

Bureaucracy, Collegiality and Public Decision Making: the Case of Eighteenth Century France

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Abstract

One of the most debated questions in the literature on modern bureaucracies is whether their formal, impersonal rules of decision endow them (rightly or not) with a specific autonomy vis-à-vis special interests. We study the case of the Bureau de Commerce, a small, modernizing agency within the illiberal Ancien Régime French monarchy, in charge i.a. of supporting private entrepreneurs. Decision making was founded on the articulation between a vertical administrative organization aimed at collecting information and consulting stakeholders, and two colleges of experts, which discussed cases on a consensual, peers' basis. We ask whether the relative openness of this procedure led to outright capture by outside rent-seeking interests, or whether the Bureau could balance them and reach relatively autonomous and consistent decisions. We analyzed how it handled and decided 246 submissions for privileges, or rents, made between 1724 and 1740. We show that the decision to reject, accept entirely or curtail individual submissions was shaped within the administrative procedure – rather than by cliques and clientele. Each main and competing voice had a significant though differentiated impact on outcomes; and substantive arguments, for or against each application, also had a specific impact.

1. Bureaucracies and interest representation

Whereas the concept of state-building evokes grand notions like the rule of law, civic participation or constitutional commitments, how state bureaucracies contribute to such endeavour and how they are actually built up are generally seen as secondary questions. In practice, bureaucracies seem to attract the attention of social researchers only when they are dysfunctional or corrupt, or when they escape the control of their principals; that is, when they diverge from Max Weber's classical criteria of expertise, hierarchy, impersonality and submission to the politicians.

What is often missed from the old Weberian text is that although Weber announces that bureaucracies will eventually perform like ideal instruments, he envisages them also as a force for change: a historic social phenomenon that has affected in a major way how modern societies work and how they are governed. In Weber's view, the expansion of bureaucracies since the early-modern period is a core feature of the more general development of impersonal, law-based states (or *Rechtstaat*). By transferring administrative duties from "*personal trustees, table-companions, or court-servants*" (Weber; 1978, II, p. 956) to specialized, permanent organizations, the rulers gained considerable power, both within their countries and against their neighbours.¹ Critically, there is also for Weber a close historical and theoretical connection between the impersonal character of bureaucracies and that of market exchanges: predictable rule-making and rule enforcement allow for a superior "calculability" of micro-economic decisions.

This ideal-typic model of bureaucracies has attracted a lot of criticism, not least from authors who have argued that bureaucrats always keep personal interests and policy preferences. Hence they will always be ready to exploit the gaps in the organization so as to satisfy their own ends. Beyond, these individual strategies often converge with the external pressures of social interests and lobbies that try to influence the policy-making process. From this point on, one broad line of argument insists that, while they are part of a complex social and political environment, the institutional logic of modern Weberian bureaucracies still endow them with tangible autonomy vis-à-vis special interests. Normatively, relative insulation would allow them to serve a broader understanding of the public good than what the addition of ad hoc coalitions would warrant. For instance, theories of "modernisation" during the 1950s and 1960s have often underlined the role of more or less authoritarian states in overcoming sectional or communitarian divisions (Rosenberg 1958, Ward and Rustow 1964). More recently, the literature on economic development in East Asia has also emphasized that relatively autonomous bureaucracies can act as a coordinator of private interests, or as a long-term strategist with a time horizon that extends beyond the short-term view of most economic agents (Amsden, 1989; Wade, 1990; Rodrick, 1997). In other terms, the bureaucracies may act as legitimate agents of change, or as "actors of development", only in so far as they are

¹ « In the continental states, however, power at the beginning of the modern period as a rule accumulated in the hands of those princes who most relentlessly took the course of administrative bureaucratization. » (Ibid, p. 971)

established at a distance from special interests, so as to work as the faithful servant of a (hopefully) benevolent and forward-looking government.

An alternate perspective argues, both positively and normatively, that partially autonomous bureaucracies which pretend to act in the name of a grander notion of the public good, only signal that, in practice, the state has become despotic and possibly oppressive. Still, this perspective also draws from the Weberian, instrumentalist paradigm: the key difference with the previous views is about the agency relationship that should command how the bureaucratic tool is being put at work while preserving some pretence of neutrality and impersonality. In this latter case, bureaucrats should never be left in a position to shape policy decisions or defend their own policy preferences: on the contrary, they should be subjected to absolute heteronomy, or capture, and therefore leave the responsibility of balancing interests to a (hopefully) constitutional political process.

The present article proposes an historic contribution to this debate by exploring the case the *Bureau de Commerce*: a small though rather modern agency that operated at the core of the unwieldy despotic monarchy that governed France under the Ancien Regime. The *Bureau* (1700-1790) was primarily in charge of regulating domestic and foreign trade, plus what we now call the supply side: professions, quality standards, market entry and subsidies. What makes this experience especially relevant is that, in the absence of Parliamentary or media oversight, few systemic checks could be opposed to the pressure of insiders and rent-seekers, either at the centre (the Versailles court) or at the local level (the provinces and cities). In other words, if there was ever a bureaucracy that should have been entirely captured, here it was. Yet, the experience of the *Bureau* is significant also because of its key role in the implementation of the mercantilist project: a set of “development policies” which was framed rhetorically as an expression of the King’s willingness to redress the economy, against the resistance of backward-looking, un-competitive interests. In other words, the discourse that backed up the action of the Bureau implied that, against the odds, it would act with substantial autonomy vis-à-vis the broader social and institutional environment.

To better assess how the *Bureau de Commerce* made decisions in practice, we study one significant element in its portfolio of policies: the case by case distribution of privileges, i.e. individual franchises and rents, to private entrepreneurs. This policy responded to a bottom-up process whereby applicants send their demands to the Bureau, in Paris, which then investigated it and decided, after a more or less prolonged administrative process, whether or not to support this project. We thus examined and coded 246 individual submissions made between 1724 and 1740, so as to account for the demands themselves, for how they were investigated, and for the final decision. Critically, the well-kept archives of the *Bureau du Commerce* allow identifying both the parties involved in the individual decisions and the arguments which each of them leveraged. Hence, we are able to investigate both the *formal* decision making process and the *substantive* arguments that shaped (or not) the actual decisions.

What first comes out is that privileges were indeed distributed to firms through a decision process that was rule-based, information-driven and pluralist. The minutes of the Bureau attest to a standardized, sequential administrative procedure which main plank was that each stakeholder to a given case should have the opportunity to contribute information and to defend his interests. Admittedly, this account does not warrant per se that actual decisions were of the Bureau’s own making. As argued by Szulman (2011) on the case of canals, decisions might have been taken at a

higher level in the governmental machinery, possibly as an outcome of power games between cliques and coteries. This would meet the even more radical analysis of Ekelund and Tollison (1981, 1989), or Root (1994), seeing the machinery of the state of that time as a rent-seeking organization which only aim was to maintain social control and consolidate the power of the monarchy. Whatever its procedure, the *Bureau* would have only rubber-stamped decisions made elsewhere. Against this sensible expectation, we show that decisions are actually correlated to the opinions defended in each case by the key parties and by the *substantive* arguments that they raised *at the Bureau*, for or against each actual project. In other words, the competing positions of the various voices and their motivations are statistically significant predictors of final decisions. General or impersonal criteria that were intended to shape the distribution of rents to private manufacturers can thus be observed *ex post* in the actual decisions.

Hence, as we explore the possibility of relative bureaucratic autonomy in an illiberal context, the main formal pattern that comes out is not insulation, or hyper-centralization. Rather, relative autonomy seems to have been founded on a capacity to organize discussion and the confrontation of interests within intermediate fora that worked on a *collegial basis*. Classical, hierarchic lines of reporting and decision-making were thus finely articulated with more expertise-based, horizontal bodies where open, rational argumentation could take place. Hypothetically, these were the places where a notion of public good could actually emerge, though only a case-by-case basis. With hindsight, this *bureaucratic* framework might thus be seen as a second-best alternative to a *political* mechanism of interest representation, where a Parliament is the place where arguments are exchanged and bargains are reached.

We start by getting back on the debates aimed at understanding how modern bureaucracies should be shaped and framed to be the powerful tools of governance of societies and economies, without threatening the dynamic of economic and social development (section 2). We then present in greater detail our case study: the Bureau du Commerce (section 3), before describing the way it proceeded to distribute support to entrepreneurs (section 4). We point out, in particular, how different stakeholders and experts were involved. Section 5 details our sources and data. Descriptive statistics allow us to highlight that the process of decision-making was more aimed at reaching a consensus among experts, than a compromise among conflicting stakeholders. This is confirmed by an econometric analysis aimed at pointing out the collegial character of the decision making at the Bureau du Commerce (section 6). Concluding comments follow (section 7)

2. The dilemma of modern bureaucracies.

2.1. The Weberian paradigm

When Max Weber described modern bureaucracies as pure instruments, or as social machines, he stressed that he did not describe the actual administrative organizations of his time. In fact, he defended explicitly a teleological perspective: eventually, bureaucrats will behave like automats and satisfy the formal expectations that are built into the design of today's bureaucracies. They will be recruited and promoted on the exclusive basis of merit; the division of labor will be minutely regulated; their allegiance will increasingly go to the bureaucratic process *per se* rather than to

cliques or to successive governments.² In turn, these emerging patterns explain in Weber's perspective the seemingly irresistible expansion of impersonal bureaucracies and their resilience to social and political crisis.³

This overall approach rests explicitly on the assumption that modern bureaucracies eschew any intrinsic agency problem. If they are to work like instruments, control should not be a defining issue. Generations of authors have tried to introduce deviations at this point from Weber's ideal-typical model. A first, rather traditional view, typically associated with classical Republican political philosophy (Pettit 1997), then defends that the government should be in charge of a coherent, well-identified public interest, set clearly above the competing claims of specific social groups. The duty of the bureaucracy is thus to serve this broader public interest in a disinterested and impersonal manner.⁴ The traditional ethos of the French bureaucracy, or that of the Second German Reich, follows most clearly those lines: influence or capture by special interests is then seen as distortions.

Alternately, standard Public Choice approaches typically frame parliamentary democracy as a continuing bargaining game between competing social interests. The claim to relative autonomy by state bureaucracies is then seen as a signal of evasion from citizens' control, hence of policy capture; oppression might be around the corner at the hands of this unique interest group that should have no public voice (Buchanan and Tullock, 1962). In an influential article, McCubbins et al (1987) then raised the question of how bureaucracies should be shaped so as to avoid autonomy. They come with two broad messages.⁵ First, ex post monitoring and sanction of bureaucracies is typically costly and prone to failure; hence, ex ante strategies should be preferred, whereby politicians take control of the design, recruitment and procedural rules of the agency at inception. Second, the best way to make sure that this agency will not escape from its mandate is that the special interests that were beyond the policy innovation, at the onset, remain closely associated with policy-implementation after the politicians have withdrawn to Congress. Hence, politicians should "stack the deck" at the agency with these interest groups: just because the latter have a strong interest in a successful implementation, they will mobilize the resources needed to do the monitoring. Hence, actual policy making will reflect the politicians' original vote, even though they don't check in detail how it is implemented. At worst, special interests will "ring the bell" if the agency runs amok.

2.2. Agencies vs. Colleges

A further twist in this debate came from de Figueiredo et al. (1999) who potentially restore a more substantial definition of the common good than what the Public Choice orthodoxy allows for. Rather than focusing on Parliament and discussing again constitutional issues of representation and vote,

² « Bureaucracy develops the more perfectly, the more it is 'deshumanized', the more completely it succeeds in eliminating from official business love, hatred, and all purely personal, irrational, and emotional elements which escape calculation.» (ibid, 975).

³ "The decisive reason for the advance of bureaucratic organization has always been its purely technical superiority over any other form of organization. The fully developed bureaucratic apparatus compares with other organizations exactly as does the machine with the non-mechanical modes of production. Precision, speed, unambiguity, knowledge of the files, continuity, discretion, unity, strict subordination, reduction of friction and of material and personal costs – these are raised to the optimum point in the strictly bureaucratic administration..." (Weber 1920/1978, II-973).

⁴ See Meier and O' Toole (2006) for a recent restatement, West (2005) for a review of the literature,

⁵ See also McCubbins and Schwartz (1984), Weingast (1984) and Calvert, McCubbins and Weingast (1989).

they look at information flows ex post. Whereas McCubbins et al. argue in essence that these flows should derive from, hence will serve, the interests of the dominant interest coalition, de Figueiredo et al. defend that officials may actually open the door to many different interest groups, including minority ones, and so maximize their *total* information.⁶ From there on, rather than being the docile, executive arm of majoritarian social coalitions, the bureaucrats would gain back a self-standing capacity to debate policy matters, make informed judgments and strike trade-offs between competing claims. On a case by case basis they may thus defend minority interest or open access – in the name of the public good, rather than that of a majority coalition.

