

***Mobilising Resources for War:
Britain and Spain at Work During the Early Modern Period***

Edited by

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Foreword by Patrick Karl O'Brien
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The theme addressed by this volume of essays (mobilizing resources for war) is an integral and potentially illuminating part of the master narrative of European history concerned with state formation. Simply defined, state formation refers to a very long run evolutionary process that all states passed through before they can be represented in as “modern” in the Weberian sense of that contentious term. “Weberian” serves as a handy adjective or label for a state that exercises sovereignty over a well-defined territory and is in command of sufficient revenue, information, and organizational capacities to sustain external security, maintain internal order, promote economic growth, and provide acceptable levels of social welfare for the subjects of a particular country. When, where, and how the confederated towns, regions, estates, countries and nations of Western Europe formulated and sustained the constitutional frameworks, established fiscal bases, and constructed the institutions and organizations required to operate as Weberian states has been difficult to date and remains extremely difficult to explain. Theory imported from political science, sociology and latterly from economics is only moderately helpful to historians endeavouring to analyse the long run complex and highly diverse process of state formation that dominates the history of Western Europe.

The beginnings of state formation can be traced back to the functions and powers over territories and populations exercised by hereditary kings who had emerged in the Middle Ages from the turmoil of dynastic rivalries among warrior magnates for the status of *primus inter pares*. Acting as “monarchs” recognized as possessing that status they deployed their own considerable resources and coordinated military forces under the control of other powerful feudal “lords” with fiefdoms within their kingdoms for: the “collective defence” of “confederated” territories; for warfare in the form of “collaborative attacks” on rival confederations and for “cooperation” to maintain internal stability, hierarchy, property rights, and preserve a status quo within Europe’s diverse array of kingdoms and republics.

Over several centuries of violent transition from a multiplicity of feudal confederations to federated kingdoms moving over time towards Weberian states, Europe's hereditary sovereigns and oligarchies attempted to centralize and to realize the economies of scale, scope and specialization embodied in effectively organized, increasingly capital-intensive armies and navies for defensive and aggressive warfare. Geopolitical imperatives driven by dynastic rivalry as well as advances in the technologies and organization associated with the delivery of violence, impelled monarchs and oligarchies everywhere to progress from acting as coordinators of the military and naval power available within frontiers, towards positions of command over the coercive force required for the defence of vulnerable territories, national wealth, domestic fiscal bases, and, increasingly after 1415, colonies overseas.

This familiar "trajectory" towards centralized sovereign states, which proceeded gradually and falteringly along several routes at different speeds across the continent is a history marked by varying degrees of internal opposition from estates, aristocracies, urban oligarchies, churches and other networks of power located within kingdoms and republics. Constrained by traditional and embedded centrifugal forces, rulers of Europe's polities constructed several types of state that first became viable and stable, but only gradually sovereign enough to govern efficiently within the defined geopolitical spaces, frontiers and domestic political contexts in which they happened to be located.

Acting within the constraints of constitutionally unstable realms and republics and a highly competitive geopolitical order, monarchies, oligarchies and power elites "struggled" to fund and construct states that could protect and govern their territories and populations. They simultaneously coerced and co-opted rival claimants to local powers and taxes (ancient kingdoms, estates, territorial magnates, ecclesiastical authorities, cities, towns and rebellious peasants) into compliance with their missions to centralize and exercise sovereignty. Co-option, which is now perceived to have been as significant as coercion in sustaining Europe's ancient regimes, involved nominally absolute monarchs and powerful oligarchies in persistent conflict and complex political settlements with aristocracies and other elites over: powers to assess, collect and profit from taxation; over patronage to appoint to senior positions at court and in armies, navies, churches, judiciaries and other public institutions of Europe's realms and republics, and also over (the issue addressed by research embodied in these essays), namely, the formation, recruitment and

management of the departments of state responsible for the execution of monarchical or oligarchical decisions in general and the organizations responsible for mobilizing resources for warfare in particular.

In analysing and comparing the diverse historical trajectories along which Europe's competing polities evolved into Weberian states political history has concentrated to an excessive degree upon teleological taxonomies of precocious or protracted transitions to freedom and democracy. Nevertheless, and despite the preoccupations of philosophers, political scientists and historians since the Enlightenment with constitutional forms of rule, those forms have never been clearly correlated with the security of kingdoms and republics from external aggression, the quality of internal order, functional fiscal systems, social welfare, property rights and other institutions conducive for economic growth.

There were connexions between the constitutional and legal forms of states and their capacities to deliver public goods. Nevertheless, historians in touch with the diverse political, geographical and economic realities and constraints surrounding rulers everywhere in early modern Europe are less inclined to ascribe their successes and failures to the malign influence of pretensions to absolutism compared to stylized representations of Parliamentary forms of governance. They prefer (as this volume exemplifies) to depart from traditional preoccupations with political forms and the machinations of national elites and to concentrate the next generation of research upon substance – namely upon a programme designed to understand and (by way of comparisons) to appraise the efficiencies of the methods and organizational forms developed by European states to deliver public goods.

Given that all European states accorded the highest priority to policies for external security, imperial expansion, and to mercantilist gains from colonization and commerce overseas, investigations into how Spain and Britain mobilized resources for warfare promises to deliver more insights into how (and how efficiently) two rival states operated in this key area of concern than another ideologically charged and spurious binary contrast between Spanish despotism and English democracy.

Early modern states established and managed large scale complex organizations in order to preserve their security against external aggression and to wage warfare for mercantilist and imperialist gains. During the long transition to sovereignty scope for functional levels of efficiency from the administrative and organizational capacities at the disposal of every conceivable type of political regime

and polity (imperial, parliamentary, republican, monarchical, absolutist, and democratic alike) remained severely constrained and difficult to develop.

Comparative studies of complex organizations performing similar functions will eventually move European history on from theoretical and taxonomical speculations about the forms of states towards an understanding of how they constructed and maintained institutions for warfare, welfare, and economic growth.

Preface

In recent years considerable scholarly attention has been focused upon the war-driven development of European states during the seventeenth and eighteenth centuries. In particular, some historians have attributed the long-run success of Britain to the emergence of a 'fiscal-military state' whose essential characteristics were shaped by the increasingly heavy demands of war. This has generated much debate about the role, function, form, and strength of the British state, and as such the model provided by the fiscal-military state offers a good point of departure for further discussion of the various ways in which European states endeavoured to organise financial, material, and human resources for war during lengthy and recurring periods of warfare.

This collection of essays draws upon papers presented at an international symposium hosted by the University of Navarra, Pamplona, Spain in September 2004. The essays explore further the relationship between war and the development of the state by examining in detail how Britain and Spain gathered, organised, and deployed resources in support of recurring and extended national war efforts that were becoming increasingly global in their scope and form. In particular, the essays explore the multifarious relationships between the offices and departments of central governments and private agencies (contractors, companies, financiers, and firms) that played an essential role in mobilising the resources that underpinned military and naval activity. By offering perspectives on two of the great European powers, it is hoped that new light will be shed on the paths taken by public-private alliances in different states, thereby enabling a better understanding to be gained of the underlying factors that ultimately enabled Britain to prevail over her rivals.

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Introduction: Mobilising Resources for War

H.V. Bowen and A. González Enciso

The European context

The 'long eighteenth century' between 1689 and 1815 was a time of conflict between the major European states, and the period has been described with some degree of accuracy as the 'Second Hundred Years' War'. Major wars occurred on a regular basis, and their effects on economies and societies were evermore keenly felt, but at the same time military and naval actions also spilled out into the wider world, far beyond the continent of Europe itself. As Winston Churchill later put it, the Seven Years' War of 1756 to 1763 became the first truly 'world war', a struggle centred upon dynastic conflict in Europe but also fought out for territorial and commercial supremacy across far-flung continents and oceans. In all but the American War for Independence, the continent of Europe itself remained the cockpit of conflict for the major powers, but the search for advantage saw European warfare take on a global form which at one time or another, and often simultaneously, touched North America, the Caribbean, West Africa, and South Asia, as well the sea routes that linked together overseas empires, trading outposts, and areas of commercial influence. These twin processes of deepening and broadening that were evident in warfare did not affect all the great powers in the same way, at the same time, or to the same degree, but they did eventually transform the ways in which European wars were fought. That transformation may in some ways have been haphazard and gradual, but even the most basic comparison between the Nine Years War of 1689-1697 and the wars of 1793 to 1815 indicates far greater levels of engagement and commitment by the major protagonists. Armies and navies were larger, the spending of money was greater, and the scope of the action was wider. There may not have been a single 'military revolution' in early modern Europe in the way that was once thought,¹ but over time the incremental changes that occurred to the size and scale of conflicts ensured that the conduct of warfare was undoubtedly revolutionised.

