



## French Mail Contracts with Private Steamship Companies, 1835-1914

Marie-Françoise Berneron-Couvenhes

Communication by mail between the “mother” country and overseas colonies was a challenge for many European nations. When the development of steam power in the 1830s empowered a regular maritime postal network, the French government responded differently from other states. At first (1835-1850), the French State established its own steamship companies to operate exclusive routes primarily in the Mediterranean. The scheme lost a great deal of money, primarily because the government ships were prohibited from carrying freight so as not to compete with private companies. Then from 1850 to 1883 the government subsidized private steamship companies with mail contracts to carry mail through the Mediterranean, eastward to the Indies, and across the Atlantic. Compared with Great Britain and the United States, France paid much more for these contract mail routes, and dedicated a higher percentage of the annual postal budget to foreign communications networks. A new contract in 1883 (through 1914) gave the State more control over the contractual arrangements with steamship companies (similar to those with railroad companies) but still cost France more than other major countries. The French government’s dedication to maritime postal links reveals the extent to which it considered this network a desirable way of establishing a French presence in foreign countries.

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A prerequisite for a postal network is scheduled regularity. When carrying mail across large bodies of water, scheduled regularity had to wait for steam power. France responded to the new technology and its possibilities differently than other countries, spending vast amounts of money in the process. I hypothesize that this was because the French state—the public power—conceived of postal networks primarily as a public service in the National interest.

### **First Period: 1835-1850**

Louis XV issued an ordinance in 1773: “concerning the written correspondence of subjects of his majesty in the French colonies in

**Marie-Françoise Berneron-Couvenhes** is Docteur en Histoire, Université de Paris IV.

America” that had as its aim to fix a certain periodicity and a regularity of departure for Royal Navy ships.<sup>1</sup> This, in effect, marked the first appearance of a maritime postal service in the public service sphere in France.

However, the technical barrier of navigation by sail limited the emergence of a trustworthy service. It was the application of steam that made ships independent of winds and currents, allowing for the possibility of more rapid and, above all, regular navigation. Moreover, it became possible to determine not only ships’ departure date but also the duration of their journey, and their arrival; mechanical navigation invented exactitude. The Mediterranean was the privileged field of the first steam vessels. Its restricted dimensions and the presence of numerous islands permitted the establishment of refueling stations.<sup>2</sup>

In 1835, a decisive stage was reached in the formation of a maritime postal network with the creation of a Mediterranean government postal service by French Navy steamships. The May 29, 1835 *Assemblée Nationale* approved the project by a law relative to: “the establishment of steam paqueboats designed to transport dispatches in the Mediterranean, between France and the Levant.” Use began in 1837, with a line between Marseilles and Constantinople. By 1850, three routes formed the Mediterranean postal network, serviced by fourteen paqueboats.<sup>3</sup> There were no short routes, but rather several long routes establishing a true network.

Over the 14 years of development, the service of the Mail Ships of the Levant was a technical success, but a financial fiasco. The official total deficit rose to more than F37 million.<sup>4</sup> Moreover, this deficit was foreordained. In the guise of executing a public service, the state accorded itself the sole transport of dispatches, passengers, and specie. However, it expressly renounced the transport of merchandise so as not to prejudice the interests of private industry.<sup>5</sup> The financial results showed that such a separation of commercial interests from postal matters (private from public) was unworkable insofar as it concerned regular maritime links. The state-owned system, much criticized, was vanquished.

### **Second Period: 1850-1883**

During the transitional period from 1850 to 1883, Lloyd, the Austrian steamship company, and the Great Britain’s Peninsular and Oriental (P &

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I thank Diane DeBlois for translating this paper.

<sup>1</sup> H. Grout, “Les services maritimes postaux en France” (J.D. diss., Paris, 1908).

<sup>2</sup> Ambroise Colin, *La navigation commerciale au XIX<sup>e</sup> siècle* (Paris, 1901).

<sup>3</sup> *Moniteur Universel*, 5 March 1851, p. 654

<sup>4</sup> Information drawn from *Supplément B of Moniteur Universel*, 17 June 1851, report of deputy Collas (of the Gironde) secretary of the parliamentary commission charged with examining the Mediterranean postal service.

<sup>5</sup> *Moniteur Universel*, 16 May 1835, 1190, report of deputy Reynard.

O) provided two models for private enterprise developing a service for general interests.

Constituted August 2, 1836, Lloyd was the first company to enter directly into competition with the French state-owned mail ships in the eastern Mediterranean. In exchange for providing a service in the general interest, the transport of dispatches, the company enjoyed a steam navigation monopoly in the Austrian ports of Illyria, Istria, Hungary, Venice, and Dalmatia, and benefited from numerous financial advantages despite no direct subsidy.