This proposition is particularly appealing when considering the case of an illiberal regime, where there is no established, rule-based arena where interest groups can bargain on policies and convey to politicians their private information. In the absence of constitutional checks and balance and established channels of consultation, the bureaucracy may then become entirely insulated from society. Even with the best technical expertise and the stronger internal procedures, policies may be bound to be irrelevant, capricious, or captured by the interests that are closer to it - for instance the *protégés* and the *favorites* at the Versailles court. De Figueiredo et al. then come with an alternate perspective as they suggest that bureaucracies can co-opt divergent interests within their decision process and so avoid the risk of outright capture.

Interestingly, Max Weber also had a proposition along these lines. At the end of his chapter on bureaucracy he briefly discussed the case of “collegial bodies” that can inform or influence policy makers from the outside⁷ (Waters 1989, 1993, Weber 1977). The main examples he mentions belong to the period of emergence of modern states and present in his understanding an archaic character (like assemblies of great aristocrats). But he also mentions “advisory colleges”, made of experts, who first emerged as technical aids to the early modern monarchs, primarily in matter of finance and taxation. Then, they became permanent fixtures alongside modern bureaucracies and governments. The point is that they kept organizational characteristics that are clearly distinct from those of paradigmatic bureaucracies, though both serve the government. Weber mentions here that recruitment within colleges is based exclusively on expertise; members interact on an equal basis, i.e. between peers; they tend to decide either by vote or by consensus; colleges are also typically neutral and politically non-aligned, hence they have nothing in common with democratic, representative institutions. Lastly, they are “*primarily intended to promote objectivity and integrity and to this end to limit the power of individuals.* » (ibid, I, p.280). Hence, their main effect is to increase « *thoroughness in the weighing of administrative decisions* » (ibid, I, p.277).

Out of these basic constituent features, a great number of variants have been identified and analyzed primarily by political scientists and sociologists. Here again, expertise, mutual recognition and self-regulation govern these colleges internally, while allowing them to enter into structured interactions with policy-makers or bureaucrats (Lazega 2001). One example is the epistemic communities, as

⁶ “When considering the relationship between interest groups participation and ex post inducements, political officials are always better off with multiples interest groups participating. (...) “In this sense, while the political principal is biased in what policies she prefers, she is neutral with respect to information: more is better and less is worse, irrespective of the message.”(de Figueiredo et al., 1999)

⁷ See Weber (1978/1920), vol. 2, pp. 994-998. Waters (1989, 1993) was the first to pay special attention and comment this passage.

defined by Haas (1992): they emerge out of a scientific academic profession and try to influence international policy-makers in a given policy field. In many international fora, the latter then explicitly endorse the experts' internal rules of deliberation and validation, and by so doing they also credit their collective knowledge with a degree of political legitimacy.⁸ Another example is the case of central banks and international courts which have been characterized, respectively by Majone (2001) and Alter (2008), as "trustees", which these authors neatly contrast to agents.⁹ When challenged by governments, for instance, international judges or central bankers typically flag their independence and argue that legitimacy and their capacity to fulfill their mandate ask that their self-regulated expertise, judgment and deliberation rules should be entirely safeguarded – just like expert colleges and scientific researchers. They will also tend to argue that they do not serve their principals but a third-party, like aggrieved citizens or the common good. These examples confirm that expert colleges are actually a common feature of modern bureaucracies, especially in a context where political channels of representation are not available.

We now proceed with describing the broad structure of the financial bureaucracy of the Ancien regime, before shifting to the Bureau de Commerce, which was one of its most remarkable agencies.

3. The *Bureau du commerce*: the first ever 'weberian bureaucracy' ?

3.1. Le Contrôle des Finances: an emerging modern bureaucracy

Since the ascent of Louis XIV to the throne, in 1661, and till the death of his most influential minister, Colbert (1683), the attempt to reform and rationalize the state machinery centered primarily on the *Contrôle Général des Finances*.¹⁰ Beyond fiscal and budgetary affairs, which were its core responsibility, the *Contrôle* had oversight on a large array of issues that included i.a. public infrastructures, commercial law and jurisdictions, the regulation of guilds and professions – and support to private manufactures. Since then, this ministry has been seen in the literature as the main place where modern bureaucratic structures and practices emerged for the first time in France. Significantly, the *Contrôle* built its own specific network of local officials and offices, and, at the intermediary level, below the high-fliers, it gradually developed an early body of civil servants in the modern sense of the word. The *commis* were the ones who cared for well-kept files, who recorded the correspondence with local administrators, made a whole career at the *Contrôle* while developing an ethos of neutrality and merit (Monnier, 1997; Felix, 1997; Antoine, 2003).

Still, the modern character of this administration should not be overstated. Patronage and corruption were widespread and considered to some extent as normal. Many positions in the local and central bureaucracy were farmed out, hence they would not entail a direct hierarchic relation or an easy

⁸ Gough and Shackley (2001), for instance, have studied along these lines how climate changed specialists have tried to shape the international policy debate.

⁹ On central banks, Majone cites Rogoff (1985) as an inspiration.

¹⁰ Within the large litterature on the *Contrôle Général* one may consult for instance Antoine (1973 and 2003), Boscher (1970) and Richet (1973).

capacity to organize the bureaucratic work around impersonal principles.¹¹ Top mandarins directly hired a large part of their own staff, which would come and work in their respective *hotel particulier*: hence they empowered their staff, rather than being empowered by them. Another important feature of this bureaucracy was its utterly small size: Felix (1997) estimates that the headquarters of the *Contrôle* in Paris had a staff of about 100-110 persons by the 1770s, and around 150 by 1789; the local network in the provinces would have totaled some 540 persons by mid-century. Within this total, the *Bureau de Commerce*, which was in charge of commerce and supply side policies, had a cadre of 20 to 25 persons, plus a number of secretaries and *commis*.

3.2. A group of top bureaucrats and merchants

Between 1700 and until 1790 the *Bureau du Commerce*¹² worked within the *Contrôle Général des Finances*, as a rather autonomous agency, endowed with well-identifiable, stable procedures.¹³ At least during the first half of the century, there are also suggestions that early modern bureaucratic patterns were rather more developed at the *Bureau de commerce* than in the rest of the *Contrôle*. One reason for this might be that, contrary to the latter's core part, the *Bureau* was not a part of the *Conseil du Roi*, hence it was not even nominally chaired by the monarch. This probably allowed it to develop at a distance from the complex and often obscure machinery that came with the exercise of the divine right to rule.

Besides, one specific trait of the *Bureau* was that deliberation proceeded through *two colleges*. First were the *Députés du Commerce*: a group of 10 to 14 well-established, experienced merchants that

¹¹ On the specific dimension of the administrative work, the recruitment and the division of labor at the *Contrôle Général*, see Boshier (1964) and Monnier (2003); on the *Commis* as the real embryo of modern bureaucrats, Baxter (1980) and Felix (1997). Also Barbiche (2003), who asks rhetorically "what we don't know about the *Contrôle*" and then points that its decision-making process has not been much explored. On the development more generally of early modern bureaucracies is Reinhard (1996) and Descimon (1996)

¹² The "Bureau du Commerce" was initially named as the "Conseil de Commerce" until 1722. The transformation of its name did not reflect however any significant transformation of its structures and missions. From 1700 to 1791, it remained organized around a double college of *Députés du Commerce* and top bureaucrats (see below). Only the details of its procedure and composition evolved over time, as a reflection of the evolution of the organization of the various components of the central administration. This was essentially true for the 23 first years of existence. Indeed, after the death of Louis XIV, the kingdom was governed from 1715 to 1723 by a regent, Philippe d'Orléans. This was a period of confusion characterized by several reforms of the top administration. Also, the period was deeply impacted by the crisis of the Law system (1716-1720). From 1724, however, when he took the rein of the kingdom, Louis XV appointed the Cardinal Fleury as a de facto Prime Minister, a position he held until his death, in 1743. In the specific case of the Bureau du Commerce, a new president was appointed in 1724. He re-established the *Intendants du Commerce* (see below) — who had been primarily established in 1708, but abolished in 1715 —, and from 1724 the bureau remained organized in its definitive shape that lasted until the revolution. After 1743, however, the organization of the government was revised, and the President of the Bureau lost the position of *Directeur du commerce* (see below), with the executive authority that came with it.

¹³ The literature on the *Bureau* is not very large. Early studies, of good quality, have been published by Hutteau d'Ottigny (1857), Biollay (1885), Bonnassieux (1900), and Wybo (1936). During the second half of the twentieth century the discussion on the *Bureau* became very much a part of the broader dispute on French mercantilism after Colbert and the possible resistance against his legacy. One of the best references on the early years of the Bureau is Schaeper (1983), who covers its first fifteen years of existence, and offers i.a. a detailed description of its internal working, division of labour, staffing, etc. An other series of publications then look at the two last decades of the *Bureau*, before the Revolution, see Parker (1979). Minard (1998) presents a comprehensive review on the control of manufactures and the corps of *Inspecteurs des manufactures*: he thus covers the monitoring and enforcement dimension that immediately comes after the granting of the *Privilèges*. On the distribution of privileges, see also Bondois (1933).

were partly elected from the largest trading cities and partly co-opted by the central bureaucracy¹⁴. Some also had a more or less extended experience of civil service and most of them, before joining the *Bureau*, had a long background either in municipal government or in the traders's courts. Beyond, their typical background was long distance trade, shipping, banking - and, occasionally, slave trading. In other words, they belonged to a class of often powerful private interests that generally operated outside the guilds and across the closed, highly-regulated markets of those days. As merchants, they also had a good knowledge of existing technologies and products, of market practices (including the old Law Merchant), as of the economic geography of both the kingdom and foreign countries.

The *Députés* were thus expected to contribute as both experts in commercial affairs and as representatives of their city of origin, though in practice the first mandate became the most important. The sustained flows of correspondence, memorandums and briefs between cities and their *Députés* reflect indeed a lot of dissatisfaction, if not frustration, on the side of the municipal authorities and the Chambers of commerce, who paid for the latter's remuneration. Some cities even stopped supporting them during some periods and had to be called to orders.¹⁵

Working rules among the *Députés* tend to confirm the relative weakness of the agency relationship and, by comparison, the strength of the collegial and advisory dimension. First, each policy issue, or individual decision, was discussed collectively, on a peers' basis, without any formal hierarchic relationship among member of the group. In the large majority of cases the conclusions were conveyed to the bureaucrats as a consensus view that took the form of a written opinion: the *Avis des députés*. Still, individual *Députés* had the right to submit in their own name a dissenting opinion, but this practice was extremely rare.¹⁶ More generally, nothing in the way the *Députés* worked and addressed the King's men suggests a notion of democratic representation, or political legitimacy; significantly there was just no hint that the latter were in any sense bound by the *Avis*. In fact, if the college of the *Deputés* argued in the name of any superior notion, this was not the collective of their cities of origin, or the interest of their own social class; rhetorically, they used to speak in the name of "the good of the commerce", which was framed as a fully legitimate sub-part of the public good, or of "the good of the kingdom" (Kessler 2007, Smith 1995).

The other college was composed of two categories of bureaucrats: first those who were in charge of investigating cases and implementing decisions, who were thus the bureaucratic backbone of the Bureau; second, representatives of the various branches of the government and state apparatus.

The administrative work was in the hands of the President of the Bureau — a top bureaucrat, who until 1744 was also the *Directeur du Commerce* responsible for the administration of trade and industry —, and of four to six *Intendants du Commerce*¹⁷, who were responsible both for a

¹⁴ In principle, the *Députés* had to be elected on a yearly basis though, very rapidly, new round of elections were abandoned and members were renewed on a routine basis. So the elected members remained in place until they were involved in the process of appointment of their successors

¹⁵ Read for instance Quenet (1978) on the *Députés* from Nantes; Labraque-Bordenave (1889) on the case of Bordeaux, Pariset (1887) for Lyon, and Fournier (1920) for Marseille; this latter city was apparently well-known for the resources it mobilized for corrupting high officials and small informants in Paris.

¹⁶ We have evidence for only two cases over the claim for privileges we investigated

¹⁷ See Schaeper (1983), Seuron (1995); Garrigues for a contribution on the *Intendants du commerce*. Until 1724, the *Intendants du commerce* were *Conseillers d'Etat*. Afterwards, they could be commissioned officers without being member

geographic area and for specific domains of activities (from 1744 in that later case)¹⁸. They had authority over the lesser *commis*. They coordinated the investigative work and interacted on a daily basis with the *Députés* and the agents of the *Contrôle Général* in the provinces and cities. They also took care of ulterior implementation and kept files, some of them collective, other personal. They remain, till today, the main source of information on the day-to-day working of the Bureau. In other words, here was the hierarchic backbone of the administrative policy-making process.

The *Intendants du commerce* did not make decisions alone. Another set of top bureaucrats, who represented various branches or departments of the government, were involved in the meeting during which, once investigated, the cases were debated and decided. Central among them was the representative of the *Contrôleur Général des Finances* (a de facto Ministry of Finance), a top official of the *Conseil de la Marine* (which had oversight over colonial affairs) and the *Lieutenant Général de Police* (responsible for public and market order in Paris). When needed, representatives of the tax farmers also participated to the debates, though they did not take part to the final decision. The *Députés* also attended the plenary meeting of the *Bureau*, though they spoke only if invited to, and they had no say in the final decisions.