As European warfare became more global in scope, and as warfare in Europe itself became more intensive, states responded by endeavouring to raise more money, recruit and equip more men, and build more ships. All the statistical indicators point to larger military machines and greater levels of wartime expenditure being devoted to armies and navies. Thus although the key to military and naval successes was always to be found in the decisions of generals and admirals, together with the actions of the

men under their command, the sustained, long-term performance necessary to secure ultimate victory in any war or series of wars was also heavily dependent upon the ability of states to gather, marshal, and deploy the financial, human, and material resources that they had at their disposal. The effect of this was, in its turn, to have a profound effect upon the development of European states, and especially upon the central agencies of government. Warfare defined many aspects of state action; it bore heavily upon the day-to-day business of bureaucracies and administrative machineries; and it established many of the ways in which the state touched the lives of individuals. This is not to suggest, of course, that other important influences were not exerted on the development of states, but simply to note that the demands of war were near-constant and increasingly heavy during the eighteenth century, and as such the responses to the administrative challenges posed by war went a long way to determining how states came to be organised, funded, and governed. Perhaps not all historians would now agree with everything that is implied in Charles Tilly's much-quoted aphorism that 'war made the state, and the state made war',² but few would that deny that preparing for, and prosecuting, war was central to the process of European state-building.³

The eighteenth century saw the great European powers put ever-greater numbers of men into the field, or on to the oceans, and they kept them there for long periods of time. Men and ships were also deployed further away from Europe, in North America and the West Indies but also in new spheres of conflict that were emerging in India and the Indian Ocean, South America, and the Pacific Ocean region.

As a result, the West European states all sought to varying degrees to develop a military capacity that enabled them, simultaneously if necessary, to wage war in different parts of the world. Clearly those states blessed with natural resources, and especially a large population, were well placed to develop such capacity, but the mere possession of a good national stock of men, money, and materials was not by itself

¹ For a critical discussion of the concept of a military revolution in early modern European warfare, as originally formulated by Michael Roberts, see Black (1994).

² Tilly (1975), 42.

³ There is a very large literature on European state formation. But specifically on the historiography of relationships between war and state formation in early modern Europe, as set in a context provided by discussion of Brewer (1989), see the succinct

sufficient to guarantee success in the field of great power rivalry. As John Brewer has put it, ‘Substantial resources were necessary to acquire the status of a great power; they were not, however, enough. Great states required both the economic wherewithal and the organizational mean to deploy resources in the cause of national aggrandizement.’⁴ Even then, it has to be remembered, the simple deployment of greater levels of manpower or financial resources than an enemy did not always translate easily or inevitably into victory. As has always been the case, the outcome of wars was decided by a number of factors, and in the eighteenth century there are plenty of examples of occasions when inferior forces prevailed over larger ones through, among other things, able leadership, tactical innovation, or simply good luck.⁵ It nevertheless seems clear that, over the long run, increasingly sophisticated levels of organisation and the effective use of resources were becoming crucial determinants of state performance in wartime.

Almost inevitably, increases in the size of armies and navies, together with the much wider dispersal of troops and ships, exacerbated long-standing difficulties in the financing, supply, and replenishment of the forces of all states, and this posed new and formidable challenges to those charged with directing national war efforts. As a result, commanders in the field or on the oceans often bemoaned the fact that the actions were hampered by poor equipment, lack of supplies, and inadequate manpower. Such complaints had been voiced since time immemorial, and they were often used as a screen for personal failings, inadequacies, and misjudgements, but it is clear that operations could be fatally undermined by breakdowns in financial and logistical systems, and this serves as an important reminder that we should not see the European states as becoming remorselessly more efficient in the conduct of warfare. Some of course did become more efficient than others over time, but the actions of every state were limited by a multitude of practical constraints, at home and abroad, and they all had to overcome great obstacles in their attempts to ensure that resources were deployed to best effect.

In broad terms, all of the major West European states sought to develop a ‘multiple capability’ in warfare to enable them, if necessary, to deploy force at home,

analysis in Ertman (1994). Thomas Ertman, ‘*The Sinews of Power and European State-building Theory*’ in Stone (1994), 33-51.

⁴ Brewer (1989), xv.

⁵ This important point is made in Black (1999), 5 and *passim*.

on mainland Europe, at sea, and in trans-oceanic land conflict,⁶ and as such they faced the same set of organisational problems in wartime. They each endeavoured to achieve the mobilisation of greater levels of resource, together with a co-ordination of supply and logistics to ensure that the correct levels of men, ships, and equipment were to be found in sufficient quantities in the right place at the right time. At root, of course, there was a need for them to raise money to finance war, but a well-stocked war chest was of little use if adequate forces could not be recruited, organised, equipped, supplied, and replenished in the numbers that were required. Careful thought had to be given to the co-ordination of logistical, military, and naval strategy to ensure that resources were deployed most effectively in pursuit of overall war aims. In order to achieve this staged process of funding, organising, and directing war efforts, ministers and officials in all states developed and refined the apparatus of government and administration, but they also entered into working relationships with a supporting cast of private financiers, merchants, companies, and contractors. In doing this, they each created what would nowadays be described as ‘public-private’ partnerships and consequently the exertion of any nation’s power was always heavily dependent upon the ways in which the state worked with agents and agencies that possessed resources that were beyond the direct control of any government. Yet, quite naturally, the major states naturally adopted the administrative and fiscal measures that were considered best adapted to national and local circumstances, and consequently they came to adopt different responses to the challenges confronting them. Indeed, as ever, much government action was determined by precedent, tradition, and customary practice, and this helped to ensure that the evolving apparatus of each individual state retained its own distinctive characteristics.

In recent years, much attention has been devoted to these issues and there is now a very large literature on European state formation, warfare, and great power rivalry. As part of this ongoing historiographical process, a considerable amount of detailed analysis has been focussed on the factors that enabled Britain to succeed in the long run, to the point that by 1815 she had become Europe’s leading military, naval, and imperial power. It has emerged, however, that in many ways Britain was not as exceptional or as different from her European rivals as historians once thought. The lines of distinction that were once drawn between the constitutional monarchy of

⁶ For the need for multiple capability see *ibid.*, 5-9.

Britain and the ‘absolutist’ powers of France and Spain, or ‘military states’ such as Prussia, are not as sharp as was traditionally believed to have been the case. Britain certainly possessed many distinct defining features, the most important of which was its parliamentary system of government, but in other ways the strength of the case for British uniqueness or exceptionalism has diminished as a result of detailed scholarly enquiry. It has been shown, for example, that Britons were not lightly taxed, as popular myth once had it, and in fact they carried a heavier per capita burden than many of their counterparts on the Continent.⁷ Yet while there were steady increases in the share of national income appropriated as taxation, a fiscal regime based upon a gradual shift from direct to indirect taxes, together with the refinement of a comparatively open and accountable system, helped to ensure that there were few outbreaks of serious public disorder in response to government taxation policy.

