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PRINCIPAL AGENT RELATIONS AND THE DECLINE OF THE ROYAL AFRICAN COMPANY

Matthew Norton

ABSTRACT

Several explanations for the Royal African Company's failure around the turn of the eighteenth century have been suggested. The paper argues that these reasons can be integrated into a more comprehensive account of the company's failure through the introduction of a modified version of principal-agent theory. Instead of focusing on abstract, dyadic relationships, the paper proposes a model that accounts for the meaningful character of principal agent interactions and for the complex networks and multiple role identities of actors within those networks that comprised principal-agent relations within the company. On the basis of this model the failure of the company can be seen as a result of contradictions between its dual role as both agent and principal. The symbolic importance of inefficient trading practices helps to explain why the company was unable to pursue alternative strategies or otherwise benefit from its monopoly.

Keywords: Royal African Company; slavery; principal agent theory; cultural sociology; imperialism

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A number of factors have been suggested to explain the failure of the Royal African Company of England at the turn of the eighteenth century. These factors – including mismanagement, malfeasance, failed monopoly, and unfavorable market structure – offer a compelling framework for understanding the company's failure (Carlos & Kruse, 1996; Davies, 1957; Galenson, 1986; Pettigrew, 2013). Weighing against these factors, however, are the potential advantages of the company form as illustrated in the histories of many of the corporate success stories contemporary with the failure of the RAC. These observations thus beg the further question of why the company failed as it did. Why were these proximate causes of failure decisive? Why could they not be avoided? Why were the advantages of incorporation and a royal patent insufficient to overcome the factors that did the company in? This paper addresses this further puzzle, and in doing so explores sociological dynamics that have been insufficiently addressed in the historiography of early modern trading companies and in theories of principal-agent relations.

The first clue that there is more to the story of the RAC's failure than the proximate factors that emerge from the historiography is that stockholders and managers were well aware of the challenges that eventually overwhelmed the RAC. A further clue to the puzzle still posed by the case of the RAC is the observation that while the company was a failure as a trading enterprise, the way that it failed produced significant benefits for the emerging English empire. The RAC was a failure as a commercial enterprise, but a tidy success from the vantage point of England's cash-strapped late seventeenth century empire building. This paper argues that principal-agent relations hold the key to explaining why the RAC failed as it did, but only on the basis of modifications to the standard analytical framing of principal-agent problems inherited from economics (Shapiro, 2005). There are two main elements to this argument. The fate of the RAC can be better understood using an agency theory (1) that moves beyond a focus on information to incorporate meaning in its model of the interaction between principals and agents, and (2) that understands principal agent relations as occurring in nested networks rather than simply dyadic relationships.

The key empirical claim suggested by these arguments is that the interaction between meaning struggles in which the company was principal and in which it was agent constrained its freedom of action with respect to the existential threats it faced. The company, as principal, was engaged in struggles over its interests with its agents in West Africa, but it was simultaneously engaged in struggles, as an agent, with the crown and political

establishment in England. It was the strategic context the company faced as an agent – and particularly the strategies of meaning it pursued in defense of its monopoly – that made the company such a hapless principal with respect to commercial matters, organized to the end around the pursuit of the policies that eventually destroyed it.

THE ROYAL AFRICAN COMPANY, ITS ORIGINS, ITS DECLINE

The RAC succeeded the insolvent Company of Royal Adventurers Trading to Africa in 1672. The charter of the RAC established it as a joint-stock company with the English trading monopoly over the West African coast to the Cape of Good Hope. The new company attracted £111,100 in capital from some 200 backers including significant political figures – James, Duke of York eventual King of England was amongst the initial subscribers to the stock. It was not the case, however, that political elites dominated the company. To the contrary, Davies emphasizes the point that the business community dominated the subscription to the joint-stock and that far from being dominated by dilettantes, the company's stockholders brought a wealth of business experience, including experience trading to the colonies (Davies, 1957, pp. 59–60). The company's monopoly, granted by royal prerogative, included a number of distinct trading regions with different commodities on offer including gold, ivory, and redwood (valuable for dye). Sugar and slavery, however, were the heart of the RAC's commercial prospects. By the time the RAC was founded, Barbados had been in the sugar business for 30 years, and Jamaica was emerging as a sugar island. Sugar production was entirely dependent on the institutionalization of the long-distance trade in enslaved people from West Africa through the middle passage to the West Indies. The RAC's monopoly was intended to ensure that this brutality was placed on a "proper footing" (Davies, 1957, p. 57). While the slave trade had not figured in the charter of the Company of Royal Adventurers Trading to Africa, the predecessor of the RAC, the RAC charter explicitly mentions trade in "negro slaves" as one of the purposes of the company (Carr, 1913, p. 181). On a moral note, the RAC is notorious as the earliest institutional incarnation of the English slave trade, and thus any discussion of its "successes" and "failures" in this paper must be predicated on an understanding that any successes for the company entailed a contribution to the foundation of an empire built on

large-scale human bondage. This is ultimately an analysis of the social and economic dynamics of the deplorable.

There are several notable dimensions of the RAC's decline. The first is the obvious economic fact of the company's failure. The company took on debt in its first year of operation and its debts climbed thereafter, amounting to some £150,000 by 1692 when the serious political and economic threats that would eventually swamp the company were still coalescing (Davies, 1957, p. 78). Furthermore, many of the assets on the company's books looked dodgy, such as the valuation of its forts on the West African coast, or its valuation of goods in its primitive West African warehouses, most of which for reasons of deterioration and theft were paper assets only. As Davies writes, "the question of whether the company earned true profits between 1672 and 1692 thus resolves itself largely into a matter of accounting" (Davies, 1957, p. 78). That the RAC was still considered a reasonable investment in the late 1680s says more about the hopes for its trade than the record of its realization of those hopes in its first 20 years of operation. The slave trade held the promise of great profitability when the company began trading in 1672 and still did by the 1690s, but those profits proved elusive for the RAC. By the end of the 1690s, the RAC owed more than it could pay, and its economic proposition lay in shambles.

The company's economic failure was entwined with another aspect of its failure: the contingency of its prospects on politics (Pettigrew, 2013). The entire RAC enterprise was founded on the royal grant of a monopoly on the English West African trade (Erikson, 2014). Monopoly has a long and complicated history as a principle of English imperial political economy. Formally, monopoly was understood to be a creation of the crown through the exercise of the sovereign's prerogative powers in matters relating to international affairs. The typical justification for such politically created monopolies was that they made it possible to better organize, coordinate, and ultimately foster trade, with the assumption that if trade was left free to anyone the combination of inexperience and confusion would lead to the destruction of trades rather than their profitable realization. These defenses of monopoly were explicit in the RAC's propaganda. "No Man ever doubted but that Forreign Trade and Commerce is the great Concern and Interest of every Nation, because the Increase and Wealth of all States, is evermore made upon the Forreigner,"¹ wrote an anonymous advocate of the RAC's monopoly in 1680. Contemporary apologists for monopoly argued that free trade jeopardized this national interest. If trade were left open it would degenerate into disorder when, as an early seventeenth

century debate on free trade versus monopoly colorfully put it, “farmers, trumpeters, attorneys, shopkeepers and all sorts of unskilful people”² entered the trade. By the same token, such a low barrier to entry and the ensuing glut of competition from unskilled traders would make investment in the infrastructures of forts, ports, cannons, and trading relationships impossible,³ and the trade itself would collapse. Who would undertake such a cost without some enforceable right to profit from that investment? What private investors could possibly raise such a high capital requirement outside of a joint stock financing arrangement? This relationship between the governance of trade and monopoly was made explicit by RAC propagandists in 1680, writing that “Trade and Commerce cannot be maintained or increased without Government, Order, and regular Discipline for in all confused Traffique it must necessarily happen, that while every single Person pursues his own particular Interest, the Publique is deserted by All, and consequently must fall to Ruine. For which Reason the Crown hath Erected and Established Fraternities or Companies of Merchants, with Grant of Priviledges exclusive to all others.”⁴

