THE BRITISH TREASURY AND THE
ADMINISTRATION OF MILITARY AFFAIRS
IN AMERICA, 1754-1774

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DURING the French and Indian Wars the British treasury
and army were partners in a very realistic sense. The
arrangement proved awkward and trying to both parties, as
treasury records show, and resulted in inefficiency and occasion-
ally disaster. The functions of the treasury upon which the effi-
ciency of the army in the field was most dependent were furnishing
cash for the subsistence, that is, the pay, of the forces; providing
commanders with credit for extraordinary expenses beyond the
appropriations of parliament; and delivering food (and, during
the Revolution, fuel and forage) to the army. A few examples
illustrate the failure of the arrangements from the point of view
of either army or treasury, and furnish subject matter for both
military and constitutional historians.

In November, 1754, the lords of the treasury were making
financial preparations for Braddock's campaign. The lack of
banks created far greater problems in financing such an enter-
prise in America than one might at first realize. The first step
was to promise Braddock, or his successor in command, unlimited
credit for purposes of the campaign.¹ By concentrating the spend-

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ing power in the hands of one man, the treasury lords hoped to secure a measure of responsibility and check reckless expenditures. To secure funds Braddock might draw bills of exchange upon the paymaster general of the forces and sell them in America for what they would bring at the current rate, as other generals had done before. But a commander on the march should have more certain means at his disposal. Therefore the treasury made a contract with British merchants to furnish funds on commission, as they were needed in America. American agents of the contractors would raise money by sale of private bills of exchange or receive cash sent to them from England. Two deputy paymasters, appointed on the authority of the treasury for service in America, would receive the funds from the agents, and issue them on warrants drawn by the commander-in-chief. The system was fairly simple and was intended to relieve both treasury and commander of much responsibility and uncertainty.

In regard to other financial details the treasury consulted Braddock himself. They agreed, for instance, that the soldiers should have full pay, that is, no deductions should be made for provisions, as in this instance the Crown had ordered the provinces to furnish rations for the troops and also a common fund of money upon which Braddock might draw. However, Braddock had authority to deduct for rations if he found it advisable; but he did so only as a matter of discipline, thus establishing a precedent for giving full pay which was followed by General Loudoun. The treasury also adopted Braddock's suggestion in regard to the value of the dollar in reckoning the soldiers' pay. Some decision was necessary as there were almost as many local values for foreign coins in America as there were provinces, to say nothing of sterling and proclamation values. With these details settled, Braddock was supposedly at liberty to concentrate on the military phases of the campaign.

A long interval of preparation, concerned largely with transportation problems, intervened before Braddock could set sail. On landing in Virginia he held conferences with Dinwiddie and other provincial governors, and finally proceeded to Fort Cumberland where he arrived May 10, 1755. He expected to find sufficient provisions for the campaign and preparations for the march well

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advanced. On the contrary, the flour Pennsylvania had promised was at "Conegochee" with no satisfactory means of transporting it; food contractors from the south had failed to meet their agreements because the funds from the southern colonies were not forthcoming; and quantities of beef, although on the spot, were too rotten for consumption. Disillusioned, but with splendid energy, Braddock set about securing stores from the surrounding country. Money was necessary. The common fund which the colonies had been supposed to provide was non-existent, and consequently the credit which the treasury had placed at Braddock's disposal became of vital importance. But with the whole credit of the British exchequer theoretically in his hands, Braddock could procure at the moment only £10,000 in cash.

He hastily dispatched a letter to the contractor's agent in Hampton, Virginia, with the complaint that the agent had sent the deputy paymaster to him with only £10,000, barely enough to pay the subsistence of the two regiments and the expenses of the commissary of stores and the director of the hospital; and that £15,000 more, or at least £10,000, would be necessary before he could move from Fort Cumberland. On receipt of Braddock's demand, the agent wrote to his employers in England that he could raise only £4,000 in Virginia, not a penny more, before the meeting of the June court; but that he was setting off at once for Philadelphia in the hope of securing more there, and had asked General Braddock to have a military escort meet him on the outskirts of Philadelphia to receive what funds he could procure. In the meantime precious days passed while Braddock waited for the financial machinery to function, and attempted to make good the deficiencies of provincial assemblies. The military experts may argue among themselves what difference a matter of days or hours would have made in the outcome of the campaign; but there is no question of the tremendous burden which Braddock bore during a time when he should have been free to study the military aspects of the situation.