Similarly, Britons did not escape lightly when it came to service in the armed forces. Although many people retained lingering political suspicions about the use and purpose of standing armies, the state was able to recruit ever-larger numbers of soldiers and sailors in wartime. Whereas during the Nine Years’ War of 1689-1697 the average annual personnel in the army and navy stood at around 117,000, by middle of the Napoleonic Wars Britain’s land and sea forces has risen to more than three-quarters of a million men. Of course, not all of these men were British, but nevertheless more Britons found their way into the armed forces, and this ensured that the ‘military participation rate’ among adult males increased over time from perhaps one in every sixteen during the War of Austrian Succession to around one in five during the wars of 1793-1815.⁸

Finally, the British state was not by contemporary standards a ‘small state’, as was once routinely asserted, but in fact it possessed a comparatively large central bureaucracy staffed by salaried officers, especially in the realm of fiscal administration.⁹ By the standards of the time, it also became a reasonably efficient state, and, although British society itself was not organised for war on a permanent basis, successive wartime governments were nevertheless usually able to mobilise sufficient men, money, and materials whenever they needed them.

⁷ Dickson and Sperling (1971); Mathias and O’Brien (1976); O’Brien (1988). For the general economic effects of the tax burden in England see Beckett and Turner (1990).

⁸ Conway (1995), 38; Emsley (1979), 133.

⁹ Brewer (1989), *passim*.

Many historians have contributed to the making of this revised picture of the eighteenth-century British state, but the importance of the relationship between war and state formation has been emphasised in particular by John Brewer, who has described Britain as a 'fiscal-military' state. *The Sinews of Power* shows in detail how governments developed the administrative apparatus and financial mechanisms necessary to overcome the administrative challenges posed by successive international conflicts. This influential study of the state quite properly draws attention to the important underlying domestic factors that underpinned Britain's emergence as a great power, although some historians have challenged the view that Britain possessed a strong and highly centralised state.¹⁰ Moreover, in some ways Brewer's study raised as many questions as it answered, and a good number of these questions centre on the need to explore further the contrasts and similarities that existed between the different European states. Indeed Brewer himself invited new comparisons to be made between Britain and the continental European powers, and he has declared the need for a comparative project which 'can lend precision to claims about the peculiarities of the English or, for that matter, about any European nation's *Sonderweg*'.¹¹ This is a matter of some importance because, if acceptance is given to the general view now prevailing among historians that the eighteenth-century British state was more like its European rivals than was once thought to be the case, then there remains a need for comparative studies that will help to identify the specific factors that enabled Britain to prevail in the long term. Clearly, some of the reasons have already been alluded to above: the British state became progressively a little more efficient, and it was able to increase its income from taxes (especially from indirect sources; that is, customs and excise duties) in order to sustain very high levels of borrowing in wartime. This enabled greater numbers of men to be raised and more ships to be built in each successive conflict. But, as noted earlier, victory in warfare is not dependent upon simple possession of the ample resources; they have to be deployed effectively. Hence, in order fully and properly to explain Britain's long-term success it is necessary to compare and contrast Britain's mobilisation and deployment of resources with her European rivals who were not standing still and were themselves busily endeavouring to raise more money and men. There is a need

¹⁰ See below, pp.

¹¹ Brewer (1994), 68. For discussion of the need for a comparative approach see *ibid.*, 61-8.

to consider the functioning of states as they tried to organise and co-ordinate war efforts at home and abroad, with a view to establishing whether this aspect of the 'British way in war' consistently gave Britain an advantage in the bitter contest with enemies whose natural resources were often greater than those at her own disposal.

It is with a view to exploring this issue of resource mobilisation and deployment that this volume considers the British and Spanish states 'at work' between 1650 and 1815. Of course, in retrospect these two states, who much more often than not were in conflict with one another during the great wars of the period, can be seen to have been on very different economic, military, naval, and imperial trajectories during the eighteenth century. Britain was rising through the ranks of the great European powers *en route* to establishing a position of supremacy by 1815, not just in Europe but also in the wider world. Spain, on the other hand, was slipping from previous elevated heights: its once-vaunted naval strength became much diminished during the 1790s and was then all-but destroyed by 1815; and consequently its overseas empire, which reached its greatest extent in 1783, was to be steadily reduced during the early nineteenth century. Thus it cannot be said that we are engaged in comparisons of states that were permanently on a par with one another; rather we are exploring states that were moving in opposite directions through the ranks of the great powers. But, of course, that does not invalidate the exercise. On the contrary, it is instructive to explore the workings of states that experienced markedly differing fortunes, since that helps to discern contrasts from any outward similarities that might have existed between the two. Throughout the period both Britain and Spain needed to confront the sustained administrative, fiscal, and logistical challenges of war, and the way in which they responded has a considerable bearing on discussion of why, ultimately, one of them succeeded and the other failed.

The common thread that runs through the case-studies that follow is that they each consider in different ways how Britain and Spain gathered and moved resources, and then brought them to bear on the process of making war. In so doing, they examine the actions of the state, as conducted by the offices and departments of central government, but since there were very real limits to state power they also explore the multifarious forms of relationship that existed between government and the private agencies that played a crucial role in producing, providing, transporting, and deploying the material, men, animals, equipment, and foodstuffs that were essential to any battle, campaign, or war effort. This has the potential to reveal much

about the strength and reach of Britain and Spain, and it allows an assessment to be made of the extent to which national performance in wartime was influenced by the mobilisation of resources held in private hands and thus beyond the direct control of ministers and officials.

Britain at War

As far as studies of Britain's capacity to wage war are concerned, considerable attention has been paid by historians to the questions of how troops and sailors were recruited and trained,¹² and, especially, how funds were raised through taxation and borrowing. As such, much is now known about how the 'fiscal-military state' gathered together the domestic resources necessary for the waging of international warfare. In particular, the 'financial revolution' has been examined in great detail, and much light has been shed on the war-driven emergence of a system of public finance between 1688 and 1720 that saw a shift from short-term borrowing to the establishment of permanent funded debt.¹³ Most importantly, perhaps, we now have a clear picture of how public credit was underpinned by a reasonably efficient tax regime, which ensured that the stakeholders in the national debt received their full interest, dividend, and annuity payments promptly and on a regular basis. Arising from this, the importance of the state's relationships with the City of London, the 'monied interest' and institutions such as the Bank of England and the East India Company has been established; and close attention has been paid to the growth of the stock market and the trade in stocks and securities that facilitated the state's mobilisation of private financial resources.¹⁴

Rather less is known, however, about how the large sums of money raised by government was subsequently spent; and, following on from that, how men, equipment, materials, ships, and all the paraphernalia of warfare were directed to where they were needed by army and navy commanders. There are certainly distinguished works devoted to forensic analyses of interactions that occurred between the British state and its domestic allies, and especially illuminating have been

¹² For the army see Houlding (1981); Scouller (1966); On the navy see Bromley (1974); Gradish (1980); Rodger (1986); Rodger (2004).

¹³ Dickson (1967); Roseveare (1991). For the later period see Binney (1958).

¹⁴ Carruthers (1996); Neal (1990).

studies of naval administration and the dockyards,¹⁵ government contractors, suppliers, and victuallers,¹⁶ maritime transport in wartime,¹⁷ and the organisation of long-range expeditions to the West Indies and elsewhere.¹⁸ All of these works explore, directly or indirectly, how decisions taken in London were eventually translated into action in Europe and the wider world, through the actions of ministers, officials, and a whole host of supporting private agents and agencies. But we still remain some way from having a full understanding of how, and to what effect, the British state and its associates worked together to support British war efforts over long periods of time and over great distances.

In the three essays on Britain in this volume the general aim is further to explore the wartime relationships that existed between the state and the private sector, and in different ways each of them addresses questions raised by Brewer's *Sinews of War*. In a wide-ranging analysis on the nature and strength of the mid-eighteenth-century British state, Stephen Conway considers the public and private contributions to the mobilisation of manpower and resources for war. This enables him to assess the claims of historians who have depicted the British state as either a 'strong' state or, alternatively, a 'weak' one. Richard Harding examines the same period, 1739 to 1763, with a view to establishing how Britain became so successful in the global warfare of the Seven Years' War. Through a detailed reconstruction of the state's emerging information networks and administrative practices, and through an elaboration of the work of private merchants, he identifies key factors that eventually enabled Britain to secure victories on the other side of the Atlantic Ocean. Huw Bowen also addresses the subject of how Britain managed to exert power on a global stage, but he does so in a different geographical context by establishing how the British state made increasing use of the considerable new imperial resources that came under the control of the East India Company during the second half of the eighteenth century. This essay explores the working of a public-private institutional

¹⁵ Many articles and theses have been written about naval administration, but the key book-length studies are Ehrman (1953); Baugh (1965); Wilkinson (2004). For the royal dockyards see Coad (1989); Haas, (1994); Morriss (1981). For the building of naval vessels in private yards see Banbury (1971).