From the outset the company’s fortunes were tied to the political-economy of monopoly as an organizing principle of overseas trade (Carlos & Kruse, 1996). This ultimately proved to be a double vulnerability. During the company’s period of active trading a coalition of colonists, planters, and merchants waged a constant and intensifying political attack on monopoly in general and on the West African monopoly in particular. In the later seventeenth century a wide-ranging debate raged in England between proponents of royal monopoly corporations such as the East India Company, the Hudson’s Bay Company, and the Royal African Company and the proponents of free trade as an alternative means for organizing long-distance trade. The RAC’s economic woes and the constant complaints of West Indian planters about the company’s failure to deliver captive Africans in sufficient numbers strengthened the hand of free trade advocates in London. The Glorious Revolution marked a crucial inflection point in this struggle, particularly for the RAC because of the close association of the company with the Stuarts.⁵ Responding to these pressures in 1698, Parliament opened West African trade to any English traders, at the cost of a 10% duty payable to the RAC for its maintenance of an African trading infrastructure, a disaster for the company only confirmed by the expiration of its monopoly in 1712 opening trade freely to all.

Politics proved to be one vulnerability of the company’s dependence on monopoly. The second was that in practice monopoly proved

chimerical. In the first place, the company only had the English monopoly over the West African trade. Numerous European traders worked West Africa in the later seventeenth and early eighteenth centuries, including the Dutch West India company which proved a fierce competitor for the RAC. No European country was able to effectively dominate the West African trade during the period in question, ensuring vigorous competition even for a firm that was able to effectively enforce a national monopoly (Paul, 2009). The RAC was not so able. English interlopers on its monopoly plagued the RAC from the beginning. These interlopers would load illicit cargoes in London or elsewhere, and then sail along the West African coast trading for goods or slaves. They would then sail either back to England or more importantly across the Atlantic where they would smuggle their victims ashore to be sold outside of the official channels of the slave trade controlled by the RAC. The company tried vigorously to secure its monopoly against the interlopers, but were never able to do so. Measures against interlopers included the interdiction of cargoes embarking from English ports comprised of characteristic trade goods for West Africa, the interdiction of illicit deliveries of the enslaved in the West Indies, as well as bonding arrangements with company agents to ensure they did not assist the interlopers (Carlos, 1994). Interloping persisted, however, exacerbating both the economic and political problems the company faced. The records of the company's agents on the West African coast attest to this failure, and matter-of-fact accounts of interlopers are a staple of these documents. The economic impacts of interloping – raising the prices of commodities on the West African coast and lowering prices paid in the West Indies for those who had been enslaved – are hard to quantify in aggregate but played an important role in eroding the company's commercial prospects (Carlos & Kruse, 1996). And in addition to their economic costs, the interlopers were a potent political symbol for the feasibility of free trade to West Africa. One of the routine arguments of proponents of monopoly was that a monopoly was necessary to ensure the maintenance of a trading infrastructure of forts and warehouses on the West African coast. The interlopers, however, adopted a different trading model based individual voyages and shipboard trading rather than trading at established forts and factories. Their continued success in the face of efforts to enforce the RAC monopoly suggested that an open, ships-only trading strategy could work. The voyages of the interlopers should thus be seen both as an immediate economic problem for the company and as an ongoing attack on the political foundations of the monopoly.

THE FAILURE OF THE RAC

Despite these challenges, it should not be taken for granted, from the vantage point of 1672 or the two decades following that the RAC was destined to fail. It had a royal monopoly over the slave trade, and thus a central role in the sugar business, putting the RAC at the heart of the early consolidation of an empire based on long-distance trade. The notion that the RAC was a promising investment was quite plausible at least until the 1690s. The company's failure is thus a question, and it is towards an explanation of its failure that the historiography of the RAC has been directed. Galenson summarizes three of the main explanations for the company's failure as: "poor performance of its overseas employees, the high cost of maintaining its forts in West Africa, and the growing floating debt owed to it by West Indian planters" (Galenson, 1986, pp. 149–150).

Carlos and Kruse, however, have suggested a sweeping alternative answer to the question of how the RAC failed. They argue that issues such as poor performance, the cost of a trading infrastructure, and debt problems were not central to the company's failure. Their explanation instead focuses exclusively on market structure and problems of monopoly. Carlos and Kruse argue that in the market structure facing the RAC, fringe firms – that is to say, interlopers – can be expected to erode the market share of a dominant firm unless an enforceable impediment is available that sufficiently raises the costs to fringe firms. For Carlos and Kruse, the RAC's royal monopoly had the potential to operate as such an impediment but did not, and thus the failure of the RAC can be attributed to the structure of the market in which it traded. This argument is based on a version of the role of the English imperial state in the company's failure that focuses on two phases: the failure to enforce the RAC's monopoly and its ultimate revocation. This premise allows Carlos and Kruse to bracket the state and focus on market structure as the central variable explaining the failure of the RAC. But to the extent that this approach assumes the RAC's freedom of action within this market structure it is flawed. For instance, Carlos and Kruse argue that we should not make too much of the massive floating debt owed to the company by West Indian planters as the debt "gave the Company leverage over plantation owners" (Carlos & Kruse, 1996, p. 292) and that in any case debt was built into the pricing of the enslaved. But it is equally plausible to argue that the large debts owed to the company and the fact that a floating debt was built into the structure of the trade signified the opposite: leverage that planters had over the company because of the intersection of political factors with economic factors in a nested

network of principal agent relations. The company did not act with a free hand with respect to the planters, and this made any leverage debt might suggest unusable. To state the argument more generally, the political environment the RAC faced was not limited to the enforcement and revocation of monopoly, and to the extent that Carlos and Kruse's important argument relies on this presumption to make the strong version of their claim that market structure and the charter account for the RAC's failure, it overstates the case.

Rather than adopting Carlos and Kruse's mono-causal explanation of the failure of the company, I prefer a model that focuses on the interaction of the different explanatory elements described in the historiography of the RAC. The firm failed through a combination of poor management of staff in Africa, costs of forts, costs of floating debt, market structure and the threat of interlopers, and the loss of their monopoly in 1698. Rather than attempting to adjudicate amongst these elements to understand how the company failed, the remainder of this paper examines the different question of why these particular problems arose, persisted, and ultimately led to the demise of the RAC. We must ask whether this was a contingent constellation of problems, or if a common thread ties them together; the evidence suggests the latter.