The British government, in contrast, subsidized P & O through British General Post Office contracts for the transport of dispatches to Alexandria in 1840, Calcutta in 1842, and China in 1844.

In 1851, the model of such subsidized companies was generalized and extended to fifteen other maritime transport enterprises.<sup>6</sup> For example, the Royal West India Mail Steam Packet Company (or Royal Mail) was in charge of transporting the mail to Central America and the Antilles from 1839 and to South America from 1851, under an annual subsidy of £270,000.<sup>7</sup> Also beginning in 1839, Samuel Cunard formed an agreement with the English Admiralty for a twice-monthly service between Liverpool and New York for an annual subsidy of £60,000.<sup>8</sup> Opening the New York line in 1840 carried a subsidy of £145,000.<sup>9</sup> In 1851, the total of subsidies paid by England rose to £727,425, which was more than F18,000,000 (or about \$3,500,000).

In France, such associations between the State and private companies began in a small way. The 1850 postal contract with the Compagnie Valéry Frères of Bastia to handle mail between Marseilles and Corsica was a seminal entry in the maritime arena. The accord reconciled governmental and private interests and incorporated a large subsidy. This was a classic mode of postal service growth: to charge a company under contract to perform a service in the general interest at its own risk and expense, assuming that it would profit from use of the system by passengers and freight.

On February 28, 1851, the State via the Minister of Finance ceded for 20 years all the Mediterranean postal services it had managed since

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<sup>6</sup> John G. B. Hutchins, *The American Maritime Industries and Public Policy, 1789-1914, an Economic History* (Cambridge, Mass., 1941), chapter 16.

<sup>7</sup> Anthony R. Arnold and Robert G. Greenhill, "Mail Contracts, Subsidies and Profits: the Royal Mail steam Packet Company, 1842-1905," in Simon P. Ville, David P. Williams, eds., "Management, financement et relations industrielles dans les industries de la mer," in *B 14, Proceedings Eleventh International Economic History Congress, Milan, September 1994* (Milan 1994), 47-60.

<sup>8</sup> Francis E. Hyde, *Cunard and the North Atlantic, 1840-1973: A History of Shipping and Financial Management* (London, 1975).

<sup>9</sup> Bourgeois, *Rapport à M. Ducos, ministre de la Marine, sur la navigation commerciale de l'Angleterre* (Paris, 1854), 24.

1837 to the Société des Messageries Nationale, which soon became Compagnie des Messageries Maritimes.<sup>10</sup> This contract was designed to serve as the model for all succeeding postal contracts. It called for three trips a month on the Italian route (Marseilles to Malta); three more trips from Marseilles to Constantinople; and two trips from Marseilles to Alexandria; finally, a trip every 20 days from Constantinople to Alexandria, which made other connections in the Levant. The whole structure represented 105,200 sea miles per year.

The contract defined the obligations of the new company to the State. Regulatory clauses notably concerned itineraries (number of sea miles to travel) and timetables (length of passage, duration of port time, hours of arrival and departure), technical characteristics of the ships (regulated speed, horsepower, amenities on board), hiring of sailors and shipboard security, type of equipment, and ways and means of transporting passengers and merchandise. Contractual clauses were relative to the duration of the contract and to conditions of renewal or termination. Other clauses concerned the subsidy and its payment.

In exchange for the advantages obtained, the new company had to fulfill certain transport obligations. The contract company performed the postal service (free passage of the mails of the Administration des Posts), but also had to accept a certain number of passengers and amount of freight at preferential rates; government or military officials traveled at a 30 percent discount. A government commissioner at Marseilles, named by the Minister of Finance, was in charge of the rigorous execution of the contractual details, and had to alert the administration to any infractions. A postal agent (also named by the Minister of Finance) traveled on board with complete authority to receive, safeguard, and transmit dispatches and to oversee the postal route fixed in advance by the itinerary, the periodicity of departures, and the unvarying duration of voyages. Sanctions and penalties, most often financial, were outlined for cases of non-execution of contractual clauses.

In exchange, the State was equally beholden to the concessionaire concerning the length of the arrangement (20 years) and the subsidy paid. Moreover, the contract company enjoyed an exclusivity clause, by which the government would not contract with another service from Marseilles to points already serviced by the company.

Note, also, the absence of State control in establishing shipping rates, which seems paradoxical because part of the company's public service consisted in granting preferential rates, by a percentage reduction, to government-designated passengers.

The Mediterranean routes contracted by the State were extended during the Crimean War to the Black Sea and Algeria. After the 1880s, a

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<sup>10</sup> Marie-Françoise Berneron-Couvenhes, "La compagnie de navigation française des Messageries Maritimes 1851-1914; entreprise de transport et service public" (Ph.D. diss., University of Paris IV Sorbonne, 2002).

division was made in the operations: Compagnie Générale Transatlantique handled the western Mediterranean (Algeria) and Messageries Maritimes the eastern Mediterranean.

