

Distinguishes four different types, the fourth of which is the subject of his entirely separate essay in AHR three years later ~~it~~ (see notes of ~~this~~ same day). The fourth, proprietary capitalism, involving investment in land, office rentes, is by far the most important--2/3 or so of everything.

The main thrust of the argument is that none of the three types of capitalism he is dealing with here are really the kind of industrial capitalism of the 19th century that many historians have in mind when they think of the bourgeois of the ancien régime. Nor is the term bourgeois very profitable to describe the operators of these kinds of "capitalism" ~~(XXXXXX)~~ (a fact more developed in the AHR article). So, the historiography of the ancien régime is laboring with bad conceptions and ~~be~~ deceptive terminology.

The ~~xxxx~~ three types of ~~xxx~~ "pre-industrial" or "pre-modern" economic activity he deals with are: merchant ~~capitali~~ capitalism ("commerce" in the sense from Renaissance onwards); finance or court capitalism; embryonic industrial ~~capitalism~~ capitalism (turns out to be mines, chiefly).

The text of the article is marked up with details on each. The following comments are selected for what seems may be most relevant issues for me:

- 480) A capitalist in 18th century usage was one who would discount commercial paper, not a founder of companies or mobilizer of investment funds. [He has a 1790 definition to exactly this effect.]
- 481) ~~XXXXXX~~ Merchant capitalism community called le négoce, and all its operators called négociants, a separate corps usually organized around a chamber of commerce or the consular court. They operated with ~~capitali~~ comptoires, at which the employees kept the mass of accounts. They had textbook literature on how to do the job, and a form of abbreviations very hard to decipher. They had their own jurisprudence, or courts of first instance, designed to keep matters out of the regular courts and the fees of the lawyers. (p. 482) The partnership was its almost exclusive form of organization--much the same as modern one. The open partners, the commandités, were liable to all their fortunes; some silent partners, associés commanditaires, had limited liability~~xxxx~~. The société par actions, ~~where~~ appear very late, in 1783 perhaps the first royally approved one, where all investors had limited liability and thus like a jointstock company. (p. 483). There was very little capital investment: a ship was bought for a given venture, and sold afterwards. Craftsmen owned their own looms, and the textile industry almost exclusively ~~done~~ done by putting-out system. (p.484) Little capital was needed, and after the first statement of the ~~arrangement~~ arrangement in the consular courts, partners could borrow by charging current accounts, and a number of other ~~in~~ financial means, so that they could be living on very small margin of actual capital worth and thus go bankrupt very easily. (p. 485) Money was borrowed very much from relatives, friends and bankers. A famous company of Lyons in 1795 had 57 percent of ~~its~~ liabilities and capital combined out in deposits. (p. 486) Drafts ~~drawn~~ drawn for 90 days very common, and when due they might be covered by draft drawn from some other ~~xxx~~ source; so, drafts actually circulated. ~~in~~ ~~activity~~ If credit went too far, and a few companies failed, a ~~xxx~~ chain reaction could set in; and because companies linked in different cities, it was pandemic. And if no panic, then at least the interest rate could be driven up by the compounding of the drafts. So, then, prices would rise. The inflation of 1789 may have been as much due to this kind of situation as any "natural" economic crisis. ~~(xxxx)~~ (p. 487): All merchants involved in this kind of buying and selling drafts,

those who did it almost exclusively came to be called banquiers. But only a few such, all in Paris, divorced themselves entirely from commerce. In these conditions, it was impossible to centralize credit as it is today.

~~Some~~ Court capitalism operated through the treasurers, farmers-general and receivers-general of finance in the provinces; merchant~~s~~ stayed clear of this for the most part, while Nobles and Versailles were the main customers. Great bankers like Bernard & Necker handled international loans, and the privileged joint-stock companies like the Indies Company were run from the inside by the financiers close to the kind. The personnel were almost exclusively aristocratic, or non-nobles who were front men for the actual operator. The farmers-general were moving very rapidly towards the end of the ancient régime "to the exclusive, hereditary, and aristocratic status that characterized the nobility of the robe (p. 489)". Many non-nobles were enlisted into the ranks, and many raised to noble status. (p. 490:) One Simon-Emmanuel Le Normand, who went bankrupt in 1792, showed assets of 13,000,000 livres, from a welter of different sources--- he had court and mercantile interests, as many did;--a sum three times as large as the financial statement of a commercial houses of Lyon and Bordeaux. Those with influence in court speculated on such things as the manuity loans (emprunts viagers) Necker sold to finance the American War. Favoured houses got blocks of them and sold them in detail for handsome profits. (491:) Many of the royally-sponsored companies of ~~xxxx~~ 1780's were used for speculation more than fostering business. "The most spectacular operations of old régime ~~xx~~ capitalism were made possible by royal finance and political manipulation ~~t~~ rather than industrial or maritime enterprise."

(p.492) "Industrial Capitalism" seen in the société par actions which were not defined by law. They got royal approval, but private companies could be founded by notarial registration. [Not much said about the relative size of these two kinds.] (493). Mines mostly; textiles by putting out; what there were of ~~xx~~ Arkwright mills in France in 1790 were English founded and even English (495)run. The term manufacturier is badly misunderstood; it does not ~~xx~~ mean the existence of a factory, but only of one who commanded all or nearly all the processes of manufacturing a product, but the work could be done by ~~xx~~ putting-out or small workshops. A fabriquant did only one part of such a whole process. Evidence of société par action to develop mines shows chiefly noble investors, (496) in 1760s. Mines, glass, etc., in rural setting, and non-derogating, means these ventures closely associated with proprietary capitalism. (497:)The private society of shareholders was typical: very restrictive, because if one investor wanted out, his share could be bought for the price that any outsider would offer; so, ~~ownership~~ ownership rights were not as freely transferable as in the société par actions.

(497) The nobles ~~and~~ do disappear from business after the revolution, even when they regain their wealth. They adopted a "new hidalgoisme, much more intense than the old, which insisted upon a complete separation of gentility and trade." [One wonders whether this 19th-century renewal of spirit of derogation may not have affected historians to assume it ~~xxxx~~ operated with even greater intensity before the revolution, whereas in fact it was much more relaxed in decades leading up to 1789.] During the 19th century, the forms of capitalism described above tended to fuse, and since corporate social structures destroyed by the revolution, the exclusive character of each of the forms of capitalism was lost.

Concluding remark is that it was not new forms of capitalism in modern sense that led up to revolution, but that revolution created conditions under which the new forms would be able to emerge in the 19th~~th~~ century. ~~xx~~ He implies here what he will say explicitly in the AHR article, that the revolution is political above all in origin, with economic consequences, and not economic-social with political consequences.