The fact that the company was consistently unable to more adroitly respond to the challenges it faced is the first clue pointing toward this common thread. For instance, the English East India Company at various points in its history managed to adopt strategies that lessened the threat posed by interlopers through co-optation and the incorporation of a private-trading into the official channels of company trade (Erikson, 2014; Erikson & Bearman, 2006). The RAC, though keenly aware of the challenge of interlopers and malfeasant company employees was never so adroit in identifying mitigation or co-optation strategies. The company's distinctive history of "successful failure," or strategies that failed in ways that were conspicuously valuable to other actors, is the second suggestion of the pattern in the constellation of factors behind the company's failure. The company was beneficial to the English imperial state in a number of ways during the time period of its monopoly – as one would expect of the recipient of a monopoly – but many of those benefits were direct contributors to the demise of the company. The company maintained forts of uncertain profitability that were useful both symbolically and practically for the establishment of an English national trading interest in West Africa. It fostered relationships – albeit often hostile and uncertain – with local political leaders, it participated in war-fighting against other European

nations on the West African coast, and through its forts, native relations, and direct use of force helped to ensure that no other European powers were able to dominate the West African trade and ultimately squeeze competitors out. The RAC transported people who had been enslaved in massive numbers, sold them to planters throughout the West Indies on generous, long-term credit, and took their payment, eventually, in sugar which during the later seventeenth century often sold for a loss back in England (Davies, 1957, pp. 335–343). These commercial arrangements put the company under constant fiscal pressure, but were crucial to the consolidation of an empire of long-distance trade in the later seventeenth century, including through the development of plantation economies based on the sugar and slave trades. In addition to its facilitation of the emerging economic structure of the English empire, the RAC played a consequential role in the consolidation of empire through its contribution to the circulation of people, goods, and ideas. The company made further contributions to the emerging empire by fostering English marine human resources through its constant demand for men to man its ships, as well as by providing an option on the joint-stock model for the slave trade that persisted until the resolution of the question in favor of free trade at the end of the seventeenth century.

Davies (1957, p. 122) and Pettigrew (2013, p. 17) have suggested that there was something of the public utility about the RAC, an interpretation that this list of benefits supports. This metaphor, however revealing, also has the potential to conceal some of the particular aspects of this situation. The RAC's socio-economic role is striking in part because it was precisely not a public, tax-funded utility. It played this role in many respects, but did so through a social arrangement based on concepts of monopoly trade, shareholder value, and long-distance commerce. The metaphor of a public utility simplifies this situation by suggesting a model where the reason for the public or state benefits a given corporation or other entity produces are its purpose. The case of the RAC is more complex because these benefits were not its stated purpose, and yet were accomplished with much greater consistency than profit – its ostensible end. Furthermore, one of the most important aspects of the RAC case has to do with precisely the characteristic that distinguishes it most clearly from a public utility: the benefits of the company to the empire were almost entirely funded by shareholders. The question posed by the RAC but not by more direct public utilities is how this was possible. The answer depends on our understanding of the unique socio-cultural/economic/political form that was the early modern trading company.

It is important to note that many of these benefits for the empire were direct costs for the company, in some cases costs that contributed to the existential threat against it as a profitable investment. The great success of the company was the fact that it did all of these things, allowing the crown and empire to capture the value of investors' involvement, to secure wealth for imperial purposes through a mechanism other than taxation. While the historiography of the RAC has provided a good account of the contributing factors to the company's failure, it has not provided a convincing explanation for why the company failed as it did, for why it continued doing things that were so costly and of so little benefit to the company and its shareholders, and why during its first 30 years the company produced so few benefits to its presumed beneficiaries and so many benefits to empire. Why did the company prove so consequentially advantageous for empire in its failure rather than simply failing?⁶

The following section argues that an analysis of principal-agent relations involving the RAC can help in answering these questions. Such an explanation, however, requires that we reconsider some of the premises of principal-agent relations.

PRINCIPAL AGENT RELATIONS, QUIET AND NOISY

The problem of principal-agent relations rightly looms large in the literature on early modern trading companies (Adams, 1996; Carlos, 1992; Erikson & Bearman, 2006; Kiser, 1999). Their trading enterprises pushed contemporary technological and social arrangements relating to communication, trust, and verification in ways that made the delegation of the pursuit of one's interests to un-related, possibly hostile agents at a great spatial and temporal remove a central commercial problem. In this sense, the RAC is paradigmatic; but it also suggests alternative analytic perspectives on agency problems. The social scientific study of principal-agent relations has generally focused on, to borrow Martin's terminology, a quiet analytical world (Martin, 2011). This quiet world is created by clearing away, for the purposes of modeling principal-agent relationships, all but the relationships of central interest. The analyst identifies the key relationships within the company or other organization to be explained, pruning the rest or defining them as exogenous to the focal principal-agent relationship. Furthermore, the ties in the network are typically defined in the most general, abstract, and simple way (Shapiro, 2005). This technique is

analytically powerful, has the potential for great parsimony, and is built for the construction of generalizable arguments. I have no quarrel with it. It does have limits, however, and this is reflected in the push within agency theory toward more complex models. Gambetta, for instance, develops a meaning-centered model of agency in his work on signaling, particularly in relations between criminals, that corresponds with the emphasis on meaning in the negotiation of agency relations here (Gambetta, 2009a, 2009b), while Dunn's "evolutionary theory" of principal-agent relations introduces a complex model of firm behavior based on a dual understanding of the firm as a production function and as a social environment characterized by complex, meaningful, and nested dynamics of agency (Dunn, 2014). The case of the RAC contributes to this wing of agency theory by suggesting the analytic benefits of a "noisy view" of principal-agent relations, focused on both the centrality of meaning and on the importance of nested networks of agency ties, in the explanation of the company's failure.

A noisy view departs from a quiet view in two ways. First, while the quiet view entails pruning the organizational structure quite close to the relationships of interest, a noisy view examines a more extensive structure of principal-agent relations extending from sovereign to those upon whose enslavement the company thought to prosper. Within this structure, actors played multiple roles, some as principals, some as agents, some dyadic, many multiplex (Miller, 2005, p. 211; Shapiro, 2005, pp. 266–267). The purpose of this analytical strategy is to identify ways that different hierarchical levels of principal-agent relations might impinge on one another, creating nested structures of influence. Second, building on the abstracted definition of principal-agent ties that is typical of a quiet view, a noisy view attempts to add case-specific social meaning back into those ties to better understand the strategies and interaction-outcomes between principals and agents. In what follows I pursue this approach by analyzing the RAC as a constellation of non-independent meaning games occurring between different organizational levels simultaneously.

By meaning games I mean to build on the importance of information – its presence, its absence, efforts to obtain it, efforts to conceal it – in theories of principal-agent relations (Adams, 1996, p. 14; Carlos, 1992, p. 140; Erikson & Bearman, 2006, p. 202; Miller, 2005; Petersen, 1993, p. 279). The role of information – and especially the problem of information asymmetry – is central to existing theory. For instance, the extensive work on incentives as a mechanism for the management of agency problems is predicated on the capacity of actors to access information on the basis of which contracts, payments, and penalties can be implemented. Given the threat of

defection by the agent, principals are constantly searching for information about the actions of the agent, while agents often engage in counter strategies to conceal information from their principals, either for purposes of greater freedom of action or for purposes of defection. But information is in important ways overly simplistic, and focusing on it encourages a narrow examination of principal-agent strategies involving actual facts about the world. To be clear, this is a vital aspect of such relationships and thus vital to analyzing them. But we cannot lose sight of the context of interpretation in which these information games occur. Principal-agent relations involve inherently meaningful interactions involving not just information, but its significance.⁷ Information games are an important part of principal-agent relations, but they are part of a more comprehensive struggle over meaning. It is through meaning-making processes – often in the form of game-like struggles played between principals and agents – that information becomes a significant social attribution. It is through such interpretive processes that signs of loyalty, defection, good stewardship of resources, or deceit are negotiated and applied. If we consider the important question of malfeasance, malfeasance does not come predefined in informational terms. Rather, actors interactively define its meaning, establishing interpretive parameters that act as a cultural lens through which actors' piece together meaning from the information they obtain. Information must be made sense of, and this sense-making is also an interactive social process – and often involves elements of social struggle. This is distinct from Kiser's observation that culture can play a role in principal-agent relations through the inculcation of values and beliefs that support the legitimacy of the principal's rule (Carlos, 1994; Kiser, 1999, p. 165). In focusing on meaning as the broader context of the information games that occur between principals and agents I mean to suggest that meaning is equally implicated in structural questions of interests and incentives. The concept of meaning games is not meant to replace information games, nor is it precisely complementary. Rather, it subsumes the earlier concept, suggesting a sociological model that captures a crucial additional dimension of the game being played which we would otherwise miss in our analyses of the strategies and histories of principals and their agents.