From the point of view of the treasury, the financial outcome was almost as disastrous as the military. In his desperate effort to provide food and transportation for his army, Braddock had


*The two letters are in Treasury 1: 361.*
pledged the credit of the treasury freely and, as it seemed, extravagantly; and at his death left a confusing mass of unpaid bills. Governor Shirley, who succeeded to Braddock's authority, followed similar methods, until the task of examining accounts, investigating claims, verifying deliveries of goods and the performance of contracts became a stupendous and almost hopeless task. The treasury had no proper means of its own for supervising accounting and securing an audit of army accounts in the colonies, but placed this burden upon succeeding commanders. Treasury officials in England faced the necessity of securing from parliament appropriations to pay those debts and, incidentally, questions as to the reason for such heavy extraordinary expenditures.

As far as victualling the army was concerned, the experience of the year 1755 had one important result. Never again did British officials rely upon the colonies to furnish the army with provisions. Nor did they, except for brief intervals, depend upon American contractors. When planning for Lord Loudoun's expedition, the treasury contracted with British merchants to deliver food at the principal storehouses in America—Halifax, New York, and Albany. That precedent with variations was followed in later years. There was trouble, of course, in transporting provisions, whether across the ocean or merely inland in America. There were risks from wrecks at sea, from loss to the enemy, from the overturning of batteaux on the rivers, or of wagons on rude mountain roads. According to earlier contracts, the merchants bore the risks of loss at sea; but the treasury, if notified long enough in advance, would secure convoy from the navy. For inland transportation in America the army furnished convoy, and as contractors came to understand the dangers involved, the treasury found it necessary to agree to contracts in which the government assumed all risks incident to the peculiar conditions of warfare in America. At the beginning of the Revolution, the treasury had a separate transportation contract with merchants who accepted provisions at Cork in Ireland and delivered them to commissaries

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7 For Loudoun's work in this connection, see Stanley M. Pargellis, Lord Loudoun in North America (New Haven, 1933).

8 Information in regard to contracts is to be found in the Treasury Minute Books of following years.
in America; but eventually the treasury succeeded in persuading the navy to furnish provision ships. The usual method of distributing the stores in America was as follows. Commissaries appointed by the treasury received the provisions from the agents of the contractors in America, and then distributed them to the forces. A commissary and the commander both signed the certificate that the goods had been delivered to the troops, which certificate was the authority upon which the contractor collected his pay in England. The system was less haphazard than that to which Braddock had been reduced; and the treasury lords found supervision of accounts somewhat easier when there were responsible contractors on the same side of the Atlantic with themselves. However, the system was far from perfect. Misunderstandings as to the terms of the contract, arising in America, could be settled only in England. Difficulties almost invariably resulted from the transfer of business from one set of contractors to another. There might be a shortage of food, but more often there was a surplus which spoiled before it could be used. When Rockingham came into office, he discovered that Grenville had ordered provisions in the American storehouses sold to make room for others which were being sent out, and he hastened to countermand the order and give discretionary powers in this matter to the commander-in-chief. The correspondence of General Gage bears eloquent testimony to the trials he endured under the contract system, as well as to its extravagance. In no part of America were there more difficulties than in the Pittsburgh department at Fort Pitt, and at the other forts on the Philadelphia communication.

The treasury was scarcely more successful in supplying the army with specie than in furnishing it with food; and the method of supervising army accounts in America was a conspicuous failure. During the campaign of General Forbes in Pennsylvania in 1758, for example, the supply of funds failed, and the deputy paymaster was obliged to borrow £50,000 from the colony. In 1760 General Amherst appointed a commission to investigate

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*Treasury 29: 37, p. 85.
expenditures in connection with that campaign, but nine years later a deputy paymaster reminded the paymaster general in England that the debt was still unpaid, and the latter stimulated the treasury to order another investigation.¹²

Early in June, 1759, to give an example from another section of America, General Wolfe wrote from before Quebec: "Several transports have not yet joined us. their provisions & their Boats are both very much wanted; however I have taken three thousand Barrels of Flour & Biscuit from the Contractors' Store at Louisbourg. I writ to General Amherst for Money, but He could send me none: this is one of the first Sieges perhaps, that ever was undertaken without it."¹³ Late in July the treasury ordered the contractors to send at once to America £100,000 in specie. Having no correspondence with Wolfe, but only with the commander-in-chief, General Amherst, the board directed the latter to see that Wolfe was supplied.¹⁴