¹⁶ Baker (1971); Pool (1966); West (1991).

¹⁷ Syrett (1970). Professor Syrett also wrote a very large number of articles on, among other subjects, shipping, victualling, and amphibious operations, many of which explore interactions between the state, navy, and private sector.

¹⁸ Crewe (1993); Duffy (1987); Harding (1991).

relationship and it considers the contribution made by the imperial 'periphery' to the strengthening of the British state in times of war.

Spain at War

As far as historians of Spain are concerned, the relationship between war and the economy has been usually understood in historical literature against the background that was forged during the sixteenth and seventeenth centuries. During that time Spain was involved in continuous warfare that took the form of a series of conflicts fought far from the Peninsula. Those wars were not only evermore costly,¹⁹ but they also posed major strategic and logistic problems. The high financial costs of conflict obliged Spanish governments to seek numerous loans, and the subsequent servicing of war-related debt led directly to steady and ultimately damaging tax increases. As a result, at the end of the reign of Philippe IV in 1665, Spain not only experienced military defeat, but also suffered from major economic dislocation. Yet, in spite of this legacy, Spanish experiences during the eighteenth century proved to be very different. Already on the eve of that century, the reign of Charles II (1665-1700) had been shaped by two important factors. One was in some ways negative, the impossibility of waging large-scale conflicts because of a lack of resources²⁰; the other was more positive, and arose from the economic recovery that had occurred during the last quarter of seventeenth century.²¹ Thus, although economic circumstances continued, generally speaking, to be favourable, Spain had to adapt to a changing international situation. Loss of territories occurred as a consequence of the Treaty of Utrecht of 1713, and in the subsequent decades adjustments had to be made to the rise of Britain and the relative decline of France.

Against this general background, Spain adapted its role and the way that it acted as a great power. The eighteenth century thus marked a new stage in the development of the Spanish state, and this was reflected in Spain's commitment to war. It was no longer the case that a lack of resources dictated that conflict be avoided. Nevertheless, during most of the eighteenth century the state's methods of gathering men, money, and materials for war continued to be derived from practices used during

¹⁹ See the considerations by Parker (1988).

²⁰ A well studied example in Ribot (2002).

²¹ Kamen (1980); see also the volume on the reign of Charles II in *Studia Historica. Historia Moderna*, 20 (1999).

the last decades of the seventeenth century. That meant, in general, low taxes and a return to dealing with private contractors. Within this general framework, efforts were made to refine procedures so that by 1760s some new influences began to be felt, but, in spite of these moves towards reform, nothing very much would change until the 1780s.

By way of an important qualification to these general observations, it has to be said that the first two decades of the century were necessarily different because of lengthy engagement in the War of Succession. This conflict obliged the new Spanish government, aided and in many ways directed by France, to organise a special treasury agency, the Tesorería Mayor de Guerra to raise the necessary revenues to finance the conflict²². Added to this were fiscal reforms imposed on the territories of the Crown of Aragón, which secured increased levels of income from taxation, which were necessary to meet the expenses of war. At the same time, Philippe V felt obliged to turn to Spanish contractors in order to supply the army on Spanish territory. Spanish bankers had come to the forefront of state finance during the reign of Charles II, but there were still many foreigners involved²³. With Philippe V, however, the Italian and Portuguese who had been important in Spanish finances during the reign of Charles II disappeared altogether. In large part, this was because the Spanish part of the War of Spanish Succession was the first large-scale war fought on the Peninsula since the earlier war of succession fought by Isabel and Ferdinand in 1474-1479. In this respect it posed entirely new problems in terms of how to provision large armies in the field on home soil.²⁴ Many weapons came from France, but food, wood, ammunition, and also some of the firearms had to be provided from within Spain itself, and this created a need to establish new methods of supply and finances. In this respect the War of Succession caused a decisive change to the financiers of the Spanish state. The marquis of Valdeolmos, the marquis of Santiago, and Juan de Goyeneche, were the most important of them²⁵, and they became the heads of family

²² The standard study on the economy of the War of Succession is still Kamen (1969), part III. New data and general information in Castro (2004). For a general essay on the influence of this war in the economy, González Enciso (2003). See also below the essay by Sanz Ayán.

²³ Sanz Ayán (1988).

²⁴ Conflicts in Portugal and Catalonia during the seventeenth century were not so much demanding. See for instance, Cortés Cortés (1985).

²⁵ Kamen (1969), Aquerreta (2000, 2001 b), Castro (2004), p. 173 and f.

dynasties that dominated Spanish finances and the supply of the army during the first half of the eighteenth century.

Once war came to an end in 1714, some features of wartime economic organisation were abandoned, while others remained unchanged. With regard to the fiscal system there was a return to attempts to reduce the tax burden, especially in the territories of the Crown of Castile, the territory that generated the largest amount of the revenue. The reductions were found especially in the stagnation of the rentas provinciales, a tax that grouped together different fiscal items for every province of the Crown of Castile. It included direct taxation (the servicios) and indirect taxation (alcabalas, a tax on trade, and millones, an excise on consumption)²⁶. This time the benchmark figure for the rentas provinciales was, more or less, the level of 1720, which was higher than the situation found by Philippe V in 1700, but from this moment up to the 1760s income from the rentas provinciales, though improved through organisational changes, did not increase in a significant manner.²⁷

The rentas provinciales was the most important group of taxes of the Spanish Treasury, so that any stagnation in levels of income meant that the government had to become very dependent upon other sources of revenue. One of these new sources was a tax called catastro or equivalente which came out of the reforms made in the territories of the Crown of Aragón as a result of conquest after its revolt against Philippe V. At first, the fiscal pressure increased very much in those territories, but ultimately the reform was not very effective and the amount of money collected also stagnated during the 1730s.²⁸ Other taxation measures generated rather better results for the Treasury. The most important of them were tobacco tax, customs taxes, and the American silver. The increase in each of them reduced the percentage of the total net revenue represented by the rentas provinciales from 35% by 1720 to 12% by 1750. At the same time, however, total revenue doubled between these two dates, from 200 to about 400 millions of reales.

At first sight, these figures suggest that the Spanish Treasury was able to grow and be in a strong position to support the state in its making of war. In fact, there was war in the 1730s and 1740s, again outside the Peninsula, in Italy and the Americas.

²⁶ A general view of the Castillian tax system in Artola (1982), Zafra Oteiza (1991), González Enciso (2003 c).

²⁷ P. Fernández Albaladejo (1977), p. 56, 77; Artola (1982), p. 343.

²⁸ Artola (1982), p. 246-47.

Was this possible without making further alterations to the fiscal system? Not entirely so. As is well known, in 1739 there was a default in payments, which reflected both the problems of the revenue meeting extra levels of expenditure and the limits to Patiño's attempts to reform the Treasury²⁹. In spite of that, war became possible again during the 1740s, in part as a result of organisational reforms introduced during the ministry of Ensenada. The most important of them, and a very successful one, was to put all taxes under direct administration of the crown, thereby avoiding the use of contractors. Although this reform was completed in 1748, it had begun to be implemented since 1730, with the tobacco rent³⁰, and it continued with other rents after 1740. In 1749, the first fiscal year when all taxes were under direct state administration, net revenue increases by about 35 per cent,³¹ making abundantly clear the considerable earnings that had been made by tax farmers up to that point. As a negative consequence, however, this reform curtailed an important part of the financial business by adversely affecting those who had been involved in the tax 'farming business'.