In the case of the RAC, a noisy view of principal-agent relations can help to understand the trajectory of the company's economic fortunes, its inflexibility in responding to some of the challenges that it faced, and the fact of its contributions to empire at the cost of profits and long-term commercial viability. The next section examines the interactions of the company management with its factors in West Africa to specify the concept of

meaning games. The following section adds to this the nested character of principal agent ties relating to the RAC, developing the argument that the meaning games it was playing as agent constrained its scope of action as a principal. The games it had to play up constrained those it played down in a consequential way.

MEANING GAMES

The RAC made their West African headquarters at Cape Coast Castle. Forts and factories (the contemporary term for unfortified trading lodges) from most other areas of the coast were in constant communication with the company administrators there, writing for goods, sending accounts, informing the company leadership at the castle about commercial and political developments relating to their various West African trading partners, as well as about the activities of European competitors, interlopers, and pirates. The correspondence between these out-forts and Cape Coast Castle thus provides a direct view on a key aspect of principal-agent relations within the company. And in providing a detailed empirical window onto these relations, the record of this correspondence speaks to the centrality not just of information in the interactions between principals at Cape Coast Castle and their agents elsewhere on the coast, but also of meaning.

From the perspective of information games, these letters are also rich. Throughout them factors allude to many of the various techniques of information that their principals demand. For instance, the following list captures elements of various information games mentioned by John Carter, the RAC's factor at Whydah, in his correspondence with Cape Coast Castle between September of 1685 and August of 1687:

1. half-yearly and yearly accounts for the factory sent to Cape Coast Castle;
2. regular factory inventories;
3. bills of loading collected for slave ships, to be checked against delivery manifests collected in the West Indies;
4. charter party agreements specifying specific requirements for trade, loading, and delivery for ship captains landing at Whydah;
5. and the regular exchange of letters with the company.⁸

Principal-agent theory has emphasized the importance of the connection between sources of information like these and incentives. Carter, for his part, had to deposit £1000 as security against malfeasance with the

company in London, but was also paid double what was normal for a factor in expectation of his capacity to act independently in the company's interest at a crucial slave trading mart. Fines were also a routine part of the relations between company principals and their agents, particularly ship captains who faced a constant temptation to trade on their own account in violation of company policy.⁹ In a letter from Sekondi factory to Cape Coast, an RAC factor relates news of a captain fined upon his arrival in Barbados: "Captain Atwell run 40 slaves ashoare upon his own account att Barbado's and some of his men inform'd against him, and when hee was examined hee confessed the thing, soe they mul[c]ted [i.e. fined] him; his gunner ... and severall others they lost all their wages."¹⁰ The company's information infrastructures, from accounts and bills of lading to customs inspections and informants in the West Indies were essential to the operation of this system of incentives. Incentives, in turn, were crucial for principals in their efforts to control their agents in a complex trade that took place over thousands of miles and included numerous points where principals' interests were vulnerable to the designs of their agents (Carlos & Kruse, 1996).

Information, however, is only a starting point. The correspondence conducted by agents with their principals at Cape Coast, for example, is not adequately described as an information game. What was at stake in these exchanges was meaning. In one typical encounter, Richard Thelwall, a factor at Annamaboe wrote in response to a letter from Cape Coast: "Yesterday I received yours, whereby I understand [you] did wonder that Agga factory was not repaired." How did Thelwall respond to the accusatory wondering of his principals at Cape Coast? It was not by providing some new information about his activities, but rather with a narrative about their meaning. He writes, "In answer, ever since I had your honours order, the next day I sent a white man and Blacks with thatch from hence and they had mended all the dwelling house, but the corne roome will aske a greate time for to fetch poules and thatch; besides itt must be ready to putt on before the old thatch be taken off, for feare the raines should wash the walls downe. I am sure there is never an English man here will say or write soe, but whomsoever did, did itt undeserving."¹¹ The principals of the company at Cape Coast had information about Thelwall's doings – the game-like aspect of the collection of that information is suggested by Thelwall's plaintive conclusion wondering who had so unfairly informed on him – but the question was what they meant. Was the delayed thatching a case of malfeasance or undue influence? Malingering? Or something else? This kind of story about the meaning of the information received by

the company is constant in the correspondence of out-factors with Cape Coast Castle. John Thorne, for instance, wrote from Ophra in 1681 to explain why his accounts from the factory “may seeme something strange to your worship.” He writes, “if you had butt seen what condition I found the factory in and what bad customes factors had brought up here since I went home, not knowing how to deale with the Blacks ... and I have been forced to be att an extraordinary charge in reducing them to their former customes againe and I hope to continue itt whilst I have the power in my hands, but if your worship send another above mee I doe not know how hee will deale with them ... but I hope the next account will be more easier to the Company then this, for the charge hath been ogmented in regard of an unhappy war which broke forth among the Blacks ... If Mr Wyborne please, who is the bearer of this letter and accounts, hee can give you certification att large.” Information and meaning are entangled in such accounts, but not reducible to one another, for the significance of the information communicated by the accounts, by Mr. Wyborne, and by any other means depended on what sense was made of them by principals. And for their part, RAC agents along the coast were well aware of the importance of this context of interpretation.

It is for this reason that the dominant form of justification in the correspondence between out-factors and Cape Coast is the narrative. Throughout the extant letters we find factors attempting to impose their own justificatory stories on the scanty web of information available to principals through narrative accounts – there are many, many excuses in this corpus of letters from the seventeenth century. “Yours the 22th instant have received with my accompts,” writes Gerrard Gore from Komenda in July of 1697, “which I have rectified & sent per this, and humbly beg pardon for my errors which hitherto committed, which I hope you will impute to young beginning ... but for the future shall learn better.”¹² “[I] am very sorry I have displeased your Worship,” writes Hugh Hilling in 1687, “in not sending up the slaves and gold by the great cano. The occasion was because their was no order for itt in the letter that I received by the cano for itt. I desire your Worships pardon for this misdeamenor, and I shall be more diligent by such oportunities hereafter.”¹³ George Poston, commander of an RAC ship wrote in 1686 to “beg that favour at your hands to pardon me in not sending the packet by my chururgeon ... bing I ever thought of it to send it after my boate, not tell such time I received your Worships letter this morning. Therefore pardon me for I was so busy ... that I thought nothing but that I had sent it ... I would have your Worships advice in every thing ... and to sattisfie your Worship that my owners hath

noe part of my windward cargo [i.e. Poston is not facilitating smuggling], butt though they have not I will doe as much for the Royall Company as any man that ever was in there imploy to the utmost of my power."¹⁴ Throughout the correspondence of the RAC this game recurs: some problem or lapse or failure revealed through the information infrastructures imposed by the principals of the company on their agents and defined by them as a somehow salient – usually suspicious – signifier. This is followed by efforts to explain its significance by agents rejecting malfeasance and incompetence as explanations. A meaning game, played by both sides, each with its own imperatives and in light of its own cultural structures. After a terrible fire in Komenda in January 1682, for instance, James Nightingale writes that “[I] was afraid that I should not save once cracra worth but the great mercy of God Almighty and assistance of my boys and Commenda people saved all ... I doe assure your honour if such an accident had befallen the Dutch, they would not have saved one penny’s worth.” Other accounts of the situation might have told a different story, but Nightingale’s is all that remains, and we, as did the principals of the RAC are left with evidence not of information, but of a man trying to spin the meaning of a factual event in his favor.

