

Capital Decision

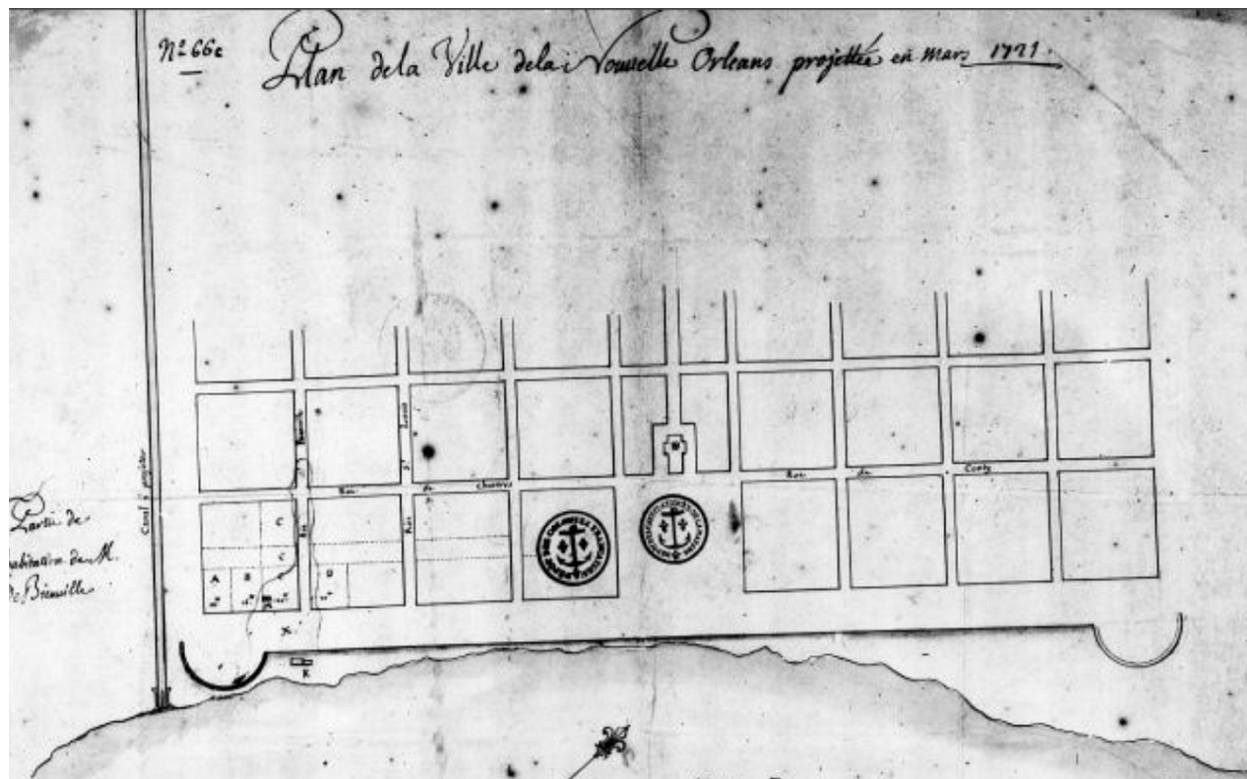
Status Upgrade Gave City Critical Boost at Perilous Time

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Published in the *Times-Picayune/New Orleans Advocate* on December 5, 2021



One of the earliest depictions of the future French Quarter, March 1721, courtesy Center for Louisiana Studies at the University of Louisiana at Lafayette

Three centuries ago this month, French officials in Paris, enmeshed in a Louisiana financial scandal, gave New Orleans an unexpected status upgrade. The boost may have saved the struggling outpost from becoming the latest in a litany of disappointments.

Those disappointments started as far back as 1684, when Robert La Salle, who first claimed Louisiana two years earlier, got lost on his return voyage and died at the hands of his mutinous crew. In 1699, France restarted its Louisiana project by dispatching the French Canadian brothers Iberville and Bienville to the region. In the years ahead, their sporadic progress saw nearly as many setbacks.

Iberville was able to launch a coastal outpost named Fort Maurepas, but flooding wiped away his riverside blockhouse in what is now lower Plaquemines Parish. Bienville established a community on the Mobile River—until it flooded so many times he had to relocate it to present-day Mobile.

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By the early 1700s, Iberville had died, as had many colonists—not to mention native peoples, with whom attempts at alliances usually deteriorated to violence and displacement. Only three supply ships arrived between 1706 and 1711, during which time an attempt to grow wheat at Bayou St. John also failed.

So disappointing was Louisiana that the French crown decided to outsource its development to a private financier named Antoine Crozat. Crozat met with still more failure—in finding precious metals, in raising tobacco, and in trading with the Spanish in Mexico. He gave up in 1717, and probably would have agreed with Gov. La Mothe Cadillac, who described the Louisiana colony as “a beast without either head or tail.”

The mother country had its own problems. Deeply in debt and low on gold, the French crown—namely Prince Philippe II, who was Duke of Orleans serving as Regent of France—desperately sought financial redemption. That caught the ear of the audacious Scottish financier John Law, who had been honing theories about paper currency and sought an opportunity to test them.

Intrigued, Philippe authorized Law to establish as a centralized national bank. The Banque Générale issued its own notes backed by gold, but then started overprinting them, giving the illusion of wealth. The apparent windfall delighted Philippe and emboldened Law, a born gambler, to seek another testbed for his theories.

That’s when he heard about Crozat’s relinquishment of that beguiling place called Louisiana. Though he knew nothing about agriculture, much less colonization, Law concocted a grandiose scheme in which he would recruit European settlers and enslave West Africans by the thousands, and send them to Louisiana to establish plantations of tobacco and other exports.