Another reform was an attempt to transform all the different fiscal items included in the rentas provinciales into one single tax on rents. Technical difficulties, which made the measure inefficient for a number of years,³² combined with social and political opposition to the implementation of a land tax, to make the reform impossible,³³ although a catastro³⁴ was completed in the provinces of the Crown of Castile in order to evaluate amount of the rents that were to be taxed.

No more tax reforms were made until the 1780s, which meant that the system continued without any structural changes until an acutely difficult period at the end of the century. Even so, the Treasury survived for most of the eighteenth century almost free from indebtedness; and this was another legacy of earlier experiences, a lesson learned from the enormous problems arising from high levels of debt incurred during

²⁹ For the crisis of 1739, Fernández Albaladejo (1977). Patiño had died in 1736, but he had been the Treasury Secretary during ten years and most of the reforms were made during his mandate. On Patiño see Pulido Bueno (1998).

³⁰ Escobedo Romero (2004).

³¹ According to the net data values by Merino (1987).

³² Angulo Teja (2002), p. 318.

³³ There is quite a large literature on the subject. As case example of the opposition, see Otazu (1978).

³⁴ The implementation of the catastro shows the efficiency of Spanish administration at the time, and it signifies a very important historical source in our days.

the seventeenth century. Indeed, until 1780 the total net revenue grew as a result of income derived from tobacco rent, American silver, and the increase of economic activity which had its influence on indirect taxation from both international trade (customs), and internal trade (alcabalas). The amount of the alcabalas was established by way of agreements between the government and local authorities. These agreements had been unchanged in most cases for about thirty years and had begun to be reviewed in many towns after the 1760s. The government wanted to increase the tax and argued that, since the population and wealth had increased, the towns should pay more. By the 1780s, following the war of American Independence, the situation changed for the worse because of war-related debts and problems were then exacerbated by the need to raise new funds for war after 1793. As a result, for the rest of the century the Treasury had to look again to mobilise extraordinary resources. This began an entirely new phase in Spain's fiscal history, which would lead to a financial disaster by the end of the Napoleonic Wars when trade blockades combined with dramatic political events to cause the failure of the Spanish Treasury.

With respect to the system of supply to the army, following the War of Succession the government continued to rely as before on an open group of contractors who competed for the general provision or for part of it, for instance in a particular region. During the 1730s, the Treasury and War minister, Patiño, tried to make changes. In an atmosphere of growing hostility towards the contractors, Patiño tried to gain a tighter hold of the asientos for the supply of grain to the army by looking for a direct management exercised by the military intendentes. From 1730 to 1739 the military intendentes were chiefly responsible for buying the grain needed in their own provinces. Instead of paying contractors, the Treasury provided funds to a newly created contaduría (accounts office) from where money could be drawn by the regional military intendentes and army treasurers³⁵.

The system was supposed to provide a saving to the state equivalent to the payments made to the contractors, which were considered to have been very high. But the administration found that it had created new problems. First of all, direct administration meant higher bureaucratic costs; and, second, it was difficult for the military intendentes to become buyers in markets they didn't know particularly well, and they did not necessarily have the capabilities for doing the job. Third, and maybe

³⁵ Torres Sánchez (2002 b).

most important, the financial pressures on the Treasury made it difficult for it to transfer funds to the intendentes when necessary, with the result that the system failed because the suppliers were not eager to send grain to buyers whose payments were not guaranteed.

The financial crisis of 1739 put more pressure to the government and the crown abandoned direct administration of the provision. Their new chosen method would be to use a single contractor, giving to him privileges enough to enable him to secure a general provision for the army. During the 1740s this contractor enjoyed a position and status that put him above the market forces in the sense that his buying capacity, as well as his strength to impose conditions, gave him a real monopoly on supply. This does not mean that the level of risk for him was entirely minimised, since his responsibilities were also very considerable. What was really minimised, however, was the range of opportunities available to other possible financiers,³⁶ and it appears that the system worked well.

A further attempt to get a tighter control over supply to the army was made by the administration in 1753-1754 when the then general contractor, Francisco de Mendinueta, lost his asiento but was nominated by the administration as the director of the general provision. This move was intended to bring the organisation of supply into the hands of the administration, while at the same time giving power to the person who really knew and understood the task, the previous contractor. What was really at stake, however, was the price that the administration had to pay for provisions. Mendinueta had been renewing his asiento, year after year, with an ever-increasing price. Now instead of the profits of the business, Mendinueta was simply paid a salary. But the administration still did not resolve the problem because although it paid less to Mendinueta it also had to pay to the grain sellers, and it was unable to do this because it did not have enough cash. Once again, as in 1739, the liquidity of the Treasury proved to be weak. The alternative to this lack of necessary cash-flow was normally the funds of the contractor. Indeed, one of the main tasks of the contractor was to be able to put money out in advance, thanks to his own credit worthiness with other financiers and traders. The Treasury did not however have such capacity, and as a result in 1754 Mendinueta was dismissed as director of the general provision and the administration reverted to the one and privileged contractor system.

³⁶ Ibidem, p. 511.

Of course, Mendinueta had sufficient influence and financial strength to secure the asiento once more, and he kept it until 1764.³⁷

In a related field, that of the provision of arms, the Spanish government undertook different actions during the first half of the century. Cannons and ammunition came from the factories of Eugui and Liérganes-La Cavada, which was an arrangement of long standing,³⁸ and the government had dealings with some other suppliers of lesser status. For the provision of small firearms during the war of Succession, however, Spain had to rely on French industry, since local production proved to be insufficient.³⁹ Nevertheless, the conflict urged Spanish governments to develop the sector and some factories were established or improved, as at Plasencia and Barcelona.⁴⁰ There were also some new textile factories for woollens at Valdemoro and Guadalajara, and production was intended not only for the market in general, but also to facilitate the supply of uniforms for the army.

Most of these war-related enterprises were developed with the help of private traders or financiers who acted as "monopolist entrepreneurs", with a typical mercantilist approach, since they received help from the state in terms of money and different privileges, and they had an exclusive right over part of the market. Of course, the government committed itself to buy part of the production,⁴¹ but in other instances the state chose to be the entrepreneur by acting directly in the field of production of goods. Some of these goods were not intended primarily for use in war, but had an indirect impact on it since the aims were to improve industrial production in order to gain markets and substitute imports, thereby "making the state stronger", as was stated for the royal factory of fine woollen cloths, a state-owned enterprise at Guadalajara.⁴² In other fields, however, state production activity was directly related to war. Such was the case with the dockyards and the artillery foundries. In the first case, three new dockyards were built in the first half of the century, at El Ferrol, Cádiz and Cartagena, to improve the building of all kind of warships, a policy that was very successful in general, at least in terms of the quantity and the quality of the

³⁷ On Mendinueta see Torres Sánchez (2002 a).

³⁸ Alcalá-Zamora (1974 y 1999).

³⁹ For different problems of the Spanish industry in those years Kamen (1969), chap.

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⁴⁰ Castro (2004), p. 187 and f.

⁴¹ González Enciso (2000), p. 29 and f.

ships⁴³, and this achievement should not be ignored despite the eventual demise of the Spanish navy. Artillery foundries were also developed, with those in Barcelona and Seville being the most important, although the attempts to build new types of cannon do not appear to have been very successful. They can be considered as military factories, directed by the ministry of War, and at the beginning of the eighteenth century they specialised in the production of bronze cannons⁴⁴.

The 1760s marked the threshold of changes in the organisation of economic activities related to war in the three most important sectors that have been briefly considered: money, grain supply and arms. The arrival of Charles III at the end of 1759 with his trusted minister Esquilache changed many long-established attitudes. These changes are important if we consider that Spanish policies of reform had almost stagnated since the dismissal of Ensenada in 1754, and if this situation is seen against a background provided by Britain's victory in the Seven Years' War, a war in which Spain did not at first participate, but which Charles III later thought required intervention. The new king not only took Spain into the war, with damaging consequences, but he also launched a series of reforms in the following years, in order to prepare the country for future conflicts.