Another way that thinking about principal-agent relations as involving meaning games rather than simply information games is helpful is that it focuses our attention on the way that principal-agent relations involve both competition and collaboration (Perrow, 1986, p. 17). In the case of early modern trading companies, agents – even agents bent on malfeasance – were dependent on the commercial structures established in collaboration with their principals and the meanings embedded within those structures that were the basis for whatever power and authority they had. This emerges in two ways in the correspondence of out-factors with the RAC. The first is apparent in the problems that Carter, the aforementioned factor, faced in his exchange of letters with the company. The journey from Whydah factory to the company’s Cape Coast headquarters, usually undertaken by African canoe men contracted by the company, was treacherous, even impossible for much of the year. Often the canoe men stopped, sometimes for months at other settlements along the way, putting the flow of information at risk, and causing Carter to complain constantly about the “roguishness of the canoemen.”¹⁵ One of the constant struggles revealed in Carter’s correspondence is the pressure put on him by the company to write regularly, unsurprising given the centrality of letters, accounts, inventories, and other written instruments in the information game between Cape Coast principals and their agents. But importantly, Carter also frequently

expressed his *own* frustration at not having a dedicated “advice boat ... for the better settlement and government of this factory.”¹⁶ In other words, Carter himself desperately wants to participate in this information game, even though the orders and responses he receives from Cape Coast often complicate matters for him. He *wants* to be governed because his own strategies for establishing authority and influencing the behavior of the captains, kings, traders, soldiers, and slaves surrounding him depend on his legitimization as an authority-figure by virtue of his connection to and position within the company. He is simultaneously an agent and a principal, and to be an effective principal, he must orient himself to the structure of the environment of meaning, as well as the commercial structure and expectations, enforced on him as an agent. Carter’s correspondence reveals the extent to which he was in collaboration with his principal’s in creating a sensible trading environment. The regular exchange of letters was critical to this project because even though those letters constrained his freedom of action, they also constructed him as a node in a far-flung network of discipline and trade goods within which the orders he gave became more than mere words. In order to secure his authority Carter needed to be governed.

Similar dynamics of collaborative dependency between principals and agents were at play in another episode in 1682 related by James Nightingale. The RAC appointed Nightingale its factor at James Fort. He reports in a letter to the Agent-General of the company that as his first act, he:

called up every man, to be understood both Blacks and whits, belonging to the Royal African Company of England and read before [them] your Honour and Councils order. They all tould mee they would observe it and they acknowledged mee to be their Chief tell further order from your Honour and Councill, where upon wee hysed up the flagge, fiered 5 guns and drank your Honour and Councils good health.¹⁷

Nightingale’s efforts to establish his own authority as principal amongst the men of James Fort depended on ability to show that he was a legitimate agent of the RAC through his orders but also through his participation in the exchange of letters, accounts, inventories, and goods through which the company sought to regulate the actions of its factors on the technological and geographical brink of its influence. If we imagine ourselves in Nightingale’s position for a moment, the existential importance of the fusion of the roles of principal and agent and his dependence on others for his capacity to play either suggests itself: among strangers in a poorly fortified outpost, on the coast of a hinterland populated by powerful African kingdoms, days away from the company’s African headquarters even in

good weather, and weeks away from England, charged with conducting a profitable trade in human beings that relied on the capacity to coordinate and control various actors in various ways subject to various forms of verification. Even if he had malfeasance in mind, it could only occur in the context of a deeper, more evident collaboration with his superiors and subordinates in the visible structuring of himself as both principal and agent.

There is a second sense in which these collaborative dynamics of meaning making are apparent, involving the routine confusion experienced and expressed by many factors when their sense of meaning and purpose, their sense of what it meant to be an agent in such circumstances dissolved. One of the main ways that this comes up in the RAC correspondence is with respect to the disjuncture between the RAC's organization of its West African trade and the actual patterns and demands of that trade. The RAC was committed from the outset to a mixed ship-castle trade strategy involving both forts and factories in set locations along the coast and ships that would move between those factories as well as serving as mobile trading posts in their own right. The question looming over this arrangement, however, was what value the forts and factories brought. English interlopers on the West African trade served as clear statement of this argument in that they were forced by the illicit nature of their trade to rely on a ship-only strategy, and the strategy worked quite well. Indeed, ships had the advantage of mobility, allowing them to flexibly respond to the fluid patterns of West African trade driven by shifting patterns of war, power, taste, and culture among the peoples of West Africa. If blue perpetuanos (an English woolen cloth) were not in demand in one area, ships could move to the next in hopes of better prospects. Forts, however, had no such luxury, and goods that had gone out of fashion or for other reasons had no local trade value stacked up in warehouses to rot (Davies, 1957, p. 261). The RAC sought to avoid this disadvantage by using Cape Coast Castle as a sort of central distribution point for many of its forts and factories. This solution does not seem to have worked well, and factories were routinely either over- or under-stocked with the wrong commodities demanded by local trade conditions. Further confusing the structural position of its factors, the RAC also sought to establish prices from Cape Coast, creating situations where factors had goods that were in demand but were attempting to charge more than local markets would bear. Indeed, often they were attempting to sell goods for more than their European competitors. This structural contradiction made confusion one of the principal problems of principal-agent relations in the RAC. Mark Bedford Whiting writing from

Sekondi factory in 1683, for instance, cannot get the commodity in greatest demand – gunpowder – for weeks, and meanwhile was attempting to charge more than his competitors for the commodities he did have. This situation came to a head in June when a large gathering of local traders sent for the factor and insisted “that unless your Worship would abate the prizes [prices] of goods they would goe to Dickiscope or to the Dutch att Tagarada and lay out their money, wondering why the goods should be risen of a sudden and not sold att Mr Shears [the prior factor] rates or as on board the Companys ships. Their prizes is this [followed by a list of proposed prices].”¹⁸ Whiting’s principals at Cape Coast apparently did not see fit to make much of a change. He writes “I shall observe your Worships orders as to that matter [the prices of goods] although I cannot sell them all att the Castles rates, here being an interloper one Captain Parris of Barbado’s that undersells mee in some sorts of goods.”¹⁹ Whiting was, however, expected to carry on trading, but it is unclear to us as it was for him what exactly a loyal agent’s role should be in a situation where the demands failed to match the possibilities.