This framework presents therefore a tangible hierarchic dimension, as the interests of the various departments must have been voiced most clearly. Still, the collegial dimension remained strong: there was no formal hierarchy among the officials who took part to these meetings and the final outcome of their deliberation took the form of a written proposal that was sent to the principal, most of the time the *Contrôleur Général*, otherwise the Secretary for Marine. In almost all cases, the minister would endorse it without any modification.¹⁹ In other words, the principal acted as if he trusted that this open, formally rational administrative procedure offered him the best practical guarantees against capture, misinformation, incompetence or contestation. The fact that these reports were presented to him as a unanimity position of the Bureau underlines further the point: at least formally, he did not want to know who weighted in this or that direction. An important counterpart, from a methodological perspective, is that the records of the *Bureau*, just like the *Avis des Députés*, do not offer any tangible indications regarding the opinion of each individual member of these two colleges. What we know are the collective positions, as those of the main outside contributors to this process.

We shall now try to assess to which extent this formally rational bureaucratic framework supported in practice a decision making procedure that actually reflected rational rules of argumentation and deliberation. As already said, the counterfactual to this hypothesis is that the Bureau just rubber-stamped decisions that were taken elsewhere and only added a modicum of bureaucratic legitimacy.

of the Conseil d'Etat (14 of them on 23 became Maître de Requête between 1724 and 1777). By contrast, the Intendants des Finances became Conseillers d'Etat, which induced a hierarchy among those two types of conseillers and bodies (Antoine 2003, chap. 10, Garrigues 1998).

¹⁸ The *Lieutenant Général de Police* (see below) was responsible of playing the role of Intendant for the city of Paris

¹⁹ In the cases we investigated, there is only one evidence of the Ministry not endorsing the recommendation of the Bureau

4. Decision Making at the Bureau du Commerce

4.1. Economic Policy-Making under the Ancien Regime and the Rationale for Privileges

Ancien Régime France was characterized by(?) the intense institutional and legal fragmentation of the kingdom. Peasants, merchants or aristocrats did not have rights in the modern, impersonal sense. They first belonged to status groups. Beside, the legal fragmentation was also geographical: civil life was regulated by 65 *coutumes générales* and 300 other *coutumes locales*, which were all enforced by the local courts and ultimately by the 14 *Parlements*: i.e. regional appellate courts and sprawling bureaucracies (rather than legislative bodies). Most economic activities were also regulated, typically by municipalities or guilds. The major implication as regard policy making was that the room for across the board, impersonal policies, that would have affected all agents in a symmetric way, was very limited. The King could wield extreme, possibly lethal powers against *specific* agents, like sending them to the Bastille; or he could invite them to Versailles. Similarly, he could spend resources and project physical force, for instance by building roads and canals, or by repressing rural uprisings. But the State had a most limited capacity to influence decentralised behaviours *in general* (Brousseau et al., 2010). Said differently, the sovereign did not “govern society”, or the economy as a whole, in so far as it would have tried to shape or influence how the division of labour worked, whether one thinks to market transactions, or to collective behaviours regarding public health, the environment or technical innovations. While it remains disputable whether all politics were then local, policy-implementation, for sure, was very much a retail, case by case, affair.

This institutional (and cognitive) constraint is reflected ultimately in the way the bureaucracy interacted with individual economic agents. As it tried to affect their behaviours, the Bureau de Commerce mobilised the only available legal instrument at its disposal: *privileges*, that is an ad hoc unilateral formal decree of the King, that details a specific package of benefits which, in the present case, should have helped a given investor to start or develop his business.²⁰ The implementation of a consistent policy that would affect agents across the whole kingdom, in a rather homogenous way, was therefore a serious challenge to the bureaucracy: while acting on a case by case basis, it would have to find procedures and rules that would preserve unity of direction across tens or hundreds individual cases. How the Bureau reconciliated (or not) such general or impersonal aims with its ad hoc individual decisions is, in essence, what we want to assess here.

²⁰ Privileges were not limited to case by case support to entrepreneurs, however: they were a generic legal instrument that was used to formalize virtually any type of franchise, including straight forward rents to cronies, the statutes of guilds, or the specific benefits that the King granted to cities or provinces.

The main economic rationale beyond this specific policy, if any, should be understood in the context of an economy that was also largely devoid of a market for risk capital²¹. Because markets were often quite competitive, and because contractual discipline was well enforced by the traders' courts, or *Cours Consulaires*, the risk of failure was widespread and well perceived. Indeed, privileges granted by the Bureau de Commerce never implied that a bankruptcy proceeding would be delayed or suspended. On the contrary we have found many examples of entrepreneurs who proposed to take over privileges that had been given to a former firm, which then ceased operations or was liquidated (see Case 1 in Appendix C). In a context that was very much adverse to risk-taking and investment, the distribution of rents, under the form of privileges, should thus be rationalized as a way to guarantee to an entrepreneur a given income flow over a period of ten to twenty years, so as to increase his chance of success. To a non-trivial extent, the discussions at the Bureau, as reflected by its Minutes, can actually be read as a collective attempt at measuring this implicit income flow while minimizing adverse consequences on third parties, like competitors, consumers or the fiscal administration.

4.2. Granting privileges to manufacturers

Here is how the Bureau attempted to reach that end.

i. Individual submissions for privileges by manufacturers reached either the *Contrôle Général des Finances*, or they were sent directly to the *Bureau* by the local *Intendants* who, in the French provinces, were the representatives of the Crown for economic affairs (hence they should not be confused with the *Intendants du Commerce*, who worked in Paris). These submissions included a description of the project, some technical details, considerations regarding implementation, and an indication regarding the background of the entrepreneur. They almost never included quantitative data, like accounts, not to speak of forecasts. Typically the entrepreneur put forward the expected collective benefits of his projects and the precedents that could buttress his case (e.g. privileges that had already been granted to other entrepreneurs – See Case 2 in Appendix C). He attempted to provide proofs of his allegations. He also underlined the risk and costs of his venture, which were the ultimate rationale beyond his demand. De novo projects and demands for an extension or a renewal of existing privileges would go through the same process.

ii. Individual demands were then dispatched to one of the four Parisian *Intendants du commerce* who, in turn, asked for factual reports or for the personal opinion of a more or less extended array of stakeholders or experts. On an almost systematic basis, the provincial *Intendants* had to report on the potential impact of the project on the local economy. That included both an analysis of the impact on consumers (in terms of availability and pricing of the products) and of the supply side (competitors and potential complements in the value chain). The local *Intendants* also looked at the effect of the project on scarce local resources, in particular natural resources and the workforce. As a rule, their reports were largely based on the consultation of local experts and stakeholders; e.g. the local Chamber of commerce, the municipal or provincial authorities, or the guilds. Beside the Bureau

²¹ The difficulty to raise capital was an explicit reason to grant privilege as illustrated by this statement of the Députés du Commerce on one case : "It is well possible that Monsieur Chatal has discovered a new way to thread cotton, (...). He should thus benefit from a strong competitive advantage and be, therefore, in a position to find associates". (1 august, 1727)

could also ask the opinion of the tax farms or the *Académie des Sciences*, when the project was based on a claim of technical innovation.

iii. Once this investigation was completed, the applicant's written submission, together with all the reports and opinions, were transmitted to the *Députés*, who used to meet and deliberate twice a week. In case no further investigation was needed, a collective *Avis* was immediately written. Otherwise, more work and information could be demanded. Usually, the written *Avis des Députés* summarized the demand, the pros and the cons, and it was concluded by proposition to either accept, reject and curtail the demand.

iv. At least thrice a month (during the period under review), plenary meetings of the *Bureau* reviewed the cases and proceeded to a decision – again if the investigation was considered to be completed. As said, their final position was then sent to the *Contrôleur Général des Finances* for endorsement. This most important document included a detailed discussion of the grounds for granting some privileges, and a list of the benefits that were considered to be appropriate. This was expressed as a collective and unanimous decision. Alternately, if the submission was rejected, only an internal record was kept, with no formal reporting to the *Contrôleur*.

v. After a generally short delay — i.e. three weeks to a month —, the *Bureau* would formalize the confirmed (positive) decision, under the form of a legally-binding *Arrêt* that again summarized the initial demand, the arguments that had been considered valid, and the actual privileges that were now officially granted. As a whole the standard decision process generally took 4 to 5 months.

What this administrative procedure suggests is that the debates within the *Bureau* were not structured as a negotiation whereby conflicting parties would try to reach a compromise and balance their respective interests in a mutually satisfactory manner. The *Députés*, for instance, did not argue in the name of their city of origin, neither did they apparently tried to build alliances in order to extract maximal benefits for their constituents. Rather, as far as the records of the *Bureau* tell, the underlying norm that seem to have governed exchanges within the two colleges were: 1/ to pool all relevant sources of information, expertise and expression of interests; and 2/ to reach a collective conclusion that would best satisfy a practical criteria of reasonableness while being justifiable to third-parties. In this sense, though it was decided and implemented from the center, this policy also aimed at preventing ulterior discontent or resistance. While the Ancien Regime monarchy rejected any institution of political representation, it was keen not to confront large social interests, like commercial interests and the political elites in the provinces.

5- The Archives of the Bureau and the Data-base

5.1. – The Minutes of the Deliberation Process and Associated Papers

One benefit of the institutional stability of the Bureau is the comprehensive and well kept character of its archives.²² Quite often it is therefore possible to piece together how individual submissions were received, investigated, discussed and decided. In fact, thousands of files are still available, whether they concern the demands for Privileges by manufacturers or other commercial issues.

We rely primarily on two types of documents: first the *Avis des Députés*, second the various records of the deliberations of the Bureau, primarily the *Procès-Verbaux*, which most often include the final decision, or *Arrêt*, that formalizes the actual privileges that were granted in the name of the King.²³ Out of these sources, we have thus been able to identify: 1/ the content of the initial submission and the arguments that supported it; 2/ the position and arguments brought forward by the provincial *Intendants* which, as said, often include references to the opinions of third parties (municipal authorities, guilds, etc); 3/ the collective judgment of the *Députés*; 4/ the conclusions reached at the plenary meeting of the *Bureau*; and 5/ the final decision and, most important, the list of privileges that were granted and the official justification that back them up. In other words, we can first differentiate between submissions that were accepted, rejected or curtailed. But we can also identify the economic profile of each individual projects, which player took an active part in the deliberation and what they thought about each project.

In order to explore the decision making process of the Bureau, we have coded how 246 submissions made by investors or private manufacturers were processed, between 1724 and 1740, a period that was marked by substantial political and bureaucratic stability and by relative economic prosperity (see note 12). In practice, the applicants were seeking to launch businesses as diverse as mines, paper mills, iron or textile manufactures, earthenware or glass factories, etc. It could also be services such as pumps for water provision, warehouses dedicated to long distance trade, or transportation services.

First are the sets of benefits that were asked by investors and those they received. The first element was the legal authorization to establish a self-standing business, typically outside the framework of guilds; but the applicant could also ask to be granted the status of a *Manufacture Royale*, with coats of arms: a merely symbolic badge that signaled a degree of social distinction. Alternately he could ask the right to exploit a resource, like a mine, or a technical invention. Second, the privileges typically extended within a given geographic perimeter: the right to mine, for instance, was generally limited to a rather narrow region while inventions were protected across the whole kingdom. Manufacturers could also benefit from a territorial exclusivity. The goal of these territorial exclusivities were to guarantee a given income stream, and to limit the pressure on local resources, like wood or fresh water. These producer's monopolies have attracted a lot of attention (e.g. Ekelund and Tollisson, 1981 and 1989; Root, 1994), though it comes with two important qualifications. First, the spatial extension of these zones was generally bounded — most often a few kilometers around, and (more rarely) limited to one of the 34 provinces —. Only invention could result into a national monopoly

²² The archives of the *Bureau de Commerce*, are at the Archives Nationales in Paris. See a broad description of the fond in Archives Nationales (2007, available online). Bonnassieux (1900) is a most helpful source, as it offers an index of all decisions made at the Bureau between 1700 and 1790, plus an analytical table and a brief historical introduction.

²³ Minutes, apparently written and kept by individual members of the Bureau, or their *commis*, are also available; they have often been used here as complementary sources to the official *Procès-Verbaux*.

(hence proto-patents). Second, while competitors could not establish plants or workshops within these zones, they could enter the local market and sell their own products. The rent to the local producer was therefore a function of transportation costs and internal tariffs. Lastly, the privilege could include a brake on taxes levied on inputs imported from other regions or abroad, or on products that the entrepreneur expected to sell within the Kingdom or outside. In other words, a fair part of the bargain with the administration boiled down to the manipulation of transport costs as a mean of fine-tuning support to individual manufacturers.