Charles III government introduced more forms of absolutism, which in practical things meant more state intervention and a greater degree of administrative control. From the point of view of the Treasury, the 1760s saw an increase in the rates of different taxes, especially in those of the rentas provinciales group. Other taxes generated greater income because of the expansion of population and the economy. The financial situation was stable during the 1770s and by then a new organisation, the Cinco Gremios Mayores of Madrid had won a good reputation for conducting the business of provisioning with the government. The Cinco Gremios worked also as a bank, but when a proper national bank, the bank of San Carlos, started in 1782, it took on the business of the Gremios. The next war was to prove the resilience of the system. First, the Gremios, and then the Bank of San Carlos, started to lend to the government when involvement in the War of American Independence caused an alarming rise in expenditure. The issue of vales reales (paper money), helped the

⁴² For a study of the textile industry which implies much of this approach see González Enciso (1980).

⁴³ The standard study on this is Merino Navarro (1981).

⁴⁴ Helguera Quijada (1987), p. 68-69.

situation at the beginning, but the system became distrusted by people when further issues were made and the face value of the paper was reduced. In the last decades of the century, Spain reverted to borrowing from foreign houses, especially those of the Dutch. By the end of the century, extraordinary borrowing was very high, so the debt increased at greater the regular income of the treasury. This meant that, after a very long period of comparative stability, there was a return to the situation that had existed during the seventeenth century.

The effects of greater degrees of administrative control were also felt in the provision of grain to the armed forces. Esquilache was a specialist in dealing with contractors because he knew the business, and this meant that he could impose tighter conditions on them. As a result, smaller financiers went bankrupt and the general provision went to the strong monopolistic company called the Cinco Gremios Mayores of Madrid, which, as noted above, was a company that specialised in all types of financial operations and held more power than the single contractors of the past, such as Mendinueta and others. The problem, as always, was that in this business monopolist practices were imposed upon the free market. The consequence was clear: idle money did not go to business, since opportunities were scarce. It was thus very difficult for the state to attract such money from where it lay hidden and inactive. The business of contracting had not disappeared altogether, but opportunities were clearly reduced by the existence of a de facto monopoly.

In the last area of war-related economic activity - industrial production - the second half of the century saw the nationalisation of all the factories considered as being of strategic importance. The political economy of Charles III has often been considered as a liberal. Yet if some of his reforms had a liberalising tendency, in terms of lowering some taxes on industrial production or diminishing some trade monopolies, in other ways his actions proved to be of a centralising nature, thus strengthening his absolutism. Such was the case with the royal factories. Some of them had been privatised during the 1750s, but the state secured control of them during the 1760s. The factory of La Cavada-Liérganes, the most important in Spain for cannon and cannon ball production, had always been in private ownership, but it was nationalised during the reign of Charles III. Of course, the state-owned dockyards increased in activity, as was the case in other factories. Liberal ideas, then, arrived only in piecemeal fashion and, of course, they did not come into the activities related with war, an area over which the state wanted to exert direct control.

A summary of eighteenth-century trends related to supply of funds to the state for the purposes of war would thus take the following form: from the relief of the vassals - i.e. reduced taxes-, to the increase of the taxes; from financial equilibrium to borrowing; some organisational reforms, but no structural change to the system of taxation. In the provision of grain, there was a constant intervention in the market through ever more privileged contractors, so that there was a diminishing of market opportunities for other groups. The production of arms and other necessary supplies was at first undertaken by monopolist entrepreneurs but then passed to state-owned factories, which not only reduced production opportunities, but put these factories in an artificial situation since they did not depend on the regular market for their sales, but instead relied on the state as a single customer. When the state went bankrupt from 1808 on, it was all-but inevitable that these factories would disappear.

In comparison with Britain, what caused great harm to the Spanish economy was not simply war itself - although war was the primary cause -, but also the way in which the wartime economy operated, with the state moving away from use of the open market, instead of relying upon it. We can also conclude that Britain certainly had more money to invest in war-related economic activity; but a serious problem for historians is that we do not know how much money remained 'hidden' in Spain, either because individuals would not willingly invest their savings or they could not do so because of imperfections in the available institutional mechanisms.

The contributions in this book related to Spain highlight and explore some of the problems outlined above. Magdalena de Pazzis Pi's paper explains the reality of the guardas, a "reserve army", as she calls it. Originating in the times of the Catholic Kings when there was a lot of fighting in the Peninsula, the guardas later changed its form when almost all of the fighting undertaken by the Spanish Monarchy was undertaken outside the Peninsula. Being of lesser importance, and staying basically inactive, this army became obsolete in both organisation and role. Perhaps this reality explains in part why the guardas were not revitalised during the last quarter of the seventeenth century when warfare returned to the Peninsula. The last troop review was undertaken in 1694, and nothing is said about the guardas in 1703, by which time a new dynasty was on the throne. Besides telling us the story of this army, which is a kind of a counterfactual example of the 'military revolution', Pazzis Pi deploys a considerable amount of data about the salaries of the soldiers and commanders which

can eventually be used to make a full assessment of the cost of maintaining the Spanish army.

The other three papers are focused on the eighteenth century and address different topics relating to institutional change, the costs of war, political finance, and logistics. C. Sanz explains the changes introduced by Orry in the organisation of the Treasury in order to finance the War of Spanish Succession in the Peninsula. Her paper gives us valuable information about where the money for war came from and how it was then spent. There is also a consideration of the changing policy towards grain supply contractors and the rise of new firms. R. Torres offers a detailed account of the management of the Treasury. He sees the Spanish Treasury as a very different institution from that which had existed during the sixteenth and seventeenth centuries, but it also offers a marked contrast with the French Treasury of the eighteenth century. Equilibrium, comparative efficiency, and freedom from debt are held to have characterised the Spanish Treasury on the eve of the American War of Independence. On his part, González Enciso studies the logistics that lay behind the preparation of the Spanish invasion of Portugal in 1762. He offers a good example of the problems faced by a government that had to move 40,000 soldiers during a short period of time and over a long distance across the Peninsula. He also offers new details on war expenses and the way in which different supplies were contracted.

Taken together, the papers on Spain provide much new information on salaries, taxes, war costs and the structure of war expenses, as well as on institutional and political change. Most of this information has been interpreted in such a way as to provide a revised picture of Spain during the eighteenth century, and, overall, the papers illustrate the enhanced capabilities of the Spanish governments. Although her military fortunes fluctuated, Spain demonstrated that by the 1780s she possessed a strong degree of financial, military and naval power. Indeed, it is possible to suggest that the relative success of the methods Spain used to wage and finance war before that point was sufficient to persuade governments that it was not necessary to undertake further alterations to the political and economic system, and that in the long term this weakened the prospects for later military success.

Public and Private Contributions to the Mobilisation of Manpower and Resources for War in Mid-Eighteenth-Century Britain and Ireland⁴⁵

Stephen Conway

The nature and strength of the eighteenth-century British state have been subjects of considerable scholarly debate. Long ago, Otto Hintze, the pioneer of the theory of state formation, characterized the English historical experience as very different from that of continental Europe, and of Germany in particular. He suggested that England developed a distinctive parliamentary system and an amateur administration at the local level, and avoided the absolutism, strong central bureaucracy and large standing armies that were to be found in many European polities in the seventeenth and eighteenth centuries.⁴⁶ The work of John Brewer has seriously challenged Hintze's long-accepted model. While the distinctive position of parliament was clearly important, and England and Britain did avoid continental-style absolutism – despite the obvious admiration of the later Stuart kings for Louis XIV – Hintze's belief that

⁴⁵ This paper is based on ch. 2 of my book *War, State, and Society in Mid-Eighteenth-Century Britain and Ireland* (Oxford, Oxford University Press, 2006).

⁴⁶ See Ertman (1999), 24-5.