This sort of confusion is evident in a perhaps more dramatic case in Komenda in early 1696. The company’s factor Thomas Willson wrote on January 21 of a fleet of canoes he had feared to be attacking, and noted “it is pittie the fort is not better man’d, for fear of some such sudden exploit.” “I hope your worships will be pleased to sent powder & men,” he added.²⁰ On the 22nd he made the case more plainly “We are here in a very sad posture of defence, having no victuals, the fishermen being all run into the country & the woman, & no caske to put water in, few men & most sick, in a manner nothing, no orders what we must do in any case whatsoever. I would desire your Worships to send us powder, men, water cask & provisions with your orders as soon as possible can be, which I hope will be tomorrow. PS. I have neither paper nor ink to write any more.”²¹ Of this list, only water was forthcoming, which Willson confirmed receiving in his letter of January 23, in which he also reiterated “As I writ you word before, once more I hope your Worships will be pleased not to forget us, but by all means to send us man, corne & more armes, without which it will be impossible for us to maintaine the Companys fort.”²² The strain of the situation is evident in Willson’s next letter on January 26: “You must contrive som way or other to gitt us of. ... Whe have noe corne nor nothing to subsist on. They panyard [seized] the great canoe this morning and panyard all your canoes, and now the town people are gone. I doe suppose we shall have the dam’d people upon us, who I am afraid will give us no quarters, and their will be no way for us to make our escape.” Willson’s misery

continued unabated. He notes on February 7 “Wee have daily expeted aide from your worships either by sea or land but find none. I have often sent to you for men & powder, we having not above 40 lb in the fort. Here we live pend [penned]up, knowing nothing ... and in daily expectation of the Miners or some other people to sett upon us, & when there will be no way for us to escape, & pray consider what a condition wee are in to fight, which wee must doe to the last. I hope you will be pleased to send up forthwith men, powder and match.”²³ On February 13, Willson writes indignantly to the company “As for your six black soldiers [they] are a thing of nothing, for if they were ashoar they would not stay with us two minutes but would be scampered into the woods, and indeed what doe six signifie? ... If your worships had sent 10 or 12 white men & about 30 or 40 blacks, it had been some incouragment, with a supply of powder & provitions, yet your worships may stand by us yet, only delays are dangerous.”²⁴ This situation continued, but the tone of Willson’s letter on February 19th provides a good summary of the experience of confused disjuncture between demands and means that he experienced. “Yours I received last night,” he writes, “with one cheese and a piece sowes beef, some bread ... all which is to no purpose, it is men, men, men and powder that I for this two months together have writ for, but to noe effect, & told you the necessity & the desperateness of our condition, having not a man for ever flancker & most of them sick ... but what doe I say any more for when to no purpose?”²⁵

In posing his question in terms of purpose, Willson provides a helpful insight into his experience that makes it representative of a general dissolution of meaning in the RAC’s coastal commercial establishments. Prior to any question of loyalty or malfeasance, this is a portrait of an agent struggling to reconcile the demands he understood his principals to be making with the resources he was provided and largely failing to achieve a meaningful sense of what he was supposed to do. Malfeasance may well have been a significant issue with the company’s West African staff, but their correspondence reveals that confusion was also significant.

Galenson and others have identified poor management of staff on the West African coast as one of the keys to understanding the failure of the company. These problems of purpose and meaning suggest the alternative view that the company’s failure was at least partly in structuring their West African trading situations in ways that made loyalty and good stewardship of company resources even a possibility (Carlos, 1994). To succeed in doing so, the company would have had to achieve some plausible fusion of resources and demands, with some measure of synchronization with the

fluid political and commercial situation amongst their African trading partners. They failed to do so, and throughout the RAC's monopoly period the correspondence of its factors on the coast records an undercurrent of frustration and confusion as they sought to reconcile the material and social realities of their day to day circumstances with the expectations enforced by the company through its various stratagems of information and meaning gamesmanship. The correspondence of these factors suggest that, like Willson, this reconciliation often failed, leaving these men confused – a clear agency problem, and one distinct from the usual focus on malfeasance.

This analysis begs the question, however, of why the company failed to structure its trading activities and demands on its factors in a more efficient, sensible way. It is to that question that the following section on the nested character of principal-agent relations is directed.

NESTED AGENCY RELATIONS

Why did the RAC remain committed to a ship-castle commercial strategy instead of exploring the ship-only strategy employed by the interlopers? Why did it allow its customers in the West Indies to run up such huge debts and to pay in sugar despite the costs this imposed on the company? Why was it unable to organize its affairs on the West African coast in a way that was responsive to actual trade conditions instead of leaving so many of its factors without the means or direction to pursue the interests of their principals, even if they had been sufficiently incentivized to do so?

The adoption of a nested theory of principal-agent relations can help to elucidate all of these questions, and thus the demise of the RAC. By a nested theory of principal-agent relations I mean to suggest that the meaning/information games that are a central element of principal-agent relations often take the form of multiple games played between different levels of an organizational structure simultaneously. Simultaneity is important to a nested theory of principal-agent relations, suggesting that games played between different organizational-structural levels are distinct but not independent, with the constraints and strategies employed in one game spilling over to influence the conditions and the play of other games. If we understand principal-agent relations in the RAC as a case of a nested meaning game, it puts us in a better position to explain some of the dynamics of the company's failure.

To focus on the relationship between the factors on the coast and principals at Cape Coast Castle, or between the company's West African staff and its directors in London as part of a quiet view of principal-agent relations comes at the cost of ignoring the extensive network of simultaneous principal agent relations occurring between multiple levels and positions with the company's commercial structure. At the bottom of the company's structure, for instance, there were many relationships that can rightly be understood as reflecting principal-agent dynamics. The company's factor, for instance, was often engaged in such relations with other commercial officers or soldiers, as well as with native canoemen hired to deliver goods and messages often to the consternation of factors who insisted on understanding themselves as principals in the relationship. Thus, each fort or factory could be analyzed as a site of principal-agent relations unto itself, and those relations could have implications for other meaning games with other levels of the company. The previous section relates to principal-agent meaning games played between the out-factors and their principals at Cape Coast, but the men at Cape Coast were simultaneously playing these games with the directors in London. Ship captains were in the same position with respect to the company's directors, as were the company's West Indian agents, whose job was mainly to ensure that the captains employed by the company did not defect from the interests of their principals by offloading the enslaved on their own account under cover of darkness. The company's directors, however, in addition to these multiple games as principal, were simultaneously playing meaning games as agents with the stockholders of the company.²⁶ The most important relationship for understanding the fate of the company in this nested model, however, was the relationship between the crown and the company, in which the RAC played the role of agent. It was the constraints imposed on its other activities by the meaning games the company played with the crown as an agent that were the key to the RAC's failure.

If we conceptualize the RAC as an agent involved in a meaning game with its principal, its behavior in establishing its West Indian slave markets makes more sense. One of the most puzzling features of this aspect of its business is that the RAC's sale of people to West Indian planters took place almost entirely through the extension of credit, and often for quite long terms. The company would sell people as slaves to planters, but planters were typically not expected to pay until the end of the next growing season. This meant that the company had a persistently large floating debt in the West Indies. Further confusing its West Indian operations as a pure business proposition, the company routinely accepted payment for slaves in

sugar. As Davies has documented, during most of the company's active trading period, the company lost money on its exportation of sugar from the West Indies to England due to low prices (Davies, 1957, pp. 335–343). Another odd aspect of the company's trading behavior in the West Indies were its efforts to ensure the provision of at least some slaves to all West Indian markets regardless of price signals (Davies, 1957, p. 145; Galenson, 1979). In practice the company adopted the role of achieving a "fair" distribution of the enslaved regardless of price. Furthermore, "[the RAC] labored under the further handicap of an enforcible responsibility to the public to trade and go on trading whatever the profit might be," in contrast to independent traders (Davies, 1957, p. 147). Capturing the distinction between the RAC and these private traders with respect to questions of supply, price, and efficiency, Davies quotes from a letter sent by the Governor of Barbados in 1708: "Any little discouragement to private traders may occasion their desisting, and then the Collonies must suffer" (Davies, 1957, p. 146). The letter refers to the impacts on the colony's supply of the enslaved following its efforts to establish its own paper currency. As Davies writes, "the company ... continued to send slaves to Barbados in the following years. The separate traders remained silent, but quietly cut off supplies to the offending colony" (Davies, 1957, p. 147). It is in episodes like this that the constraints of meaning in which the company was embedded are most clear.