Then were benefits that did not support the firm per se, but the person of the entrepreneur, his associates or workers. Exemptions on income tax were common; skilled workers attracted from abroad could be allowed to enter the Kingdom free of tax and then benefit from ad hoc fiscal advantages; even low-skilled workers could be targeted with consumption tax-cuts (e.g. on alcohol). Non-monetary benefits were often included, like avoiding the obligation to host soldiers or to serve in the local militia. Lastly were straightforward public subsidies or loans from the Crown, though they were rarely demanded and even more rarely granted: self-selection by informed applicant is apparent at this point.

Beside this set of available benefits, a second broad series of variables reflect the arguments leveraged by the main contributors to the decision process — i.e. the claimant, the local *Intendants*, and the *Députés*. We also included the justifications that the top officials at the Bureau wrote into their final report to the *Contrôleur Général* and which were usually repeated again in the final, formal decision that made the privilege legally binding. The main arguments that were brought in by the parties revolved around the interests of the consumers, the local development of provinces or cities, the trade balance (either through higher exports or import substitution — see Case 3 in Appendix C), and technological change. We find here the classical items of the mercantilist discourse. Side effects, like the impact on employment or poverty, were also considered. On that basis, actual benefits were justified by a number of arguments brought forward by the entrepreneur: high sunk-cost investments, the difficulty of developing a new technique, the need to attract skilled labor or to have a long-term guaranteed access to a given natural resource. Of course, any of those arguments could easily be contested: an invention could be found irrelevant, the pretension to export products might be considered irrelevant, or local informants could alarm the Parisian bureaucrats that many producers were already churning out the same type of fabric without public support. Also, the potential negative effects of the requested advantages — as a strong distortion of competition — could be pointed out. In that later case, the contributors to the decision could propose a more adequate type of privileges if the project was considered worth to be supported.

Lastly, we collected additional variables that are used for various control. Each project is identified in terms of localization and jurisdiction, of date, and industry. Moreover, we characterize whether it concerns luxury industries and foreign entrepreneurs. This will allow, as a secondary but interesting aside, testing for one of the usual “policy preference” typically associated with French mercantilism.

5.2. – The Data: Descriptive Statistic.

Out of 246 cases that were coded, we worked on a core data-set of 218 applications that include the details of the initial claim and of the final decision.²⁴ Out of these 218 decisions, 167 also come with *Avis des Députés*, and 109 with a report by the provincial *Intendants*. 89 files include opinions of both *Intendants* and *Députés*, though of course this does not imply that, incomplete files are of no use in our inquiry. The absence of one or another may have various causes. The *Intendants* were not consulted on all cases especially when projects did not focus on a specific local implementation (e.g. a technical innovation); the *Avis des Députés* may have been lost; and some submissions were also rejected out of hand, in which case detailed reasons are not given. The *Députés* would only write that this applicant has lost his senses – a judgment that can occasionally be confirmed even by a 21st century reader.

Table 1 describes the main features of the submissions in our sample. A bit less than 10% among them ask for *de facto* intellectual property rights on an innovation. The remaining cases are industrial ventures, among which almost two thirds are new ones, while the remaining third are founded on already granted privileges that the applicant wanted to be confirmed or extended. Over whole sample, the rate of rejection is significant (29,8%). Moreover in another 28,4% of the submissions, the granted privileges were reduced as compared to the initial demand. Hence, only a minority of applications was eventually fully successful. In addition, the core dataset of 218 cases overestimate a bit the rate of acceptance of submissions, since most of the lost cases correspond to refusals (see note 24)

INSERT TABLE 1 HERE

Descriptive statistics also show that the different parties to the discussion had different inclinations or preferences. The provincial *Intendants* were more likely to support the submissions of local investors than the *Députés*. The later also present a more restrictive bias and recommend more often that demands are curtailed (Table 2). Altogether, the recommendations of the *Députés* seem to have been more often aligned with the final decision than those of the *Intendants* (Table 3). That being said, the *Députés* and the *Intendants* rarely disagree entirely: there is 5% of cases where one party recommends rejection while the other defends approval (table 4).

INSERT TABLE 2 HERE

INSERT TABLE 3 HERE

INSERT TABLE 4 HERE

²⁴ The fall between the 246 investigated cases and the 218 decisions in our database is constituted by cases that in their majority led to refusal to grant privileges. First, there are applications that were investigated by the Bureau, but without track of the final decision (19 cases). Generally it corresponds to cases where the Commissaires decided complementary investigation and probably judged ex-post that the cases did not justified further discussion at the bureau. They are thus *de facto* refusals, but since they are not motivated they cannot be included in our analysis. Second, we lost another set of 9 observations because of incompleteness in our data. We were in some circumstances unable to track all the details of the initial claim, or of the final decision, because some aspects of either of them were not registered. This corresponds to cases where the claim refers either to previous claims or to privileges previously granted without being extensively described anew in the archives of the bureau.

As a whole, these various descriptive elements support our hypothesis that this decision making process was *ex ante* open and contested. *Prima facie*, applicants could not have a clear hint of their chance of success: self-selection does not seem to have been systematic. The distribution of outcomes does not support either the *a priori* view that the Bureau was rubber-stamping decisions that had been taken elsewhere.

Table 5 (and 5 bis) and 6 (and 6 bis) further underline the extent of the divergence in opinions and underlying preferences. Main deviations (table 5) confirm that the provincial *Intendants* gave substantial weight to considerations about the local economy and its natural resources. Alternately, the *Députés* insisted more on the innovative character of the projects and were more prone to underline adverse potential impacts on competition. Still, this contrast should not be overstated: table 6 and 6 bis show that the three main arguments leveraged by each party are actually the same; among the 6 most frequently used arguments, 5 are the same. While these parties had different inclinations and assessment, this was apparently a matter of divergences in perceptions rather than the expression of radical conflicts of opinion.²⁵

 INSERT TABLE 5 HERE

 INSERT TABLE 5BIS HERE

 INSERT TABLE 6 HERE

 INSERT TABLE 6BIS HERE

6. Empirical analysis

6.1. Estimation approaches

In order to further our understanding of the decision making at the *Bureau* we now try to identify econometrically the determinants of its Final Decision (*FD*). We thus distinguish three main possible outcomes: submissions could be rejected (0), they could be partially granted (1) or the entire set of privileges could be handed out (2). We thus obtain the ordinal dependent variable $FD = \{0,1,2\}$. In a first step, we explore how the *Intendants* and *Députés* influenced respectively the distribution of this variable: *IR* (*Intendants’ Recommendation*) and *DR* (*Deputies’ Recommendation*) have been build in the same way as *FD* – depending upon whether the respective party recommend either rejection, a partial grant, or a complete one. Hence, *IR* and *DR* also are ordinal variables, *i.e.* $IR=DR=\{0,1,2\}$. We use an ordered logistic model (*ologit*) in order to assess the influence of each of them on the final decision:

²⁵ These evidences should put to rest an old debate on the ideological inclination of the *Députés*. Cole (1943) argued in an early contribution that they favored consensus and continuity with the colbertist legacy; conversely, Rothkrug (1965) and Scoville (1982) defend that the *Députés* were in fact *laissez-faire* militants who represented an early political and social opposition to the *dirigiste* tradition. The present result shows that a tangible degree of divergence in the respective policy preferences was a key pattern of debates within the Bureau, though the extent of the underlying consensus is very strong. The internal debate, in practice, was not about the policy aim and the instrument of the Bureau, but about the way to handle the latter, depending upon the context of each case.

$$P(FD_i > j) = \alpha_i \cdot IR_i + \beta_i \cdot DR_i + \gamma_i \cdot X_i + \varepsilon_i \text{ for } j = 0,1 \quad (1)$$

Where FD_i is the ordinal dependent variable for each individual demands i , j is the number of decision categories. α and β are the two coefficients we are particularly interested in. X_i is a vector of controls including the variable *Luxury*, which is a discrete variable for *Privilèges* demand concerning luxury product; the variable *Foreigner* is a discrete variable accounting for demand made by foreign entrepreneur; a period effect with the variable *Year* stands for the date of the demand, to ensure that the results are not driven by time trends. We also include sector-group dummies. Fixed effects reflecting the regional dimension could not be included since there were 34 different provinces: region-dummies would have prohibitively reduced the degree of freedom of the ordered logistic model. To limit the impact of this issue and to account for potential heteroschedasticity and auto-correlation of error term within geographical area, we cluster standard error at the regional level in all of our regressions.

Caution is still warranted when interpreting *ologit* regressions results. First of all, one of the assumptions underlying ordered logistic model is that the “distances” between categories are equal; i.e. the parallel-line or proportional-odds assumption should be respected. In the present case, it implies that switching from rejection to a restricted set of *privilèges* represent the same “step” in terms of decision-making than switching from a restricted set to the entire set of *privileges*. This hypothesis is a priori violated, if only because cuts from the initial demands to a curtailed set of benefits vary across cases. Hence, errors in the estimates of the coefficients can lead to incorrect or misleading results. However two tests can be used at this point in order to assess the magnitude of the problem: the likelihood ratio test and the Brant test (Brant, 1990). Beyond, and as stressed by Williams (2006), there are two ways to circumvent the problem of violated parallel-line assumption: one can opt for an ordinal alternative (generalized ordered logistic model, or *gologit*) and/or he can choose a non-ordinal alternative (multinomial logistic model, or *mlogit*)²⁶.

We use the *gologit* option for three reasons. The first advantage of generalized ordered logistic model, when compared to multinomial logistic regression, is that it allows for variation in the coefficient value among the different categories of the ordinal dependent variable while constraining variables so that their effects meet the parallel-line assumption (Fu 1998, Williams 2006)²⁷. Second, generalized ordered logistic models offer the possibility to fit partial proportional odds model where the parallel regression constraint is relaxed only for the variables which are actually violating the assumption, and not for all of the dependent variables (Williams 2006). Lastly, as we shall show in the next section, generalized ordered logistic models maintain the ordinal structure of the dependent variable while being more parsimonious in terms of coefficient estimations and interpretation.

²⁶ Excepting the solution to ignore it (which is a very frequent practice).

²⁷ Williams (2006) notes that the *ologit* model, which can be written as where Y_i is the ordinal dependent variable, j is the number of categories, X_i is the vector of independent variables and β contains the

$$P(Y_i > j) = \frac{\exp(\alpha_j + X_i \beta_j)}{1 + \exp(\alpha_j + X_i \beta_j)} \text{ for } j = 0,1, \dots, N-1$$

$$P(Y_i > j) = \frac{\exp(\alpha_j + X_i \beta_j)}{1 + \exp(\alpha_j + X_i \beta_j)} \text{ for } j = 0,1, \dots, N-1$$

coefficients of each regressor) is a special case of *gologit* model (the betas are the same for each category j).

The first set of tests assesses the influence of the *Intendants* and *Députés* on the likelihood to obtain the *Privilèges* (equation 1). In a second set of estimations, we shall later focus on the arguments put forward in the final decision, as sent to the minister (equation 2). Lastly, we shall estimate how arguments weigh on the recommendation of each party (equations 3 and 5) as well as on the final decision of the *Bureau* (equations 4 and 6). Hence, we run ordered logit and generalized ordered logit estimates of the five following equations:

$$P(FD_i > j) = \alpha_i \text{COMMISSAIRES}' \text{ ARGUMENTS} + \beta_i X_i + \varepsilon_i \text{ for } j = 0,1 \quad (2)$$

$$P(IR_i > j) = \alpha_i \text{INTENDANTS}' \text{ ARGUMENTS} + \beta_i X_i + \varepsilon_i \text{ for } j = 0,1 \quad (3)$$

$$P(FD_i > j) = \alpha_i \text{INTENDANTS}' \text{ ARGUMENTS} + \beta_i X_i + \varepsilon_i \text{ for } j = 0,1 \quad (4)$$

$$P(DR_i > j) = \alpha_i \text{DEPUTIES}' \text{ ARGUMENTS} + \beta_i X_i + \varepsilon_i \text{ for } j = 0,1 \quad (5)$$

$$P(FD_i > j) = \alpha_i \text{DEPUTIES}' \text{ ARGUMENTS} + \beta_i X_i + \varepsilon_i \text{ for } j = 0,1 \quad (6)$$

Where FD_i , IR_i and DR_i are the same variables than those previously mentioned and X_i is the same vector of control variables (which includes *Luxury*, *Foreigner*, *Year* and sector dummies). Three different vectors of motivations then correspond to the most recurrent arguments put forward by each actors, i.e. top officials of the Bureau, the provincial *Intendants* and the *Députés*. As shown in Table 5, each of them advances many different arguments though the size of our sample prevents us from incorporating all of them separately in the regressions. We thus selected the arguments most frequently put forward by each party, i.e. that were mentioned in more than 10% of the cases. This brings a total of seven arguments for both *Intendants* and *Députés*, and ten for final decisions.

6.2. Empirical results

6.2.1. Contributions to the final decision

The first step estimates the likelihood of obtaining *Privilèges* depending on the recommendations made by local Intendant and the *Députés*. The results of the ordered logistic estimations are provided in Table 7.