England managed without a bureaucracy and a significant standing army now seems highly questionable. Brewer, building on Peter Dickson's detailed study of the financial revolution,⁴⁷ argued that a 'fiscal-military state' developed between the Glorious Revolution of 1688-9 and the end of the American war in 1783. A steadily expanding central bureaucracy, growing armed forces, and substantial levels of taxation and borrowing made possible by the emergence of parliament as an entrenched institution, formed the vital ingredients of this 'fiscal-military state'. War-making efficiency, in Brewer's view, was the vital cause of Britain's rise from a marginal and second-rank player under the later Stuarts to undisputed great power status at the beginning of the reign of George III.⁴⁸ Brewer's thesis has been widely welcomed as a major contribution to our understanding of eighteenth-century Britain; within a few years of the publication of his work, a collection of essays appeared that was dedicated to exploring the implications of his arguments for Britain and its empire.⁴⁹

Yet, almost simultaneously, a somewhat different impression was emerging from the studies of other historians – an impression that at least partly vindicated Hintze's model. Paul Langford's picture of eighteenth-century England suggested that power was widely dispersed, and that in the localities a broadly based propertied class exercised considerable quasi-independent authority.⁵⁰ There was nothing in Langford's work that inherently contradicted Brewer's thesis, since their focus was not the same; but J. E. Cookson has taken Langford's localist perspective further, and explicitly argued that the British state, far from being strong, was weak – even in the key area of national defence. His detailed study of the mobilization of manpower in the long wars against revolutionary and Napoleonic France highlights the dependence of the state on local agencies that were remote from, and often antagonistic to, central control.⁵¹ It could reasonably be said that Cookson underplays the subtleties of Brewer's argument, for Brewer readily acknowledges that the state worked with and through local elites, and Andrew Mackillop, in an essay on the Scottish Highlands that broadly supports Brewer, reminds us of the difficulties of distinguishing between

⁴⁷ Dickson (1967).

⁴⁸ Brewer (1989).

⁴⁹ Stone (1994).

⁵⁰ Langford (1991).

⁵¹ Cookson (1997).

‘the state’ and local interests, as their relationship was often symbiotic.⁵² But it remains the case that Cookson and Brewer present markedly different views of the scope and efficiency of central authority in the eighteenth century.

An examination of the situation in the mid-century might lead us a little nearer to an informed adjudication between the stances of Brewer and Cookson, or even to a new perspective that builds on the insights of both. In this period – which incorporated the Anglo-Spanish conflict that began in 1739, which was soon subsumed into the War of the Austrian Succession (1740-8), in which France was Britain’s principal enemy, and the Seven Years War, which began in North America in 1754, spread to Europe in 1756, and ended with the Peace of Paris in 1763 – there is ample opportunity to see how effective the state was in mobilizing resources and manpower. We can also assess the extent to which it relied on local and private interests beyond its control, and whether the state apparatus was performing more strongly by the seventeen-sixties than it had been in the late seventeen-thirties. What emerges from this study is the importance of a partnership between the state and private and local interests. The balance of power within that partnership varied according to circumstances, with sometimes the state and sometimes private or local interests in a position of clear superiority. But partnership was the key to Britain’s ultimate success in mobilizing such impressive quantities of manpower, material, and money.

The Eighteenth-Century British State

First, however, we need to be clear what we mean by the British state. The state is usually used as an abstract term for a political community resident within a defined territorial area, and more concretely to denote that community’s embodiment in central or national governmental institutions. For our present purposes, what interests us is the machinery of government. The king’s servants constituted the main part of this machinery. Both George II and George III, the British monarchs in the period considered here, were also rulers of Hanover. Although there was much debate about the relationship between Britain and Hanover, and much criticism of George II’s German orientation, the Hanoverian government and the British government were separate entities; neither exercised any jurisdiction within the territory of the other.

⁵² Mackillop (2003).

By the king's servants, then, we mean ministers, officers in government departments, members of the regular armed forces – anyone in the pay of the British crown, whether in Britain, Ireland, or the colonies.

There is a case for saying that all governmental structures – local as well as national or imperial – are part of the state apparatus.⁵³ There were certainly local functionaries appointed by central government, who acted as local agents of central direction. But justices of the peace, the most important local officers, were in practice members of the local elite, who acquired their posts on the basis of their local reputation. They were not paid servants of the crown, but local amateur administrators.⁵⁴ They were meant to implement laws passed by parliaments, and orders issued by the Privy Council, but whether, and how, they chose to do so was very much their own affair. Magistrates frequently resisted the claims of naval press-gangs acting under the authority of the Privy Council: to give just one example, when Lieutenant James Ryder arrived at Hull in June 1758, he found that the mayor refused to assist him in pressing for sailors.⁵⁵

If we accept that, at least for the present purposes, the state will be seen as central and national in its institutional form, there are still difficulties to address. Where do the parliaments of Britain and Ireland, and the assemblies of the colonies, fit into the picture? Were they part of the state apparatus, or should they be seen as checks on the power of the state? There were some M.P.s in the British Parliament who were also government office-holders; but the majority of M.P.s had no direct financial relationship with the government. Large numbers of them, furthermore, thought of themselves primarily as tribunes for their localities; most were elected on the basis of their local standing rather than on national political platforms. As Sir Lewis Namier wrote many years ago, 'the knights of the shire in the eighteenth century were the consuls of the county republics'.⁵⁶ The legislature, in short, comprised representatives of different communities, many of whom were very locally oriented and displayed

⁵³ See, e.g., Braddick (2000), ch.1.

⁵⁴ Hence the importance of the unofficial guide to their duties, compiled by an experienced practitioner, Richard Burn's *The Justice of the Peace and Parish Officer*, 2 vols., London, 1755, which went through numerous editions

⁵⁵ H[istorical] M[anuscripts] C[ommission], *Du Cane MSS* (London, 1905), 224. For resistance to pressing generally, see Rogers (1998), ch. 3.

⁵⁶ Namier (1957), 5.

little or no interest in national issues.⁵⁷ But it was equally true that, whatever the predilections of individual M.P.s, the British Parliament was a national institution, with law-making and tax-raising powers. If it was proud of its role as a check on government, and particularly government expenditure,⁵⁸ it was in reality at least as much part of the machinery of the state as it was a focus for opposition to state power. The Westminster Parliament met every year from 1689, and soon showed its imperial pretensions. In 1707 it absorbed the Edinburgh Parliament and became the British Parliament; in 1720 it claimed the right to legislate for Ireland, even though there was still a Dublin Parliament; and in 1766 it was to assert its right to do the same for the colonies, though in practice it had already been doing so for generations.⁵⁹

This imperial role clearly distinguished the British Parliament from the other legislatures of the empire, which we can characterize as both local bodies and as centres of resistance to the power of the central British state. The Irish Parliament, however much it tried to emulate and claim parity with Westminster,⁶⁰ was a local institution, with limited powers, rather than part of the British state machinery. It met for a few months every two years, and, in theory at least, could not even begin to debate proposed legislation until the subject had been sanctioned in London. While in practice, the device of considering ‘heads of bills’ allowed the Irish Parliament to initiate legislation, it remained the case that the British Privy Council could veto or amend acts approved by the Commons and Lords in Dublin. And, as we have just seen, from 1720 the British Parliament claimed its superiority over the Dublin legislature. While this superiority was only sparingly used, the army in Ireland was subject to a Mutiny Act passed at Westminster, and Irish overseas trade was regulated by British Acts of Parliament. The resentment caused by British assumptions of Irish subservience meant that even Irish M.P.s tied to the lord lieutenant by patronage were

⁵⁷ An indication of this is the high proportion of legislation that was local and private as opposed to national – about 75% between 1714 and 1760, according to Hoppit (1996), 117 (table 1).

⁵⁸ See Hoppit (2002).

⁵⁹ See Dickinson (1998).

