenous shock pushing prices outside the legitimate range, was actually as much an opportunity as a risk. Sugar sellers could reject the "fair" July 1755 selling price, which would have normally been lower than the one used a few months earlier at the end of winter – but the process of negotiation which they started by refusing to sell could only be completed once the new, exorbitant price had become clearly legitimate considering the circumstances, so that buyers would have to accept it. There was an element of collective bargaining in the whole proceedings which takes us rather far from the classic view of a free, open market directly ruled by offer and demand.

²⁴ A point already made by Guillaume DAUDIN, Profitability of Slave and Long-Distance Trading in Context: The Case of Eighteenth-Century France, in: *The Journal of Economic History*, 64/1, 2004, pp. 144–171.

²⁵ See Jean-Yves GRENIER, *L'économie d'Ancien Régime: un monde de l'échange et de l'incertitude*, Paris 1996.

Of course, it would still be possible to apply standard microeconomics to Gradis' universe, for instance by assuming that the two cartels were merely reflections of the "true" state of offer and demand, and the price they reached eventually was the equilibrium price, each cartel advantage cancelling and being cancelled by the other. But this is a very theoretical view, which hardly describes the way the agents themselves were perceiving and living their activity. For instance, it should be pointed out that Gradis and his peers saw "public" prices as signposts on the way to the establishment of a new balance of power within a market, while they watched at least as closely the volume of sales at any given time, which constituted for them in many ways the primary signal indicating the state of this same market.²⁶ Brisk sales marked that an agreement had been reached on a legitimate price, which then and only then became the "real" price. Another possible distortion was introduced by the hierarchization of actors, from peripheral figures who could only wait for the decisions of bigger operators, to members of the inner circle who could even sometimes transact privileged trades outside of the constraints of the negotiations between rings. And there was a very definite contrast in market power between producers, kept largely in the dark as to the true state of the markets, and the traders controlling these same markets, an asymmetrical situation which would lead to heavy monopolistic profit on the part of the latter in the absence of customary restraints such as references to a "fair price". Indeed in this last respect, there was a stickiness to the whole proceedings which went much beyond normal frictions in market clearing, to the point that extraordinary prices had to be legitimized explicitly, by extraordinary and publicly recognized circumstances, rather than being enforced merely through the interplay of offer and demand. Again, from this point of view, war was far from being the worst situation a trader could face, at least as long as normal trade channels could be maintained through third parties, be they traders in Hamburg or smugglers in Kent.

²⁶ Incidentally, management through volume rather than price was also a characteristic of the financial markets, in which money was said to be "rare" or "abundant". See Christine DESAN, *The Market as a Matter of Money. Denaturalizing Economic Currency in American Constitutional History*, in: *Law & Social Inquiry* 30/1, 2005, pp. 1–60; Patrice BAUBEAU, *Les "cathédrales de papier" ou la foi dans le crédit. Naissance et subversion du système de l'escompte en France. Fin XVIII^e – Premier XX^e siècle*, unpubl. Ph.D. Thesis, Université Paris X Nanterre, 2004; and on currency as a good, William T. BAXTER, *Observations on Money, Barter and Bookkeeping*, in: *Accounting Historians Journal* 31/1, 2004, pp. 129–139.