 INSERT TABLE 7 HERE

Among the 218 decisions, there are 167 decisions for which we have the *Députés'* opinions (*Deputies* sample), 109 for which we have the *intendants'* opinions (*Intendants* sample) and 85 for which we have the both opinions (*Both* sample). Estimate of the likelihood of obtaining *Privilèges* depending on the *Députés'* recommendations are provided in column 1; then we estimate this likelihood regarding the *Intendants'* recommendations in column 2; finally columns 3 takes both recommendations into account. In this last column, we also include the variable *Disagree* which is a dummy taking the value 1 when Intendant and *Députés* recommend diametrically opposite decision (refusal vs approval) and 0 otherwise.

Results indicate that the probability to obtain the asked *Privilèges* is an increasing function of the support from both the Intendant and the *Députés*: the coefficients corresponding to variables *IR* and

DR are positive and statistically significant. Reported results also show that the coefficients associated with *Députés'* recommendations are of higher magnitude than those associated with *Intendants'* recommendations. This suggests that, as a whole, the former were more influential. The sign of the coefficient for variable *Disagree* is negative but not statistically different from zero. This implies that the support of one of the two types of actors is sufficient to obtain *Privilèges* and that a disagreement between them is not prohibitive. In other words, no party has a right of veto over the final decision. We observe no effects for the control variable *Year*, *Foreigner* and *Luxury*. This invalidates the common assumption, repeated since the time of Eli Eckscher, that the Colbertist version of the mercantilist project was strongly biased towards serving the demand of the upper classes. Identical effects are observed in columns 4 to 6 where we perform the same regressions by also including dummy variable for each sector. The significance and the proportions of the coefficients remain stable and the general significance of the models slightly increases.²⁸

6.2.2. The Respective Influences of *Intendants* and *Députés*

To assess the robustness of the findings reported in Table 7, we also estimate the equation 1 by using partial proportional odds analysis (*gologit*, see table 8). As said, this regression procedure allows to provide greater details and, thus, to be more precise in the interpretation of the results. Results from generalized ordered logit are similar to the series of binary logistic regressions: *i.e.* the first panel contrasts category 0 (refusal) with categories 1 and 2 (restriction and approval) whereas the second panel contrasts categories 0 and 1 with category 2 (Williams 2006). A positive coefficient indicates that higher values on the independent variable make it more likely that the request will be in a higher category of decision than the current one, whereas a negative coefficient means that higher values on the independent variable increase the probability of being in the current or a lower category of decision.

 INSERT TABLE 8 HERE

The results in Table 8 are consistent with previous findings above: the higher the recommendations of *Intendants* and *Députés*, the higher the likelihood for the *Privilèges* of being approved (with or without restrictions, see columns (1) and (2)). Column 3, where the regression applies to the sub-sample where both parties' opinions are available shows that the more the support from the *Intendant* increases the lesser the probability of the request being rejected, though the reverse is not true: the likelihood to obtain the entire package of *Privilèges* does not increase. Conversely the two positive and statistically significant coefficients associated with the variable *DR* indicate that support from *Députés* always enhances the probability of obtaining all the benefits that had been requested. Though the small size of the sub-sample (85 observations) calls for a degree of caution, these results confirm the account that the *Intendants* had a lesser impact on the final decisions. In order to make these effects more "sizeable", the predicted probabilities from column 3 have been calculated. Table 9 indicate that when *Intendants* recommend that the entire set of *Privilèges* is granted, the Bureau follows their advices almost half of the time (48,8%) and reject the request in only 10% of cases. In the case of the *Députés*, these probabilities equal to 65,3% and 5,3% respectively. Finally, column 3 in

²⁸ This effect is entirely driven by two sectors, *Services* and *Food*, for which there are very few cases (respectively 2 and 5 cases) and only one type of final decisions (approval for *Food* and refusal for *Services*).

Table 8 shows that requests that concern luxury products are much less likely to be entirely granted.

29

INSERT TABLE 9 HERE

6.2.3. The Motivations of Opinions and Decisions

Our first batch of results confirmed that decisions at the *Bureau* are first based on the specific opinions of *Intendants* and *Députés*, though their respective influence is unequal. In the second series of tests we now aim at offering greater details about the justifications which motivate the final decisions of the Bureau. With this view, we now regress the same independent variable as previously (*FD*) on the arguments which are the most frequently quoted in the *Bureau's* final report (Table 10).

We focus our analysis on the ten arguments that are most often brought forward by the *Bureau* in its report to the minister. Each variable is a dummy which take the value 1 if the argument is being raised and 0 otherwise. *Quality*[†] stands for the cases where the Bureau recognizes the good quality of the final product. *TradeBalance* takes value 1 when the final product is deemed to allow for a reduction in imports or an increase in exports, etc. The same hold for contributions to the local economy, technical innovation, competition issues, etc.

INSERT TABLE 10 HERE

The results reported in column 1 of Table 10 are straightforward and easy to interpret: other things equal, the Bureau was more willing to grant *Privileges* when the quality of the good was high, when the investment would benefit the local economy and the consumers, when technical innovation was at stake and when a positive contribution to the trade balance was expected. Conversely, it was less prone to grant *Privilèges* when the project was likely to distort competition, or when it was thought that the underlying technology was already well known.

The results from *gologit* regressions reported in column 2 offer more details on these policy preferences. As a matter of clarification, three classes of arguments, differentiated according to their impact on the final decision, can be identified.

i. First are “Super Arguments” that clearly improve the likelihood of being awarded with the full set of privileges that had been asked: the variables *Quality*[†], *LocalEconomy*[†] and *Consumer*[†] are all associated with positive and statistically significant coefficient, on both steps of the regression: the switch from refusal to approval with restriction, then the switch to full approval. Note also that those coefficients are of higher magnitude in the column “0 → 1;2” than in the column “0;1 → 2”. It suggests that the stronger effect of these arguments was to avoid full rejection and guarantee some support.

ii. Second are “Refusal-Proof Arguments” that also offer a guarantee that some privileges will be obtained, though they cannot predict whether all or just a fraction of them will eventually be awarded. Here we have the variables that correspond to technical innovation, investment level, the

²⁹ This result however is driven by the fact that, among the 21 requests for *Privilèges* concerning luxury goods, only 5 cases are included in the sample *Both*, and none of those projects were entirely granted.

valorization of local resources and contributions to the trade balance: they all significantly decrease the likelihood of not receiving at least some support.

iii. Lastly, “Approval-Proof Arguments” close the door to a full package of benefits but are neutral between the two lower-level outcomes. Here we find assessments that deny to the project any innovative character or the stated expectation that the requested privileges might have a negative impact on competition. At this point, we are unable to assess econometrically whether, in this later case, a reduction in the package of benefits actually aims at alleviating this risk, but the reading of the archives confirm that, in particular the *Députés* and the members of the bureau, were aimed at avoiding too strong and unfair distortion of competition.³⁰ The results of the multinomial logit regressions reported in Appendix (see Table A2) are perfectly consistent with those findings.

6.2.4. Who Raised Which Argument, and To which Effect ?

The last step crosses the arguments developed in the two previous ones: we want to assess the joint impact of substantive arguments together and the voice that defended them, that is, whether they were leverage either by the *Intendants* or the *Députés*. Hence we estimate the impact of the arguments they use, first on their own recommendations, then on the final decision (Tables 11 and 12).

INSERT TABLE 11 HERE

INSERT TABLE 12 HERE

Column 1 of Table 11 indicates that the provincial *Intendants* were more willing to support a request when it was deemed to have a positive effect for local consumers and the valorization of local resources, and when the quality of future products was considered good. Conversely, *Intendants* were less prone to support submissions when they concluded that the project would distort competition. This latter argument is the only that still carries a significant positive impact at the final decision stage, i.e. using the same vector of independent variables (on the sample *Intendants*). In other words, the influence of *Intendants* is stronger when they leverage this negative argument against a given request. A similar conclusion is obtained with the *gologit* estimates (see column 4), though the quality of the product also has a slight positive impact.

Table 12 extend as well our former conclusions. In column 1 shows that the *Députés* are more prone to recommend granting the *Privilèges* when the project is expected to benefit the consumers, the local economy and the trade balance and, also, when the product or technique is considered innovative. Conversely, other things equal, the *Députés* are reluctant to hand out *Privilèges* when there are risks of competition distortions and when they explicitly conclude that the project is not innovative. When the *Avis des Députés* reached the *Bureau*, four substantive arguments had a significant statistical impact on the collective report sent to the Minister: restriction of competition, import substitution, absence of innovation and a positive impact on the local economy. These results

³⁰ The *Députés* made repetitively very strong arguments against the granting of commercial exclusivity, especially in matter of service provision. The *Bureau* generally followed their arguments. This is also highlighted in Beuve et al. 2013.

are confirmed by the *gologit* regressions reported in columns 3 and 4. They also show that concerns about competition were always a “killing” argument that increased the likelihood of a request being rejected by the *Bureau*. Beyond, Tables 11 and 12 confirm again that the *Députés’* opinions had more impact on the final opinion of the Bureau than that of *Intendants*. Multinomial logit estimates confirm the robustness of our findings (see results reported in Appendix, Tables A4 and A5).³¹ One of the possible interpretations of this superior influence of the *Députés* is that, as a college, they benefitted of a wider expertise. Moreover, they had a broad vision of the market and of the policy, since they were consulted on most cases, while *intendants* had a more local and patchy understanding of, for instance, the technology or the competition. At least, this is what draws from the comparative readings of their respective *Avis*.

7. Conclusion

This article has explored how a tiny, eighteenth century, French agency has allocated rents to hundreds of private entrepreneurs, during a period of seventeen years (1724-1740). What first comes out is the highly stable and formal character of its procedure, as well as the willingness of bureaucrats to consult with a large array of stakeholders. Critically, this allowed them to collect a remarkably large mass of information. The processing of this information and the deliberation among decision makers and their direct advisers was then organized within a complex institutional structure: though the *Bureau du Commerce* was part and parcel of an emerging, centralized and hierarchic state machinery, it managed to rely upon two colleges of independent experts and bureaucrats: first was the assembly of the *Députés du Commerce*; then the regular meetings of top officials from various departments discussed each case on the basis of the available opinions and information, before sending to the Minister a decision proposal, presented as a unanimity position. From today’s perspective, and beyond the specifics of this institution and its historical environment, these formal rules of open consultation and deliberation are remarkably similar with those adopted by modern bureaucratic agencies – think about the US 1946 Administrative Procedure Act (APA) and its many extension.

However, this formal description does not warrant per se that, in practice, decisions were actually an outcome of this bureaucratic procedure. While these rules seem to reflect an attempt to resist capture and outright manipulation, in practice things could well have happened elsewhere, for instance at the Court or at the Opéra. The bureaucrats would have then been invited to rubber-stamp decisions taken by others. A fair bet is that in a despotic, illiberal monarchy, this is how policy should have been made. Two types of evidences infirm this expectation. First, within the Bureau: different voices tended to defend contrasted policy preferences and weighted differentially and significantly on the overall process. No party could systematically impose its will and act therefore as an agent of an outside principal which would have thus been able to arm-twist the many other participants to the procedure.

³¹ As an additional robustness check, we also run all the above regressions by making vary the number of arguments included in the estimations. Results also are highly similar and the main identified effects are particularly stable.

Moreover, the substantive arguments that were raised by the *Intendants* and the *Députés*, for or against each application, are seen to have had a tangible impact on the outcome. In other words, the capacity to weigh on the decisions did not respond only to one's relative position in the administration, or to his personal influence or clientele networks. It resulted also from the capacity to formulate an expert judgment based on the specific character of each submission. We take this result as a strong evidence that the decisions made at the *Bureau de Commerce*, on matters of privileges to manufactures, were relatively autonomous: the procedure could actually select among submissions on the basis of both case by case investigations and its own general criteria or policy preferences (like import substitution or technical innovation).

The relative procedural autonomy of this small bureaucracy did not derive, therefore, from insulation and from hyper-centralization. If anything, the capacity to follow a relatively consistent policy, across hundreds of decisions, was based ultimately on a formal though open process of collecting information; horizontal colleges, made of a diverse range of stakeholders, then deliberated collectively and controlled the risk of outright capture, ignorance or systematic prejudice while preserving a sense of direction, or continuity in its actual decision criteria. Of course, there is no question that this policy was all about rents and that rent-seekers of all sorts abounded, within and around the *Bureau*. The point is that they had to play by the rules, as established and enforced by this agency. Applicants had to make their case and shape arguments in ways that could be received and accepted by the successive parties to the final decision. In other words, bureaucratic formalities could actually shape incentives in order to orient actual behaviors in directions that reflected the agency's own (mercantilist) policy preferences.

The case should not be overstated, however. So far, we have only tested the capacity of the Bureau to reject submissions, or to grant a part or all benefits, on the basis of rational criteria. Hence, we can draw no conclusion whatsoever regarding, for instance, the ulterior capacity to support differentially different classes of projects (see Beuve et al 2013, on this). Beyond, we have no indication on whether this policy had any impact on the development of the French economy as we cannot test the ex post relevance of the studied decisions.