Contracts for transatlantic postal service became important in the 1850s, with France wishing to “catch up” with Great Britain and the United States. Abandoned since 1848, transatlantic postal arrangements were taken up by the Second Empire. A law of June 17, 1857 authorized a global contract. The Minister of Finance divided the transatlantic service into three parts corresponding to the three principal routes: to New York, Mexico, and Brazil.<sup>11</sup> The Messageries Impériales obtained the South America route to Brazil and La Plata and used the exact path of the British Royal Mail line (inaugurated in 1851). The two other transatlantic routes, to New York and Mexico, were finally ceded to the Compagnie Générale Maritimes, which in 1861 changed its name to Compagnie Générale Transatlantique because of these new services.<sup>12</sup>

With the advent of the Suez Canal in 1861, the State subsidized postal service to Indochina via the Compagnie des Messageries Impériales. This link was the principal route to the Far East, with branches to China, Japan, Indonesia, and India. A direct independent line linked Marseilles with Réunion Island and Mauritius in 1864. The French government intended by this to create a presence in the western Indian Ocean, a veritable “English Lake” that until the end of the 1850s had been served solely by the P & O.

The final postal link created in 1881 by the public power under the direction of Adolph Cochery, Minister of Posts and Telegraph, was the Messageries route to Australia and New Caledonia. The creation of a regular service between France and New Caledonia was, in the long-term, necessary for the colony’s survival.

In 1871, the maritime subsidies had risen to more than 27 million francs, but the director general of posts, M. Vandol, still estimated that the state had “gathered in influence, in customs tariffs, and in public prosperity the price of these sacrifices,” and, in its turn, private industry had been equably remunerated for its trust and efforts.<sup>13</sup> The Administration des Postes et Télégraphes chose therefore to devote more than half of its dispersals to the maritime contracts. In 1865, these represented 54 percent of the postal budget, and by 1875, 56 percent.<sup>14</sup>

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<sup>11</sup> L. Girard, *La politique des Travaux Publics du Second Empire* (Paris, 1952) 222.

<sup>12</sup> M. Barbance, *Histoire de la Compagnie Générale Transatlantique, un siècle d'exploitation maritime* (Paris, 1955).

<sup>13</sup> Archives du Musée de la Poste, study conducted by the Director General of Posts M. Vandal for the Minister of Finance in January 1866

<sup>14</sup> Archives du Musée de la Poste, reports on the administration of the post presented to the Minister of Finance in 1866 (by M. Vandal) and in 1877 (by Léon Riant)

TABLE 1  
Contracts between the Postal Administration and private companies, 1876.

Companies	Service	Contract Date	Annual Subsidy	Portion of Total
<b>Compagnie des Messageries Maritimes</b>	Mediterranean, Brazil & La Plata, Far East	21 July 1888	12,955,287	55.4%
<b>Compagnie Générale Transatlantique</b>	United States, Antilles & Mexico	21 July 1885	9,958,606	42.6%
<b>Compagnie Fraissinet</b>	Corsica	31 July 1883	375,000	1.6%
<b>Compagnies du chemin de fer du Nord<sup>15</sup></b>	English Channel	30 Sept. 1884	100,000	.4%

Source: Archives du Musée de la Poste, report on the administration of the post presented to the Minister of Finance, Léon Riant, 1877

In October 1877, a new study by Léon Riant, Director General of Posts, instigated by order of the Minister of Finance, (see Table 1) concluded that the maritime service contract expenses strained the post office budget. It clearly showed that two company monopolies divided almost all the postal services and, as a result, the State postal subsidies: Compagnie des Messageries Maritimes with 55 percent and the Compagnie Générale Transatlantique 42 percent, a total outlay of almost F24,000,000.

France was not the only State to subsidize postal services.<sup>16</sup> However, the French companies enjoyed elevated subsidies compared with those paid by other European companies. Tables prepared by L'Administration des Postes in 1877, show that all maritime links were more highly remunerated by the French government than by the English, except for the English Channel service executed at night by English ships (Table 2).

TABLE 2  
Comparison of English and French postal subsidies in 1876

<sup>15</sup> La Compagnie du chemin de fer du Nord represented the English companies South-Eastern Railway and London, Chatham and Dover Railway

<sup>16</sup> Hutchins, *American Maritime Industries and Public Policy*, dedicates a chapter to the emergence of subsidized postal services between the United States and Europe; also Grout, "Les services maritimes postaux en France," 84 and following.