To fully appreciate the oddity of such a large collection of suboptimal arrangements comprising the RAC's West Indian operations, we should recall that the RAC had a formal monopoly over the slave trade. Yet we see business practices that are nearly the opposite of what we would expect from a monopolist, with the RAC making decisions at every turn that favored either consumers or the development of empire. All of the company's decisions, however, make sense if we understand them not as the action of a corporation with a free-hand to exploit a state-enforced monopoly, but as an agent engaged in a meaning game with its principal, the sovereign. These meaning games were highly reliant on visible signifiers of good stewardship and loyalty. For the RAC, this meant that its decisions regarding its West Indian operations were both matters of maximizing profit and significant gestures in a meaning game through which they sought to communicate their value as agents and the value of their monopoly to the crown. The Company's charter explicitly justifies their monopoly with reference to the expectation that it was "to the honour and profit of this our Realm of England that the said trade ... should be vigorously prosecuted and all the forts buildings and factories formerly directed and

settled by this nation within the limits aforesaid maintained and enlarged” and that without a monopoly “there are not such necessary rules authorities powers and jurisdictions for the governing and managing of the said trade and ... to make the said trade of the best and most improved benefit to our said subjects and Kingdoms” (Carr, 1913, p. 178).²⁷ While interlopers and later the private traders who paid their 10% duty for the right to engage in the West African trade had no principals, the RAC was expected to advance the interests of the crown.

This involved a meaning game where certain visible signs took on great importance in signifying the loyalty of the agent to the principal's interests. The company's monopoly was under almost constant attack, and one of its main defenses was that because of the monopoly it acted differently, and the establishment of easy credit and a price-insensitive equity in the distribution of people who had been enslaved to West Indian colonies provided a visible, meaningful illustration of that difference. Another way that the company presented itself as different than independent traders – as a valuable agent to the crown as opposed to a merely opportunistic collective of merchants – and thus justified its monopoly was through its commitment to establishing a long-term footing for England's West African trade. This approach, according to the company, contrasted with the short-term goals of interlopers and private traders who had no concern for creating durable relationships with African kingdoms or with establishing the infrastructure of trade. It was in this sense that its forts, beyond whatever commercial benefits or impediments they provided, were crucial to the company's fortunes. Forts were signifiers. They stood for the difference of the RAC from the alternatives proposed by their political and commercial opponents.²⁸ If we understand forts as an essential strategy in a meaning game the RAC was playing with the crown, the actions of the company make more sense. Its game as agent with the crown demanded a strategy that constrained the company's freedom of action in the establishment of its commercial structures in West Africa. It had no choice but to engage in a combined ship-castle trade strategy, even though that strategy led to constant disarticulation between trading structures and actual commercial conditions. The confusion of traders unable to get the trade goods they needed for months, left without men or arms, in receipt of impossible pricing demands, who were observers of commercially relevant developments amongst the native kingdoms but who did not have the trading flexibility to respond advantageously to them, of traders, that is, who were often unable to discern their purpose, should be seen as an outcome of the

symbolic-material strategies the company was pursuing with the crown in an effort to secure its monopoly.

If we examine this situation in terms of efficiency, it seems clear that far from inefficiency being a regrettable by-product of poor management, it was precisely through inducing the company into multiple inefficiencies that the structure of principal agent relations in which it was embedded led to the company's "successful failure." Several of the most important reasons for the company's failure identified in the literature on the RAC – poor performance of its West African staff, large floating debts, the cost of forts (Galenson, 1986, pp. 149–150) – all were connected to the meaning games the company was required to play with its principal in order to justify and support its monopoly. The monopoly induced the company to engage in multiple organizational inefficiencies as part of a strategy in a meaning game. In order to signify that it was a good agent, the company ended up acting as a good agent – it was a structure of principal–agent relations that efficiently biased the relationship toward the benefit of the principal. This came, however, at great cost to the agent both directly and in terms of the constraints it faced in its own relations, as principal, with its agents. These inefficiencies were reflected throughout the nested structure of principal-agent relations, with the large-scale inefficiencies induced by the company's compromised agency position redounding throughout. Even the most loyal agents on the coast were of little use in a trade organized in a structurally inefficient way. It made no difference that this inefficiency was necessary.

CONCLUSION

In a metaphoric sense, it is helpful to think of early modern trading as in some ways similar to confidence games and other sorts of complex frauds. To paraphrase the opening paragraph of Charles Tilly's famous essay "War Making and State Making as Organized Crime" (1985) closely and at length:

If the long con represents confidence games at their most elaborately creative, then early modern trading companies – long cons with the advantage of state participation – qualify as amongst the most successful confidence games in history. We can see that success even in cases where a company utterly fails as an economic enterprise, for in companies as in confidence games, part of the trick is convincing people to act as though the social fictions on which the company is founded are real. Without

branding all company directors and traders as fraudsters, I want to urge the value of this analogy.

This adaptation of Tilly's analogy between the political-economy of early modern states and criminal enterprises suggests the extent to which early modern trading companies were meaningful creations. In some sense, all of these companies were political fictions that made promises as to the characteristics of the social object that they sought to create. In his treatise on con games, Edward Smith (1923) relates the details of a scam he ran in the American south in the early twentieth century. In it he would target a small town store-owner, and spin a tale of a new, national dry goods distribution corporation that he represented which was looking for a partner in town. This partnership, which could just as easily go to the shop-owner's competitors, required an investment to ensure the new partner a full ownership stake in the enterprise. The scam apparently worked, and small store-owners across the south invested. The commercial benefits they were promised, and which would have given them a trading edge never materialized, however. This case involved actual fraud, but bracketing that it is a striking analogy for the RAC and for the social dynamics, albeit with different particulars, present in all early modern trading companies. The victims of Smith's con game were sold a set of social meanings. In their case those meanings involved a gleaming image of commercial modernity through which their dusty small-town businesses would be re-invented as the tail end of a national network with access to better products for less money. In the case of the RAC, monopoly was the key meaning at stake, and while there was no deceit in the conjuration of that image, there was disappointment aplenty as the monopoly that investors hoped for – and its attendant profits – failed to materialize.²⁹

There is a striking fact from the financial history of the RAC that reflects the artifice at play in the creation of the company: during its first 20 years, a period of continually rising debt, the company routinely issued dividends to shareholders. As Davies writes:

From this, it can be argued that during its "prosperous period" the Royal African Company was in effect borrowing money in order to pay dividends. The total sum distributed in dividends between 1672 and 1692, £157,927, does indeed bear a striking resemblance to the debt outstanding in the latter year, £153,413. (Davies, 1957, p. 79)

One might be tempted to ask why they went to the bother of trading at all. From the point of view of the imperial state, however, the socio-

economic circuits through which the money flowed from one pocket to the other made a tremendous difference. The creation of the RAC and its monopoly as meaningful social objects were a noteworthy success for the advancement of state and imperial agendas without drawing on tax revenue. In the analysis of a con game it makes sense to follow the money to identify the contours of the scam. If one follows the flow of benefits from the investments and commercial activity of the RAC, it is clear that the imperial state came out on top. This was only possible, however, in the context of principal-agent relations where the company became beholden to the crown. The constraints of meaning and commerce imposed by this relationship are the key to understanding the odd pattern of the RAC's successful failure. It was meaning structure as much as market structure that sealed the company's fate. This paper has argued that attention to the environment of meaning in which the RAC was created and in which the relations between principals and agents transpired are important to understanding why it failed as it did. The efforts of principals at all levels of the company to realize a monopoly were constrained in important ways by the dynamics of meaning imposed on the RAC as an agent of the crown. What this empirical account suggests for agency theory is the importance of considering whether and when the parsimony of the usual abstractions – dyadic relations, understood through information with self-evident meanings – can leave important questions of strategy and outcome unasked.