Still, a broader lesson is that interest representation within administrative procedures can be an effective way to make consistent and informed public decisions in an illiberal context where issues of parliamentary representation and constitutional commitment cannot be raised. This distant experience may thus shed light on how economic policy-making works in late-modernizing, authoritarian regimes. Today's China may be a good example, but yesterday's Korea, Japan, Turkey or Brazil may also be counted in.

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Table 1: Distribution of the 218 Requests

New venture	56,40%	Privilège Granted	41,80%
Intellectual Property	9,20%	PG with Restriction	28,40%
Renewal/Enlengthement	13,80%	Privilège Refused	29,80%
Extension of Scope / Redefintion	16,50%		

Table 2. Distribution of Opinion for Final Decision by Participants in the Decision Process

	DF _{Commissaires}		DF _{Intendants}		DF _{Députés}	
	Freq.	%	Freq.	%	Freq.	%
Refus	65	29.8	15	13.8	46	27.5
Restriction	62	28.4	22	20.2	54	32.4
Accord	97	41.8	72	66	67	40.1
Total	218	100	109	100	167	100

Table 3. Correlations between the Opinion for Final Decision of the Députés and Intendants (For the 85 cases on which we have both)

	1.	2.	3.
1. DF _{Commissaires}	1.000		
2. DF _{Intendants}	0.554	1.000	
3. DF _{Députés}	0.616	0.596	1.000

Tableau 4. Distribution of the opinion of Deputés and Intendants (For the 85 cases subject to their common)

DF _{Intendants}	DF _{Députés}			
	Refus	Restriction	Accord	Total
Refus	10	1	2	13
Restriction	3	11	3	17
Accord	2	19	34	55
Total	15	31	39	85

Table 5. Motivations for the final decision and Députés and Intendants Influence

	FD	Request	IR	DR	Diff. with request	Intendants' influence	Députés' influence
	N=218	N=218	N=109	N=167			
Custom & Common Practice +	1,4	2,3	1,8	0,6	0,9	0,5	-0,8
Custom & Common Practice -	0,9	0,0	0,9	1,8	-0,9	0,0	0,9
Precedents +	6,9	11,5	8,3	4,2	4,6	1,4	-2,7
Precedents -	7,3	0,0	7,3	7,8	-7,3	0,0	0,4
Statutes & Royal Decrees +	2,3	1,8	0,0	1,8	-0,5	-2,3	-0,5
Statutes & Royal Decrees -	4,1	0,0	0,0	3,0	-4,1	-4,1	-1,1
Trade Balance	27,5	33,9	30,3	21,0	6,4	2,8	-6,6
Local Economy+	24,3	21,6	37,6	20,4	-2,8	13,3	-4,0
Local Economy-	1,4	0,0	0,0	1,2	-1,4	-1,4	-0,2
Consumer+	22,5	22,0	23,9	24,6	-0,5	1,4	2,1
Consumer-	1,8	0,5	0,0	3,0	-1,4	-1,8	1,2
Technical Innovation	13,8	19,7	7,3	13,2	6,0	-6,4	-0,6
Quality+	31,7	37,6	31,2	22,8	6,0	-0,5	-8,9
Quality-	5,0	0,0	3,7	8,4	-5,0	-1,4	3,3
Fixed Costs	17,9	27,1	20,2	9,0	9,2	2,3	-8,9
Attract Labor Force	6,9	8,7	9,2	3,0	1,8	2,3	-3,9
Valorization of Local Resources	11,5	17,4	22,0	7,2	6,0	10,6	-4,3
Social Employment	10,1	11,9	10,1	6,0	1,8	0,0	-4,1
Provision of Public Good	0,0	0,9	0,9	0,0	0,9	0,9	0,0
Reducing Fraud	3,2	2,8	0,9	2,4	-0,5	-2,3	-0,8
Industrial risk	2,8	0,0	1,8	5,4	-2,8	-0,9	2,6
Difficulty of implementation	4,6	0,0	2,8	3,6	-4,6	-1,8	-1,0
Restriction of Competition	13,8	0,5	11,0	25,1	-13,3	-2,8	11,4
Absence of Innovation	11,5	0,0	1,8	19,2	-11,5	-9,6	7,7
Risk of Overproduction	8,7	0,0	10,1	9,6	-8,7	1,4	0,9
Prior Property Rights Infringement	7,3	0,5	8,3	7,8	-6,9	0,9	0,4
Fiscal Costs	4,1	0,0	4,6	4,8	-4,1	0,5	0,7
Tax Fairness	1,4	0,0	0,9	1,2	-1,4	-0,5	-0,2
Lack of Realization	2,3	0,0	0,9	3,0	-2,3	-1,4	0,7
Uncertainty/Incompleteness of the Application	4,1	0,0	0,0	4,8	-4,1	-4,1	0,7

Table 5.bis. Motivations for the final decision and Députés and Intendants Influence (85 cases)

	FD	Request	IR	DR	Diff. with request	Intendants' influence	Députés' influence
	N=85	N=85	N=85	N=85			
Custom & Common Practice +	0,0	2,4	1,2	1,2	2,4	1,2	1,2
Custom & Common Practice -	1,2	0,0	1,2	2,4	-1,2	0,0	1,2
Precedents +	3,5	8,2	7,1	3,5	4,7	3,5	0,0
Precedents -	10,6	0,0	9,4	10,6	-10,6	-1,2	0,0
Statutes & Royal Decrees +	3,5	1,2	0,0	2,4	-2,4	-3,5	-1,2
Statutes & Royal Decrees -	3,5	0,0	0,0	3,5	-3,5	-3,5	0,0
Trade Balance	30,6	37,6	28,2	24,7	7,1	-2,4	-5,9
Local Economy+	35,3	28,2	40,0	29,4	-7,1	4,7	-5,9
Local Economy-	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Consumer+	27,1	25,9	28,2	28,2	-1,2	1,2	1,2
Consumer-	1,2	0,0	0,0	1,2	-1,2	-1,2	0,0
Technical Innovation	5,9	9,4	8,2	3,5	3,5	2,4	-2,4
Quality+	24,7	31,8	27,1	20,0	7,1	2,4	-4,7
Quality-	4,7	0,0	4,7	4,7	-4,7	0,0	0,0
Fixed Costs	20,0	30,6	18,8	9,4	10,6	-1,2	-10,6
Attract Labor Force	10,6	10,6	8,2	4,7	0,0	-2,4	-5,9
Valorization of Local Resources	17,6	25,9	21,2	12,9	8,2	3,5	-4,7
Social Employment	11,8	16,5	11,8	8,2	4,7	0,0	-3,5
Provision of Public Good	0,0	1,2	1,2	0,0	1,2	1,2	0,0
Reducing Fraud	2,4	2,4	1,2	1,2	0,0	-1,2	-1,2
Industrial risk	2,4	0,0	2,4	2,4	-2,4	0,0	0,0
Difficulty of implementation	3,5	0,0	3,5	2,4	-3,5	0,0	-1,2
Restriction of Competition	15,3	0,0	12,9	22,4	-15,3	-2,4	7,1
Absence of Innovation	3,5	0,0	1,2	11,8	-3,5	-2,4	8,2
Risk of Overproduction	10,6	0,0	11,8	11,8	-10,6	1,2	1,2
Prior Property Rights Infringement	8,2	1,2	9,4	10,6	-7,1	1,2	2,4
Fiscal Costs	1,2	0,0	5,9	3,5	-1,2	4,7	2,4
Tax Fairness	1,2	0,0	1,2	1,2	-1,2	0,0	0,0
Lack of Realization	3,5	0,0	1,2	3,5	-3,5	-2,4	0,0
Uncertainty/Incompleteness of the Application	2,4	0,0	0,0	3,5	-2,4	-2,4	1,2

Table 6 .Frequency and Ranking of the Justifications Put Forward by the Various Parties in the Decision

	Final Decision		Request		Intendants' Recommendation		Députés' Recommendation	
1	Quality +	31,7	Quality +	37,6	Local Economy +	37,6	Restriction of Competition	25,1
2	Trade Balance	27,5	Trade Balance	33,9	Quality +	31,2	Consumer +	24,6
3	Local Economy +	24,3	Fixed Costs	27,1	Trade Balance	30,3	Quality +	22,8
4	Consumer +	22,5	Consumer +	22,0	Consumer +	23,9	Trade Balance	21,0
5	Fixed Costs	17,9	Local Economy +	21,6	Valorization of Local Resources	22,0	Local Economy +	20,4
6	Technical Innovation	13,8	Technical Innovation	19,7	Fixed Costs	20,2	Absence of Innovation	19,2
7	Restriction of Competition	13,8	Valorization of Local Resources	17,4	Restriction of Competition	11,0	Technical Innovation	13,2
8	Valorization of Local Resources	11,5	Social Employment	11,9	Social Employment	10,1	Risk of Overproduction	9,6
9	Absence of Innovation	11,5	Precedents +	11,5	Risk of Overproduction	10,1	Fixed Costs	9,0
10	Social Employment	10,1	Attract Labor Force	8,7	Attract Labor Force	9,2	Quality -	8,4
11	Risk of Overproduction	8,7	Reducing Fraud	2,8	Precedents +	8,3	Precedents -	7,8
12	Precedents -	7,3	Custom and Common Practice +	2,3	Prior Property Rights Infringement	8,3	Prior Property Rights Infringement	7,8
13	Prior Property Rights Infringement	7,3	Statutes et Royal Decrees +	1,8	Precedents -	7,3	Valorization of Local Resources	7,2
14	Precedents +	6,9	Provision of Public Good	0,9	Technical Innovation	7,3	Social Employment	6,0
15	Attract Labor Force	6,9	Consumer -	0,5	Fiscal Costs	4,6	Industrial Risk	5,4
16	Quality -	5,0	Restriction of Competition	0,5	Quality -	3,7	Fiscal Costs	4,8
17	Difficulty of Implementation	4,6	Prior Property Rights Infringement	0,5	Difficulty of Implementation	2,8	Uncertainty/Incompleteness of the application	4,8
18	Statutes et Royal Decrees -	4,1	Custom and Common Practice -	0,0	Custom and Common Practice +	1,8	Precedents +	4,2
19	Fiscal Costs	4,1	Precedents -	0,0	Industrial Risk	1,8	Difficulty of Implementation	3,6
20	Uncertainty/Incompleteness of the application	4,1	Statutes et Royal Decrees -	0,0	Absence of Innovation	1,8	Statutes et Royal Decrees -	3,0
21	Reducing Fraud	3,2	Local Economy -	0,0	Custom and Common Practice -	0,9	Consumer -	3,0
22	Industrial Risk	2,8	Quality -	0,0	Provision of Public Good	0,9	Attract Labor Force	3,0
23	Statutes et Royal Decrees +	2,3	Industrial Risk	0,0	Reducing Fraud	0,9	Lack of Realization	3,0
24	Lack of Realization	2,3	Difficulty of Implementation	0,0	Tax Fairness	0,9	Reducing Fraud	2,4
25	Consumer -	1,8	Absence of Innovation	0,0	Lack of Realization	0,9	Custom and Common Practice +	1,8
26	Custom and Common Practice +	1,4	Risk of Overproduction	0,0	Statutes et Royal Decrees +	0,0	Statutes et Royal Decrees +	1,8
27	Local Economy -	1,4	Fiscal Costs	0,0	Statutes et Royal Decrees -	0,0	Local Economy -	1,2
28	Tax Fairness	1,4	Tax Fairness	0,0	Local Economy -	0,0	Tax Fairness	1,2
29	Custom and Common Practice -	0,9	Lack of Realization	0,0	Consumer -	0,0	Custom and Common Practice +	0,6
30	Provision of Public Good	0,0	Uncertainty/Incompleteness of the application	0,0	Uncertainty/Incompleteness of the application	0,0	Provision of Public Good	0,0

Table 6 bis .Frequency and Ranking of the Justifications Put Forward by the Various Parties in the Decision (85 cases)