Such an enterprise, Law persuaded Phillippe, would outcompete English tobacco from the Chesapeake region and enrich the French nation, while fortifying France’s position on the Mississippi River.

Convinced, Phillippe granted Law a monopoly charter to develop Louisiana, and permitted him to fund his new Mississippi Company (the Louisiana component of which was known as the Company of the West) by issuing tens of thousands of additional Banque Générale shares.

Law’s financial underpinnings were as dicey as his business plan. Those shares could be bought using notes issued by the same Banque Générale, few of which were backed by real wealth—that is, gold. Rather, Law theorized, the promise of commercial wealth—namely, Louisiana—would impart value to those shares. Share prices skyrocketed, and investors throughout Europe rallied to buy them. Louisiana had become famous.

Eager to show progress, officials envisaged a company headquarters for their far-away enterprise. In September 1717, according to their ledger, they “resolved to establish, thirty leagues up the river, a burg which should be called La Nouvelle Orléans, where landing would be possible from either the river or Lake Pontchartrain.”

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The name flattered Law's royal patron, Philippe, the Duke of Orleans, while the siting criteria called for a spot reachable via an alternative to the shoal-prone river.

When word crossed the Atlantic that Louisiana had new management, Bienville, recently named commandant-general, had an ideal site in mind for the new headquarters—today's French Quarter, which he had first seen in 1699. A city there could be reached either by river or lake, the latter via Bayou St. John and the Bayou Road portage. Sometime in March and April 1718, Bienville's men started clearing vegetation along today's 400 to 600 Decatur Street.

Things went awry almost immediately. That same April, officials in Paris, having perused some maps, made their own siting decision. They dispatched an engineer named Perrier with instructions to relocate New Orleans, name and all, to Bayou Manchac, just downriver of today's Baton Rouge.

But Perrier died en route, and his instructions never made it to those on the ground.

Bienville's workers were thus able to erect a primitive outpost—only to see the river inundate it in April 1719. "The site is drowned under half a foot of water," Bienville grouched, demoralized. "It may be difficult to maintain a town [here]."

Company officials all along had been sending ships to Biloxi so that cargo could be transferred to smaller vessels capable of interior navigation. In light of the April flood, they decided in January 1720 to make Biloxi the new company headquarters.

It was disappointing news for Bienville, who reluctantly headed off to establish a fort at Biloxi, leaving some workers to continue at New Orleans. Partisans at other French outposts, including Mobile, Natchez, and Natchitoches, savored New Orleans' demotion, viewing Bienville's project as unwanted competition.

Problems multiplied colony-wide. Settlers proved hard to recruit, and those who arrived found insufferable conditions. Many enslaved people perished in the horrors of the Middle Passage, else in the toil that awaited them. Law had grossly underestimated the difficulty of developing Louisiana—and it was just a matter of time before investors across the Atlantic would hear the bad news.

In 1719, Law issued thousands more unbacked shares and lent the "money" to pay off the national debt. Now completely committed to Law's shenanigans, the French crown compounded the problem by allowing Banque Générale notes to be used as legal tender. This move bloated the money supply and triggered rampant inflation throughout 1720.

By now, rumors spread of tough times in Louisiana. In mid-1721, panicky investors rushed to convert paper money to coin, leading to riots. Share prices plummeted; the "Mississippi Bubble" had burst, and with it went the French economy.

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Louisiana had now become infamous. John Law fled the country, and the Company of the West went into damage control, restructuring itself and eventually reemerging as the Company of the Indies.

In the interim, the French crown took over administration of Louisiana, and rather unexpectedly, amid all the turmoil, news started to brighten for New Orleans. For one, in March 1721, a skillful engineer named Adrien de Pauger arrived at New Orleans with instructions to create a plan for the riverside site.

Pauger outdid himself, designing a series of beautiful sketches of a street grid, centralized plaza and fortifications—today's French Quarter. Bienville, pleased with Pauger's maps, had copies sent back to Paris, with the intended audience being Philippe, the Duke of Orleans. This city, after all, would be his namesake.

Pauger further aided New Orleans through his river research, which suggested that large ships could indeed evade shoals and navigate against currents. He rebuked the "stubbornness" and "arrogance" of officials who forced "ships from France to be stopped at Biloxi, rather than enter the Mississippi(,) keystone of the country's establishment."

Philippe himself may have valued a capital capable of defending the river against English and Spanish warships. That was something a coastal site like Biloxi could not do, but a riverine perch like Bienville's New Orleans could rather effectively.

Other officials concurred on New Orleans' attributes. The Council of Regency, for example, established a Capuchin convent there, and made the nascent city home to the Commandant General. While officials in Paris grappled with Law's Louisiana mess, the only good news seemed to be coming out of New Orleans.

"The year 1721 had been generally favourable to New Orleans," wrote French historian Baron Marc de Villiers du Terrage. "From a military post, a sales-counter, and a camping-ground for travellers, it had become, in November, a small town, and the number of its irreconcilable enemies began to decrease."

Then, probably in December, Pauger's maps arrived in Paris. Emblazoned with the words "La Nouvelle Orleans," the sketches seem to have had their desired effect. According to Villiers du Terrage, "the regent, god-father to the new capital, was necessarily flattered to see the project put into effect."

On December 23, 1721, officials decided to transfer the headquarters and colonial capital from Biloxi to New Orleans.

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To be sure, they had bigger problems on their hands, and the move hardly improved conditions on the ground. But the Christmastime decision was nonetheless uplifting for New Orleans, validating its progress and boosting it past perilous times.

Bienville certainly thought so. “His Royal Highness having thought it advisable to make the principal establishment of the colony at New Orleans on the Mississippi River,” he wrote upon hearing the news, “we have accordingly transported here all the goods that were at Biloxi. It appears to me that a better decision could not have been made.”

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