One might ask why these problems of meaning and nested agency relations were so decisive in the case of the RAC when they were not for other trading companies. The deep, ongoing entanglement of the RAC with English imperial policy distinguished it from companies such as the English East India Company, which attained a relatively high degree of autonomy over its trading arrangements, and achieved less directly deleterious competition from malfeasants and interlopers (Erikson, 2014; Stern, 2011, 2012). There are a number of possible reasons for this. First, the trade routes presided over by the RAC were more manageable for more merchants and seamen of the later seventeenth century than the longer, more complex voyages of the East India Company. Connected to this point, the success of interlopers and the failure of the company to fully realize its monopoly imposed both economic and political costs on the company. Furthermore, the RAC was under unique political pressure from West Indian planters because their prosperity was entirely dependent on the RAC's ability to efficiently and cheaply commoditize human bondage and deliver those enslaved to the plantations. This ensured that

the RAC's monopoly was under constant political attack. Another aspect of the unique dynamics of meaning and agency facing the RAC had to do with the intersection of politics and commercial strategies. The RAC was tightly constrained in its ability to experiment with different trading strategies. Its ship-castle trading strategy may have been inefficient in many respects as a way to organize West African commerce, but it was semiotically crucial to the company in its efforts to signal the importance of its continued monopoly. Similarly, its business decisions in the West Indies were trapped at the intersection of semiotics and politics, providing the company with little room to maneuver. Finally, the company's constrained freedom with respect to its commercial structure is reflected in its dealings as principal with its agents. Shortages of goods and the misallocation of goods were endemic in its trading enterprise, and its factors were often confused about what to do. The mismanagement of its West African agents had less to do with failures of oversight by the RAC and more to do with contradictions of culture: the company insisted that its traders were participants in a trading operation well-suited to conditions on the West African coast, when in reality the operation was unresponsive to commercial conditions because of the higher-level meaning games in which the company was embroiled. While contemporary early modern trading companies made the case for the corporate form with their successes, the RAC makes the case with its failure, for if the possibility for innovation with respect to market forces and organizational structure is an advantage of the company, the ongoing entanglement of the RAC with the policies and priorities of state agents and the consolidation of empire were the proximate context of its failure.

The signal from this noisy view of the principal-agent relations of the RAC can be discerned with some clarity. Monopoly was central to both the economic and sociological dynamics involved in the failure of the company, but its centrality works in opposite directions. It was through a failure of the promise of monopoly that fringe firms were able to impinge on the West African trade, weakening the company's economic and political position (Carlos & Kruse, 1996). But it was through the success of monopoly as a set of semiotic strictures linked to specific trading patterns and practices that the RAC proved such a boon to a budding empire of long-distance commerce and such a disappointment to those whose hopes had been raised by the prospect of monopolizing a sure, if depraved, trade.

NOTES

1. Anonymous (1680). *Certain considerations relating to the Royal African Company of England*. p. 1.

2. Cited in Carr (1913, p. xxv) Carr, Cecil. ed. 1913. *Select Charters of Trading Companies: AD 1530–1707, edited for the Selden Society*. p. xxv.

3. Anonymous (1680). *Certain considerations relating to the Royal African Company of England*. p. 1.

4. Anonymous (1680). *Certain considerations relating to the Royal African Company of England*. p. 1.

5. James Stuart, then Duke of York and eventually King of England, was one of the original investors in the RAC. Following his ouster in the Glorious Revolution the company sought and failed to reposition itself as aligned with the House of Orange.

6. “Success” in this context, I would reiterate, is not meant to communicate admiration or celebration. The RAC was the crucible of the middle passage. The story of political power and cultural forms that I describe in this paper contributed to the creation of a regime of transoceanic human bondage. The English/British empire was built on the back of this tragic infrastructure, however, and the RAC played an important role in facilitating its construction. In an analytical sense, this “success” needs to be better integrated into an understanding of the history of the company and its role in the establishment of the early modern English Empire.

7. For a theoretical treatment of this sense of meaning, see Norton (2014a, 2014b).

8. Such “information” should not be over-estimated. The techniques for gathering it were crude. The unreliable character of even the most basic information gathering techniques such as accounts made the context of the meaning game waged through alternative narrative accounts even more central than it might have been in a more information-rich, or at least information-reliable context. Davies writes, “though elaborate account books were kept by the company for cash, freight, bills and other items, as well as general and stock ledgers, no serious attempt seems ever to have been made to digest or summarize the information they contained, until pressure from outside forced the company to draw up more realistic statements. The crudeness of the early statements may have helped to keep alive the belief that the company was a profit-making concern long after it had ceased to be one” (Davies, 1957, pp. 155–156). While the company had the accounts, in one sense, in many respects they did not have the interpretive tools to construct the meaning of the data or to use it effectively.

9. This contrasts with the English East India Company’s policies which generally provided for a certain amount of private trade.

10. EWA 1, no. 6, p. 7. The correspondence of the Royal African Company referred to in this paper is taken from the three-volume transcription of the Rawlinson corpus, *The English in West Africa*, edited by Law (1997, 2001, 2006). They are abbreviated as EWA followed by the volume number, item number, and page number.

11. EWA 1, no. 345, p. 134.

12. EWA 3, no. 408, p. 212.

13. EWA 2, no. 885, p. 373.
14. EWA 2, no. 912, pp. 385–386.
15. EWA 2, no., p. 330.
16. EWA 2, no., p. 328.
17. Law, R. (Ed.) (1997). *The English in West Africa (EWA): The Local Correspondence of the Royal African Company of England 1681–1699, Part 1*. Oxford University Press, p. 396.
18. EWA 1, no. 4, p. 6.
19. EWA 1, no. 6, p. 7.
20. EWA 3, no. 365, p. 186.
21. EWA 3, no. 366, p. 187.
22. EWA 3, no. 367, p. 187.
23. EWA 3, no. 370, p. 188.
24. EWA 3, no. 371, pp. 188–189.
25. EWA 3, no. 372, pp. 189–190.
26. In one notable episode Robert Williamson, appointed as the RAC's treasurer was found to have embezzled some £25,000, clearly winning more than one round of the game (Davies, 1957, p. 165).
27. Parliament, though ambivalent on the question of monopoly “never wavered from its ... resolution ... that the forts and settlements of the company were necessary for the preservation of trade” (Davies, 1957, p. 134).
28. Forts were also important signifiers in the game of geo-political competition between European states to dominate the African trade. As Paul writes, “each fort was costly, and yet there were large numbers of them, often sited near one another The proliferation of forts, and their proximity to one another, implies that Europeans were involved in a competition akin to an arms race” (Paul, 2009, p. 19).
29. As Galenson notes, it is likely that the RAC's investors were not taken totally by surprise at this outcome. Most investors had only small amounts of money at stake (Galenson, 1986, p. 150).

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