	Final Decision		Request		Intendants' Recommendation		Députés' Recommendation	
1	Local Economy +	35,3	Trade Balance	37,6	Local Economy +	40,0	Local Economy +	29,4
2	Trade Balance	30,6	Quality +	31,8	Trade Balance	28,2	Consumer +	28,2
3	Consumer +	27,1	Fixed Costs	30,6	Consumer +	28,2	Trade Balance	24,7
4	Quality +	24,7	Local Economy +	28,2	Quality +	27,1	Restriction of Competition	22,4
5	Fixed Costs	20,0	Consumer +	25,9	Valorization of Local Resources	21,2	Quality +	20,0
6	Valorization of Local Resources	17,6	Valorization of Local Resources	25,9	Fixed Costs	18,8	Valorization of Local Resources	12,9
7	Restriction of Competition	15,3	Social Employment	16,5	Restriction of Competition	12,9	Absence of Innovation	11,8
8	Social Employment	11,8	Attract Labor Force	10,6	Social Employment	11,8	Risk of Overproduction	11,8
9	Precedents -	10,6	Technical Innovation	9,4	Risk of Overproduction	11,8	Precedents -	10,6
10	Attract Labor Force	10,6	Precedents +	8,2	Precedents -	9,4	Prior Property Rights Infringement	10,6
11	Risk of Overproduction	10,6	Custom and Common Practice +	2,4	Prior Property Rights Infringement	9,4	Fixed Costs	9,4
12	Prior Property Rights Infringement	8,2	Reducing Fraud	2,4	Technical Innovation	8,2	Social Employment	8,2
13	Technical Innovation	5,9	Statutes and Royal Decrees+	1,2	Attract Labor Force	8,2	Quality -	4,7
14	Quality -	4,7	Provision of Public Good	1,2	Precedents +	7,1	Attract Labor Force	4,7
15	Precedents +	3,5	Prior Property Rights Infringement	1,2	Fiscal Costs	5,9	Precedents +	3,5
16	Statutes and Royal Decrees+	3,5	Custom and Common Practice -	0,0	Quality -	4,7	Statutes and Royal Decrees-	3,5
17	Statutes and Royal Decrees-	3,5	Precedents -	0,0	Difficulty of Implementation	3,5	Technical Innovation	3,5
18	Difficulty of Implementation	3,5	Statutes and Royal Decrees-	0,0	Industrial Risk	2,4	Fiscal Costs	3,5
19	Absence of Innovation	3,5	Local Economy -	0,0	Custom and Common Practice +	1,2	Lack of Realization	3,5
20	Lack of Realization	3,5	Consumer -	0,0	Custom and Common Practice -	1,2	Uncertainty/Incompleteness of the Application	3,5
21	Reducing Fraud	2,4	Quality -	0,0	Provision of Public Good	1,2	Custom and Common Practice -	2,4
22	Industrial Risk	2,4	Industrial Risk	0,0	Reducing Fraud	1,2	Statutes and Royal Decrees+	2,4
23	Uncertainty/Incompleteness of the Application	2,4	Difficulty of Implementation	0,0	Absence of Innovation	1,2	Industrial Risk	2,4
24	Custom and Common Practice -	1,2	Restriction of Competition	0,0	Tax Fairness	1,2	Difficulty of Implementation	2,4
25	Consumer -	1,2	Absence of Innovation	0,0	Lack of Realization	1,2	Custom and Common Practice +	1,2
26	Fiscal Costs	1,2	Risk of Overproduction	0,0	Statutes and Royal Decrees+	0,0	Consumer -	1,2
27	Tax Fairness	1,2	Fiscal Costs	0,0	Statutes and Royal Decrees-	0,0	Reducing Fraud	1,2
28	Custom and Common Practice +	0,0	Tax Fairness	0,0	Local Economy -	0,0	Tax Fairness	1,2
29	Local Economy -	0,0	Lack of Realization	0,0	Consumer -	0,0	Local Economy -	0,0
30	Provision of Public Good	0,0	Uncertainty/Incompleteness of the Application	0,0	Uncertainty/Incompleteness of the Application	0,0	Provision of Public Good	0,0

Table 7 Final Decision and Recommendations: Ologit Regression Results

Dependent variable :	<i>Final Decision (FD)</i>					
Model :	Ordered logit					
Sample :	Députés	Intendants	Both	Députés	Intendants	Both
	Without Sector FE			With Sector FE		
	(1)	(2)	(3)	(4)	(5)	(6)
<i>DR (Deputies' Recommendation)</i>	2.271*** (0.390)	.	1.490** (0.555)	2.172*** (0.389)	.	1.292* (0.541)
<i>IR (Intendants' Recommendation)</i>	.	1.957*** (0.371)	0.971* (0.460)	.	2.364*** (0.370)	1.384** (0.452)
<i>Disagree</i>	.	.	-1.538 (1.581)	.	.	-0.730 (2.110)
<i>Year</i>	0.001 (0.025)	0.049 (0.046)	0.019 (0.042)	-0.002 (0.028)	0.062 (0.056)	0.034 (0.051)
<i>Foreigner</i>	0.365 (0.724)	-0.322 (0.429)	0.572 (0.821)	0.194 (0.718)	-0.634 (0.668)	0.446 (0.914)
<i>Luxury</i>	-0.770 (0.702)	-0.439 (0.547)	-1.227 (0.867)	-0.855 (0.711)	-0.814 (0.787)	-1.608+ (0.926)
Sector	No	No	No	Yes	Yes	Yes
Intercept	3.418 (43.748)	85.276 (79.734)	35.305 (72.895)	-2.061 (48.405)	111.554 (97.203)	62.291 (88.948)
	5.592 (43.877)	87.304 (79.801)	37.488 (73.042)	0.129 (48.504)	113.833 (97.281)	64.589 (89.124)
Adjusted R ²	0.28	0.21	0.27	0.29	0.28	0.30
N	167	109	85	167	109	85

In columns (1) and (4), the sample includes decisions for which we have access to the deputies' recommendations. In columns (2) and (5), the sample includes decisions for which we have access to the intendants' recommendations. Finally, columns (3) and (6) include decisions with both recommendations available. Standard errors, clustered at the regional level, are reported in parenthesis. *** p<0.001, ** p<0.01, * p<0.05, + p<0.1.

Table 8. Final Decision and Recommendations: Gologit Regression Results

Dependent variable:	<i>Final Decision (FD)</i>					
Model:	Generalized Ordered Logit					
Sample:	Deputies		Intendants		Both	
	(1)		(2)		(3)	
	0→1;2	0;1→2	0→1;2	0;1→2	0→1;2	0;1→2
<i>DR (Deputies' Recommendation)</i>	1.548*** (0.321)	3.503*** (0.482)	.	.	1.515** (0.543)	2.517** (0.916)
<i>IR (Intendants' Recommendation)</i>	.	.	1.756*** (0.393)	2.293*** (0.619)	1.371* (0.557)	1.095 (0.734)
<i>Disagree</i>	.	.	.	.	-0.473 (0.654)	0.157 (0.954)
<i>Year</i>	-0.024 (0.032)	0.030 (0.042)	0.010 (0.058)	0.064 (0.052)	-0.009 (0.049)	0.038 (0.053)
<i>Foreigner</i>	0.791 (0.796)	0.325 (1.378)	-0.068 (0.736)	-0.719 (0.471)	1.214 (1.117)	0.374 (1.420)
<i>Luxury</i>	-0.924 (0.898)	-0.638 (0.647)	-0.086 (0.788)	-0.806 (0.925)	-0.922 (1.509)	-14.827*** (0.731)
Sector	Yes		Yes		Yes	
Intercept	41.021 (55.190)	-57.129 (73.294)	-18.515 (99.367)	-115.016 (89.962)	13.680 (84.962)	-72.144 (91.941)
Adjusted R ²	0.34		0.23		0.33	
N	167		109		85	

Standard errors, clustered at the regional level, are reported in parenthesis. *** p<0.001, ** p<0.01, * p<0.05, + p<0.1.

Table 9. Final Decision and Deputies' and Intendants' Recommendations: Predicted Probabilities

Predicted probability:		P(FD = 0) refusal	P(FD = 1) restriction	P(FD = 2) approval
<i>IR</i>	0 (refusal)	45	43.5	11.5
	1 (restriction)	23.1	50.8	26.1
	2 (approval)	10	41.2	48.8
<i>DR</i>	0 (refusal)	58.9	34.2	6.9
	1 (restriction)	22.1	50.7	27.2
	2 (approval)	5.3	29.4	65.3

Table 10. Final Decision and Commissaires' Arguments: Regression Results

Dependent variable :	<i>Final Decision (FD)</i>		
	Ordered Logit	Generalized Ordered Logit	
Model :	(1)	0→1;2	0;1→2
Commissaires' Arguments:			
<i>Consumer</i> ⁺	1.341*** (0.381)	1.553** (0.459)	1.144** (0.416)
<i>TradeBalance.</i>	0.783* (0.407)	17.927*** (0.701)	-0.011 (0.589)
<i>LocalEconomy</i> ⁺	1.748*** (0.452)	18.982*** (0.465)	0.909+ (0.476)
<i>Consumer</i> ⁺	1.459*** (0.372)	2.602* (1.222)	1.088** (0.411)
<i>FixedCosts</i>	0.409 (0.441)	16.185*** (1.000)	0.089 (0.442)
<i>Technic.Innovation</i>	0.994* (0.485)	1.591+ (0.886)	0.033 (0.459)
<i>Restrict.Competition</i>	-0.829* (0.364)	-0.627 (0.703)	-2.517* (0.983)
<i>Val.Local.Resources</i>	0.946+ (0.499)	17.427*** (1.172)	0.658 (0.458)
<i>No.Innovation</i>	-0.707+ (0.416)	-0.032 (0.480)	-18.174*** (0.582)
<i>Employment</i>	0.760 (0.736)	-0.171 (1.316)	0.540 (0.631)
Intercept	0.249 (0.274)	-0.999*** (0.284)	-1.114*** (0.280)
	2.273*** (0.396)	-0.999*** (0.284)	.
Controls	Yes	Yes	
Adj. R ²	0.26	0.42	
N	218	218	

"Controls" include the variable *Year*, *Foreigner*, *Luxury* and sector dummies. Standard errors, clustered at the regional level, are reported in parenthesis. *** p<0.001, ** p<0.01, * p<0.05, + p<0.1.

Table 11. Intendants' recommendations, final decision and intendants' arguments: Regression Results

Dependent variable :	IR		FD		FD	
Model :	Orderd Logit		Generalized Ordered Logit			
	(1)	(2)	(3)	(4)		
			0→1;2	0;1→2	0→1;2	0;1→2
Intendants' arguments :						
<i>Local.Economy⁺</i>	0.983 (0.659)	0.295 (0.323)	1.379 (1.308)	0.897 (0.674)	0.442 (0.583)	0.082 (0.362)
<i>Consumer⁺</i>	2.049*** (0.502)	0.606 (0.548)	17.749*** (1.521)	1.919*** (0.561)	0.890+ (0.347)	1.111* (0.512)
<i>TradeBalance.</i>	0.973+ (0.591)	0.069 (0.423)	1.059 (1.492)	1.108+ (0.649)	2.170+ (1.214)	-0.509 (0.575)
<i>Consumer⁺</i>	1.710** (0.662)	0.424 (0.540)	17.650*** (0.649)	1.537* (0.764)	1.018 (0.776)	0.345 (0.554)
<i>Val.Local.Resources</i>	2.050** (0.703)	0.540 (0.524)	17.699*** (1.004)	2.230* (0.876)	0.711 (0.800)	0.406 (0.612)
<i>FixedCosts</i>	-0.628 (0.767)	-0.245 (0.563)	15.631*** (1.173)	-0.956 (0.949)	1.184 (1.203)	-0.755 (0.627)
<i>Restrict.Competition</i>	-2.011*** (0.459)	-0.931* (0.424)	-1.035+ (0.619)	-3.366*** (1.004)	-0.421 (0.487)	-1.360+ (0.825)
Intercept	-1.050*** (0.273)	-0.935** (0.328)	0.395 (0.330)	-0.637* (0.285)	0.455 (0.291)	-0.219 (0.410)
	0.864** (0.277)	0.542 (0.398)	-	-	-	-
Controls	Yes	Yes	Yes		Yes	
Adj. R ²	0.29	0.04	0.35		0.11	
N	109	109	109		109	

"Controls" include the variable *Year, Foreigner, Luxury* and sector dummies. Standard errors, clustered at the regional level, are reported in parenthesis.
 *** p<0.001, ** p<0.01, * p<0.05, + p<0.1.

Table 12. Deputies' recommendations, final decision and deputies' arguments: Regression Results

Dependent variable :	DR		FD		FD	
Model :	Orderd Logit		Generalized Ordered Logit			
	(1)	(2)	(3)	(4)		
			0→1;2	0;1→2	0→1;2	0;1→2
Deputies' arguments :						
<i>Consumer⁺</i>	1.445** (0.503)	0.352 (0.350)	2.306 (1.653)	1.143* (0.522)	0.139 (0.377)	0.359 (0.382)
<i>Restrict.Competition</i>	-1.963*** (0.281)	-1.251*** (0.309)	-1.618*** (0.417)	-18.525*** (0.364)	-1.079** (0.406)	-1.816** (0.577)
<i>Consumer⁺</i>	0.389 (0.443)	-0.017 (0.398)	0.566 (1.337)	-0.017 (0.419)	0.335 (0.562)	-0.129 (0.398)
<i>TradeBalance.</i>	1.047** (0.358)	1.002* (0.390)	17.884*** (0.720)	0.449 (0.483)	2.435** (0.895)	0.447 (0.455)
<i>LocalEconomy⁺</i>	0.910** (0.333)	0.651+ (0.394)	18.785*** (0.777)	0.120 (0.450)	0.553 (0.584)	0.558 (0.410)
<i>No.Innovation</i>	-2.067*** (0.495)	-0.880* (0.366)	-1.678* (0.744)	-17.997*** (0.456)	-0.420 (0.474)	-2.712* (1.114)
<i>Technic.Innovation</i>	0.713+ (0.427)	-0.143 (0.446)	17.309*** (0.882)	-0.062 (0.493)	-0.265 (0.647)	-0.323 (0.519)
Intercept	-1.587*** (0.281)	-0.973*** (0.264)	0.691** (0.265)	0.029 (0.321)	0.626* (0.268)	-0.213 (0.293)
	0.845* (0.378)	0.569* (0.278)	-	-	-	-
Controls	Yes	Yes	Yes		Yes	
Adj. R ²	0.27	0.10	0.44		0.17	
N	167	167	167		167	

"Controls" include the variable *Year, Foreigner, Luxury* and sector dummies. Standard errors, clustered at the regional level, are reported in parenthesis.
 *** p<0.001, ** p<0.01, * p<0.05, + p<0.1.