During the war the treasury evolved no new method of supplying the army with cash; but the advent of peace and the consequent demand for economy gave an opportunity to lay down more stringent regulations than were possible before. One of the first attempts was to regulate the practice of drawing bills of exchange. On November 28, 1764, the board adopted a resolution of great constitutional significance, stating that no commander-in-chief or governor was authorized to incur any expense not previously provided for by parliamentary grant or previously approved by his Majesty; that in case of sudden emergencies, if a commander should consider it necessary to incur expense before he could secure approval from home, he should draw upon the treasury and upon no other persons, sending home with the notice of the bills drawn the reasons for so doing. Commanders and governors were notified that no bills would be accepted without the information required, that they would become accountable to his Majesty for the sums so drawn, and that in passing and allowing their accounts the treasury would take into consideration not only the vouchers but also the urgency of the service and the reasonableness of the prices paid.¹⁵ This provision was in force

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¹³ Ibid., 1: 389.
¹⁴ Ibid., 29: 33, pp. 214, 243.
¹⁵ Ibid., 29: 36, pp. 166-167.
until March, 1767. The experience under it illustrates admirably
the difficulty which the treasury experienced in providing a
satisfactory check upon army expenditures and at the same time
maintaining the credit upon which its efficiency in part depended.

General Gage undertook to follow the regulations, but found an
obstruction in the way of disposing of treasury bills at a satisfac-
tory rate. It seemed to him that the merchants were in com-
bination to prevent his finding a purchaser.\textsuperscript{16} The price of treasury
bills in America was decidedly lower than that of draughts on
private merchants. This was due partly to office practice in
handling the bills, causing delay in payment, and partly to the
fact that private merchants had no legal redress against the
treasury in case the latter for any reason refused to accept a bill,
or apparently against a commander who drew it.\textsuperscript{17} To remedy
the first defect, the treasury arranged with the Bank of England
to honor all bills which had been accepted at the treasury,\textsuperscript{18} but the
legal objection to the use of such bills persisted.

The difficulty of selling bills of exchange in America increased
with the rise in the rate of exchange when the American non-
importation agreements were in effect. Supplying funds through
the sale of bills became very expensive and, in fact, impracticable.
For a brief time, in 1765 and 1766, the treasury had high hopes
of solving their problems of transportation of specie by having
collectors of the customs in America turn over their collections to
the deputy paymaster of the army.\textsuperscript{19} British officials had expected
that the Stamp Act and other revenue measures would produce a
sum which would go far toward the support of colonial defense.
The Stamp Act failed and the proceeds of other measures were
small in comparison with the needs of the army. Technical diffi-
culties existed, too, in transferring funds from one department to
another. Each had its own ratings for coins and bullion, and
differences had to be adjusted in their book-keeping. An appar-
ently insuperable obstacle arose in the matter of transfer, as the
collectors could not leave their ports, nor could the deputy pay-
masters go from port to port to collect the funds; and in America
inland bills of exchange were practically unknown. The treasury

\textsuperscript{16} The Correspondence of General Thomas Gage, 11, 286-287.
\textsuperscript{17} Treasury 29: 37, p. 81.
\textsuperscript{18} Ibid., pp. 151; 155-156.
\textsuperscript{19} Ibid., pp. 61-62, 197, 277; 11: 28, p. 318.
was finally obliged to modify its original order, limiting its application to places where a collector and a paymaster were both resident. In short, the plan failed, and the government had to rely once again upon the services of professional money contractors. In 1767 the treasury made a new contract for supplying the army with funds, and notified General Gage that he could henceforth draw upon the deputy paymaster in America for both subsistence and extraordinaries.

Lacking our modern facilities of national and international exchange, the British treasury was naturally handicapped in supplying money and provisions to an army in America. The troops may have occasionally suffered from irregular or poor supplies, but the principal disadvantages were extravagance, waste, and the burden of a multiplicity of administrative details which rested upon the commanders. The treasury on its part, even with the best intention of checking extravagance and controlling expenditures, found eighteenth century constitutional procedure in military finance inapplicable to the colonies. The inevitable changes which made the war department responsible to parliament and entrusted that department with the functions of supply hitherto performed by the treasury were reforms of a later date.

BIBLIOGRAPHICAL NOTE

In addition to the works cited, the following have been very useful: Charles M. Clode, The Military Forces of the Crown; their Administration and Government, 2 vols., London, 1869; Edward E. Curtis, The Organisation of the British Army in the American Revolution, New Haven, 1926; and The Frontier Forts of Western Pennsylvania, Harrisburg, 1916. Facts in regard to regimental finance and clothing contracts, not dealt with in this brief paper, may be found in the secondary accounts cited.

*Ibid., 29: 38, pp. 245-246, 311.