

# The Role of *Sociétés Anonymes* in Trade Between Early Modern France and the Ottoman Empire

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## Abstract

Current French law restricts monopolistic practices, and also provides for exceptions. In positive law, Article L420-1 of the French commercial Law – the *Code de Commerce* – prohibits agreements within cartels except if the parties to the agreement can justify that their association results in an "economical improvement" according to the article L420-4. Such prohibition with the same exception is found in European Law in article 101 of the Treaty on the Functioning of the European Union, in order to keep free trade in the domestic European market.

So far, no historical study has been carried out on the origins of these laws about competition. However, there were similar prohibitions in former royal laws, such as the Ordinance of Villers-Cotterêts (1539). This ordinance prohibited traders from cooperating to set up monopolies or to fix prices. It was intended for the domestic market of the kingdom; agreements were tolerated in foreign markets when the goal was to increase national business.

From the XVI<sup>th</sup> century, after the Ottoman Empire granted France access to selected markets, commercial networks between French traders expanded in the main trading ports of the Levant. Unlike the British Levant Company and the Dutch *Vereenigde Oost-Indische Compagnie*, which were established by the British and Dutch governments, the French trade in the Ottoman Empire remained essentially private. Consulates were established by the king of France in *les échelles du Levant* in the Middle East and in North Africa where traders met to deliberate on important questions.

During those meetings, it became common to set up secret corporations called *sociétés anonymes* in which French traders joined together to buy and sell their goods in order to reduce competition and agree on prices. Each member brought his own merchandise to be sold by other members at a fixed price, thus avoiding price competition. Gains and losses were proportionally shared between the members of the corporation.

A legal study of the records of the meetings of these corporations and the records of the consular correspondence enables us to retrace the evolution of these corporations. First tolerated, the practice of monopolization had become common thanks to the Comte de Maurepas, minister of the French Royal Navy of Louis XV, and thanks to the Marquis de Villeneuve, ambassador in Constantinople. The king's Laws made it an obligation for traders in the Levant to belong to these *sociétés anonymes* in order to strengthen the French positions. However, this excessively rigid system eventually led to the loss of markets and to criticism of the merchants.