(Francs per nautical mile)

	France	Great Britain
<b>Mediterranean</b>	17.80	
<b>Brazil</b>	17.80	5.82
<b>China</b>	38.77	25.11
<b>United States</b>	43	Remuneration for weight of letters carried
<b>Antilles/Mexico</b>	45.62	19.59
<b>English Channel</b>	18.68	39.30 (night service)

Source: Archives du Musée de la Poste, report on the administration of the post presented to the Minister of Finance in 1877, Léon Riant, 1877

Moreover, unlike France, the other European States partially let go of the subsidized postal service. For example, in 1876 the British General Post Office did not renew the contracts with Cunard and with Inman to transport mail to the United States, but adopted a consistent system of using the best ships to be found and instead of a subsidy remunerated the owners for the weight of letters and publications actually transported.

### Third Period: 1883-1914

Still committed to the politics of maintaining postal subsidies, in 1893 the French government allowed F25 million in postal subsidies to commercial navigation companies (at a time when Great Britain paid the equivalent of F14 million, and the United States, F15 million). Even though it is not possible to show the relationship between these subsidies and the extension of the postal network, it is still clear that France led in consigning more of its financial assets to postal services (Table 3).

The principal justification resided in the definition of postal services conceded by the State to private industry. The maritime postal services were considered a public service in the general interest: “a large public service responds to the vital needs of the nation.”<sup>17</sup> The postal interests that had motivated the creation of postal services became progressively subordinate to external influences. Postal services became, in effect, the instruments of introducing and maintaining the French presence worldwide, which the State needed in the absence of a sufficiently developed French merchant marine. Subsidized postal routes seemed for France the best and, indeed, the only way to realize a triple objective: they assured the transport of postal dispatches in overseas countries with certainty, regularity, and rapidity; they maintained regular communications between the metropolis (Paris) and the colonies; they opened commercial markets to national industry in faraway lands. Table 4

<sup>17</sup> Grout, “Les services maritimes postaux en France,” 84.

shows that the hegemony acquired in the 1870s by the two major shipping companies had not diminished by 1910.

TABLE 3  
European Postal Subsidies in 1893

Countries	Amount of Postal Subsidy in Francs	Colonial Subsidies
<b>France</b>	25,591,103	551,737
<b>Great Britain</b>	14,572,001	7,240,791
<b>United States</b>	15,509,574	
<b>Italy</b>	9,371,627	
<b>Germany</b>	6,237,500	
<b>Austria</b>	5,726,485	

Source: *Journal Officiel*, Assemblée Nationale, parliamentary document 1109 session 1895.

Criticism focusing on the unfairness of the monopoly of the large companies, and the cost to the Treasury of the subsidies increased. However, if the service were to be re-apportioned to other companies, which ones would they be?

The conventions signed in 1911 maintained the partnership between the State and private enterprise, but the terms were redefined, inspired by 1883 contracts with the railroads. The principle of shared interests was reinforced with three provisions whereby the State could: a) revise the contract, b) benefit from profits if they reached a certain level, c) control the network finances. It is not certain if the public treasury benefited from this situation, because the State had to assume some of the risks of the shipping company's failing (as was shown in 1933 with the near bankruptcy of the *Compagnie Générale Transatlantique*).<sup>18</sup> On the eve of 1914, the public powers were searching for less expensive solutions to maintaining a network of regular and rapid French maritime postal routes.

<sup>18</sup> M.-P. Delaban, "Administration, législation et politique maritime en France de 1932 à 1960, du Normandie au France" (J.D. Diss., University of Toulouse I, 1999).



TABLE 4  
Subsidized Maritime Postal Service as of 31 December 1910

Companies	Contract Routes	Annual Routes (Nautical Miles)	Annual Subsidy	Annual Route % in Francs	Annual Subsidy %
<b>Messageries Maritimes</b>	Mediterranean, Indochina, China, Japan, Australia, New Caledonia, Indian Ocean, Brazil and La Plata	605,077	13,766,854	47.7	48.2
<b>Compagnie Générale Transatlantique</b>	United States, Antilles, Mexico, Algeria, and Tunisia	464,992	12,894,000	36.6	45.1
<b>Compagnie des Chargeurs Réunis</b>	West coast of Africa	25,964	266,000	2	.9
<b>Compagnie de Navigation Mixte</b>	Algeria and Tunisia	85,314	546,000	6.7	1.9
<b>Société Générale de Transports Maritimes à vapeur<sup>19</sup></b>	Algeria and Tunisia	18,546	118,000	1.5	.4
<b>Compagnie du chemin de fer du Nord</b>	English Channel	5,475	447,500	.4	1.6

Source: Assemblée Nationale 7483

<sup>19</sup> The old Compagnie Fraissinet, see R. Caty, E. Richard, *Armateurs marseillais au XIX<sup>e</sup> siècle* (Marseille 1986), 64.