Appendix A – Additional estimations

Table A1. Final Decision and Recommendations: *Mlogit* Regression Results

Dependent variable:	<i>Final Decision (FD)</i>					
Model:	Multinomial Logit					
Sample:	Deputies		Intendants		Both	
	(1)		(2)		(3)	
	0→1;2	0;1→2	0→1;2	0;1→2	0→1;2	0;1→2
<i>DR (Deputies' Recommendation)</i>	-3.500*** (0.678)	-2.623*** (0.429)	.	.	-2.419** (0.920)	-2.305** (0.868)
<i>IR (Intendants' Recommendation)</i>	.	.	-2.965*** (0.715)	-1.846** (0.573)	-1.890* (0.749)	-0.976 (0.708)
<i>Disagree</i>	.	.	.	.	0.089 (1.042)	0.246 (0.946)
<i>Year</i>	-0.002 (0.048)	-0.028 (0.050)	-0.072 (0.077)	-0.086 (0.054)	-0.039 (0.080)	-0.045 (0.071)
<i>Foreigner</i>	-0.759 (1.402)	-0.020 (1.335)	0.630 (0.701)	0.756 (0.657)	-1.384 (1.346)	-1.123 (1.709)
<i>Luxury</i>	2.115+ (1.173)	1.332 (1.272)	1.431 (1.262)	1.370 (1.014)	18.399*** (2.196)	18.338*** (1.842)
Sector	Yes		Yes		Yes	
Intercept	7.843 (84.109)	52.994 (86.239)	128.957 (133.592)	152.332 (93.112)	73.881 (139.294)	83.567 (123.576)
Adjusted R^2	0.29		0.21		0.32	
N	167		109		85	

"Controls" include the variable *Year*, *Foreigner*, *Luxury* and sector dummies. Standard errors, clustered at the regional level, are reported in parenthesis. *** p<0.001, ** p<0.01, * p<0.05, + p<0.1.

Table A2. Final Decision and Commissaires' Arguments: *Mlogit* Regression Results

Dependent variable :	<i>FD (Final Decision)</i>	
Model :	Multinomial Logit	
	(3)	
	0→1;2	0;1→2
Commissaires' Arguments:		
<i>Consumer</i> ⁺	-3.112* (1.524)	-0.473 (0.440)
<i>TradeBalance.</i>	-19.307*** (0.636)	0.519 (0.593)
<i>LocalEconomy</i> ⁺	-20.272*** (0.585)	0.174 (0.433)
<i>Consumer</i> ⁺	-3.376*** (0.776)	-0.365 (0.415)
<i>FixedCosts</i>	-17.854*** (1.031)	0.241 (0.434)
<i>Technic.Innovation</i>	-2.321* (1.066)	0.974* (0.441)
<i>Restrict.Competition</i>	2.306+ (1.192)	2.815** (1.057)
<i>Val.Local.Ressources</i>	-19.048*** (1.388)	-0.393 (0.425)
<i>No.Innovation</i>	18.249*** (1.737)	20.019*** (1.247)
<i>Employment</i>	-19.483*** (0.930)	-0.132 (0.585)
Intercept	2.422*** (0.533)	-0.692* (0.325)
Controls	Yes	
Adj. R^2	0.46	
N	218	

"Controls" include the variable *Year*, *Foreigner*, *Luxury* and sector dummies. Standard errors, clustered at the regional level, are reported in parenthesis.

*** p<0.001, ** p<0.01, * p<0.05, + p<0.1.

Table A3. Intendants' recommendations, final decision and intendants' arguments: Mlogit Regression Results

Dependent variable :	<i>IR</i>		<i>FD</i>	
Model :	Multinomial Logit			
	(5)		(6)	
	0→1;2	0;1→2	0→1;2	0;1→2
Intendants' arguments :				
<i>Local.Economy</i> [†]	-1.978+	-0.451	-0.420	0.042
	(1.192)	(0.621)	(0.566)	(0.473)
<i>Consumer</i> [†]	-16.903***	-1.229+	-0.323	-0.784+
	(0.510)	(0.721)	(0.659)	(0.453)
<i>TradeBalance.</i>	-15.964***	-0.783	-0.685	0.938
	(0.748)	(0.716)	(0.808)	(0.608)
<i>Consumer</i> [†]	-17.620***	-0.514	-0.587	0.127
	(0.492)	(0.827)	(0.779)	(0.579)
<i>Val.Local.Ressources</i>	-15.439***	-1.271	-0.944	0.163
	(1.168)	(0.938)	(0.877)	(0.598)
<i>Sunk.Costs</i>	-14.843***	0.896	-0.427	0.647
	(1.491)	(0.863)	(1.213)	(0.562)
<i>Restrict.Competition</i>	3.218**	3.382**	1.280+	1.517
	(1.014)	(1.143)	(0.684)	(1.148)
Intercept	0.157	-0.770	-0.179	-0.914
	(0.237)	(0.655)	(0.380)	(0.595)
Controls	Yes		Yes	
Adj. R ²	0.36		0.09	
N	109		109	

"Controls" include the variable *Year, Foreigner, Luxury* and sector dummies. Standard errors, clustered at the regional level, are reported in parenthesis. *** p<0.001, ** p<0.01, * p<0.05, + p<0.1.

Table A4. Deputies' recommendations, final decision and deputies' arguments: Mlogit Regression Results

Dependent variable :	<i>DR</i>		<i>FD</i>	
Model :	Multinomial Logit			
	(5)		(6)	
	0→1;2	0;1→2	0→1;2	0;1→2
Deputies' arguments :				
<i>Consumer</i> [†]	-2.511+	-1.058*	-0.191	-0.248
	(1.380)	(0.521)	(0.387)	(0.555)
<i>Restrict.Competition</i>	3.331***	3.185***	2.179***	1.954**
	(0.900)	(0.734)	(0.529)	(0.658)
<i>Consumer</i> [†]	-1.318	-0.254	-0.326	-0.391
	(0.828)	(0.567)	(0.545)	(0.502)
<i>TradeBalance.</i>	-16.648***	0.423	-1.894*	0.607
	(0.832)	(0.503)	(0.927)	(0.496)
<i>LocalEconomy</i> [†]	-16.840***	0.997	-0.600	0.065
	(0.583)	(0.784)	(0.600)	(0.633)
<i>No.Innovation</i>	1.935**	0.773	1.106+	1.341*
	(0.747)	(0.695)	(0.668)	(0.621)
<i>Technic.Innovation</i>	-16.583***	0.579	0.278	0.470
	(0.838)	(0.651)	(0.678)	(0.737)
Intercept	-0.294	-1.282***	-0.399	-1.157**
	(0.335)	(0.370)	(0.287)	(0.428)
Controls	Yes		Yes	
Adj. R ²	0.42		0.16	
N	167		167	

"Controls" include the variable *Year, Foreigner, Luxury* and sector dummies. Standard errors, clustered at the regional level, are reported in parenthesis. *** p<0.001, ** p<0.01, * p<0.05, + p<0.1.

Appendix B – Correlations Matrix

Table B1. Final Decision and Deputies' and Intendants' recommendations

	1	2	3	4	5	6
1. <i>Final Decision</i>						
2. <i>Intendants' Recommendations</i>	0.554					
3. <i>Deputies' Recommendations</i>	0.616	0.596				
4. <i>Disagree</i>	-0.185	-0.147	-0.084			
5. <i>Year</i>	0.111	-0.011	0.186	-0.024		
6. <i>Foreigner</i>	-0.065	-0.084	-0.114	-0.067	-0.073	
7. <i>Luxury</i>	-0.177	-0.099	-0.095	-0.056	-0.049	0.471

N = 85

Table B2. Final Decision and commissaires' arguments

	1	2	3	4	5	6	7	8	9	10
1. <i>Final Decision</i>										
2. <i>Consumer</i>	0.421									
3. <i>TradeBalance</i>	0.329	0.442								
4. <i>LocalEconomy</i>	0.366	-0.018	0.058							
5. <i>Consumer</i>	0.356	0.177	0.037	0.130						
6. <i>FixedCosts</i>	0.291	0.429	0.329	0.070	-0.022					
7. <i>Technic.Innov</i>	0.102	0.072	0.022	-0.164	0.008	-0.048				
8. <i>Restrict.Competition</i>	-0.311	-0.215	-0.067	-0.164	-0.119	-0.187	-0.005			
9. <i>Val.LocalResources</i>	0.241	0.065	0.101	0.333	-0.021	0.208	-0.102	-0.060		
10. <i>NoInnovation</i>	-0.361	-0.214	-0.190	-0.204	-0.159	-0.168	-0.102	0.232	-0.130	
11. <i>SocialEmployment</i>	0.225	0.099	0.169	0.201	-0.071	0.241	-0.090	-0.134	0.166	-0.121

N = 218

Table B3. Final Decision, Intendants' Recommendations and intendants' arguments

	1	2	3	4	5	6	7	8
1. <i>Final Decision</i>								
2. <i>Intendants' Recommendations</i>	0.596							
3. <i>LocalEconomy</i>	0.130	0.276						
4. <i>Consumer</i>	0.131	0.334	-0.073					
5. <i>TradeBalance</i>	0.114	0.296	-0.017	0.462				
6. <i>Consumer</i>	0.090	0.250	0.054	-0.052	-0.088			
7. <i>Val.LocalResources</i>	0.135	0.258	0.319	-0.071	0.035	-0.090		
8. <i>FixedCosts</i>	0.068	0.173	-0.013	0.402	0.315	-0.121	0.119	
9. <i>Restrict.Competition</i>	-0.224	-0.456	-0.152	-0.237	-0.104	-0.128	-0.045	-0.104

N = 109

Table B4. Final Decision, Deputies' Recommendations and deputies' arguments

	1	2	3	4	5	6	7	8
1. <i>Final Decision</i>								
2. <i>Deputies' Recommendations</i>	0.699							
3. <i>Consumer</i>	0.163	0.374						
4. <i>RestrictCompetition</i>	-0.318	-0.446	-0.202					
5. <i>Consumer</i>	0.151	0.250	0.055	-0.183				
6. <i>TradeBalance</i>	0.210	0.210	-0.089	0.007	0.317			
7. <i>LocalEconomy</i>	0.178	0.269	0.230	-0.122	-0.097	0.032		
8. <i>NoInnovation</i>	-0.308	-0.487	-0.207	0.174	-0.119	-0.176	-0.171	
9. <i>Technic.Innovation</i>	0.007	0.114	-0.099	-0.022	0.084	0.104	-0.153	-0.190

N = 167

Appendix C – Some Telling Examples

Case 1.

In 1738, Mademoiselle Louise Blateron Lemaste applied for an extension of ten years from a privilege previously obtained in 1733 by Messieurs Combe and Ravier in the manufacture of earthenware in Lyon (who has done the assignment) (judgment of March 31, 1733). The Députés du Commerce summed up that: *“Due to limited success in the early years, Messieurs Ravier and Combe had abandoned the manufacture of earthenware. Mademoiselle Louise Blateron Lemaste built a new location (with suitable housing, oven and other necessary buildings), brought workers and put the factory at the point of perfection where it can be useful to draw that it was proposed. And she provides a certificate of transfer of Monsieur Combe dated of May 22 1733. She has made considerable expenses, with success, which ensure that this property is perfectly supported and will prosper in the hands of this woman.”* The extension of the privileged was granted for ten years.

Case 2.

In 1738, Messieurs Motet and Regnier applied to an extension of twelve years from a privilege of producing silk stockings (obtained in 1731). They argue that *“The same privilege was recently extended for six years in the case of Monsieur Pascal and our [their] case is more favorable than the case of Monsieur Pascal because our [their] production is higher and they exported abroad”*. In this specific case, The Députés du Commerce, in the name of *Trade Balance* and *Precedents* arguments, decided to extend the privilege for six years (i.e. the same extension of Monsieur Pascal, in order to not distort competition).

Case 3.

In 1738, Messieurs Botut and Badon propose to establish a factory of tin mill in Izeron (Province du Dauphiné). The Députés du Commerce stated on that case that: *“After observing that these two individuals have sufficient funds for this enterprise, and the quality of the material proofs they gave, the Députés du Commerce think that their business can be a great object [...]. All that till mill, not imported from Germany, will produce a relatively large decrease in the outflow of money from the Kingdom.”* The application was accepted with some restrictions concerning tax exemptions.