⁶⁰ See, e.g., National Library of Ireland, Shannon Papers, MS 13299, Arthur Onslow to Henry Boyle, 6 Dec. 1755

occasionally inclined to join the opposition in resisting measures favoured by ministers in London and promoted by the administration at Dublin Castle.⁶¹

Colonial assemblies exercised considerable authority within their own communities, but they were certainly not instruments of the British state. They were no more sovereign within their own jurisdictions than the Irish Parliament was in Ireland. The British Parliament legislated for the colonies and the British Privy Council had the right to disallow acts passed by the colonial assemblies. And if they were meant to be subordinate in the imperial structure, they were also, at the same time, fiercely resistant to central control. They saw their role, in line with classical English constitutional theory, as checking the power of the crown, in the form of its local representatives, the governor and his fellow civil officers. In America, moreover, the assemblies were able to translate theory into practice much more effectively than were country-minded Irish or British M.P.s. Patronage was not available to most colonial governors on anything like the same scale as to Irish parliamentary managers, let alone to British ministers. Assemblymen, answerable to a real electorate,⁶² were also less likely to accept compromising appointments in government pay that would have made them loyal supporters of government. Unable to build up a court party, many governors had very little authority. In some colonies, the assembly had exploited this situation and turned the governor into a creature of the legislature by voting his salary annually, thus making him more amenable to local views and less inclined to try to implement the wishes of his distant masters in London.⁶³

A Weak State?

There is certainly a case for saying that the wars of the mid-eighteenth century exposed the great limitations on the power of the British state. The recruitment of

⁶¹ For resentment, see, e.g., Derbyshire R[ecord] O[ffice], Wilmot Horton of Catton Collection, D 3155, WH 3457, archbishop of Tuam to Sir Robert Wilmot, 1 Jan. 1760; and, more generally, McCracken (1986).

⁶² For the colonial electorate, see Dinkin (1997); and for the responsiveness of colonial assemblies to their electorates, Olsen (1986).

⁶³ See [Thomas Pownall,] *The Administration of the Colonies* (London, 1764), 45-7. For the experience of one governor, see Eugene R. Sheridan (ed.), *The Papers of Lewis Morris*, 3. 1738-1746 (Collections of the New Jersey Historical Society, 26, Newark, N.J., 1993), 342. For the rise of the colonial assemblies, see Greene (1994), ch.7.

military manpower often depended upon individuals or corporate bodies remote from, or unconnected with, central government. Most obviously, perhaps, the volunteer corps formed in both mid-century wars represented private initiatives, not government action. While the number of Britons and Irishmen under arms during wartime was increased considerably by the creation of bodies of volunteers, especially during the Jacobite rebellion of 1745-6, it would be wrong to see them as a force under the command of the state. Volunteer formations usually envisaged themselves as performing a purely local defence function, and we can be confident that they would have resisted any attempt by government to deploy them away from their home territory.⁶⁴ We should also recognize that privateering vessels were most emphatically not under state control, even though they received their letters of marque, or licences, from government. As private ships, they were free to operate in whatever way they chose. While they sometimes co-operated with the Royal Navy, and they could be seen as a significant extension of British sea-power (there were more than 1,100 of them in the Austrian Succession struggle, and in excess of 1,600 in the Seven Years War)⁶⁵ it should be remembered that they were autonomous agents. The provincial regiments serving in North America, though they were placed under the command of British generals, were raised under the authority of the colonial assemblies, bodies that, as we have seen, were notoriously resistant to external interference and often agreed to fund the recruitment of their regiments only when the British government made substantial concessions to their sensitivities.⁶⁶ Nor should we forget that the fighting in Asia was largely conducted by the forces of the East India Company rather than the British army proper. Robert Clive's tiny force that defeated Suraj-ud-daula at the battle of Plassey in June 1757 was largely made up of sepoys (native soldiers trained in European style warfare) – there were more than 2,000 of them, out of a total of less than 3,000 troops under Clive's command.⁶⁷ And when Colonel William Draper took Manila in October 1762, a significant proportion of his little army again comprised sepoys and European troops in the pay of what was still in our period essentially a private commercial body.⁶⁸

⁶⁴ See, e.g., Cumbria RO, Pennington MSS, YD/Pen 18.

⁶⁵ Starkey (1990), 121 (table 7) and 165 (table 13).

⁶⁶ See Anderson (2000), esp. ch. 21.

⁶⁷ Black (1999), 133.

⁶⁸ The East India Company insisted on its right to take control of the new conquest until the king's wishes were known: see Nicholas P. Cushner, ed., *Documents*

Even if we consider the more official armed forces, the role of individuals and groups beyond state control emerges as crucial in many instances. The noblemen's regiments recruited at the time of the 'Forty-five Jacobite rebellion are a case in point. The noblemen in question, in return for pledging to form regiments, were given the right to nominate the officers – an important surrender of patronage by the state, which had the effect, of course, of reinforcing the autonomous local power of the nobles.⁶⁹ According to the Rev. William Stukeley, writing once the rebellion was safely over, 'It appears to me very evident that it was the vast diligence of the nobility, and clergy, and gentry in raising troops, it was this only that saved us from the effects of the rebellion.... The King could not possibly have raised troops on a sudden, but the nobility raised 'em in a week's time.'⁷⁰ There was, of course, a touch of hyperbole here – we know that some of the noblemen's regiments took much longer to raise than Stukeley claimed.⁷¹ Nonetheless, his observation was essentially sound. Noblemen's regiments, though raised on somewhat different terms, were to be important again in the Seven Years War, and once more revealed the dependence of the state on the autonomous power of local elites.⁷² Nowhere was this more obvious than in the Scottish Highlands. The British state had begun a concerted attempt to break the clan system and 'modernize' Highland society in the aftermath of the 'Forty-five rebellion.'⁷³ Lord Hardwicke, who was the driving force behind much of the post-rebellion legislation, was alarmed that the new Highland regiments raised from 1757 represented a big step backwards, as they seemed to re-legitimize the old clan structures. But Hardwicke's objections were not sufficient to prevent the regiments from being raised, for the simple reason that without clan-based regiments, and the sponsorship and active participation of the Highland chiefs, there would have been no mobilization of the Highlanders. If the British state wanted to tap Highland manpower effectively, it could do so only through the traditional leaders of Highland

Illustrating the British Conquest of Manila 1762-1763 (Royal Historical Society, Camden 4th ser., 8, London, 1971), 41.

⁶⁹ See, e.g., William Salt Library, Congreve Papers, SMS.521, for Lord Gower's regiment. For the political controversy surrounding these units, see Luff (1992).

⁷⁰ *The Family Memoirs of the Rev. William Stukeley*, ii (Surtees Society Publications, 56, Durham, 1883), 336.

⁷¹ Gloucestershire RO, Bond of Newland Papers, D 2026/X42. For the process of recruiting the Duke of Bedford's regiment, which also took rather longer than Stukeley suggested, see Bedfordshire RO, Russell Papers, Box 769.

⁷² See Middleton (1989), 234-7.

society and military units built on clan loyalty; the British state itself had neither the power nor the prestige to attract large numbers of Highlanders into existing regular regiments.⁷⁴ A similar point could be made about naval mobilization. Nicholas Rodger has demonstrated that landed officers used their territorial influence to recruit men from amongst their family employees and dependents.⁷⁵ Nor should we forget that local authorities, and particularly borough corporations, provided extra recruitment incentives, in the form of bounties for new naval and army entrants. The governing bodies of towns even raised regiments of their own – such as the Liverpool Blues in the War of the Austrian Succession – using the opportunity, no doubt, to expand the corporation's patronage base in the process.⁷⁶

To supply the armed forces with their requirements – food, clothing, weapons, munitions, transport, and, in the case of the navy, warships – was a considerable undertaking. The state did not even begin to attempt to produce all of the necessary goods itself. There were, to be sure, the royal docks that built and serviced naval vessels at Chatham, Plymouth and Portsmouth and a number of smaller yards. But in time of war, these government facilities were unable to cope with greatly increased demand, particularly for smaller craft. Contracts with private shipyards were therefore essential to secure the quantity of ships needed by the navy.⁷⁷ The movement of soldiers, equipment and supplies, was even more dependent upon private contractors. Merchant ships were hired by the Navy, Victualling and Ordnance Boards to carry expeditions overseas, to take armies or smaller detachments from one theatre of operations to another, and to transport supplies.⁷⁸ On land, the army and militia was similarly reliant on the short-term hiring of civilian wagons and horses. There was no regular military transport system until 1784; even the Royal

⁷³ See Harris (2002), ch. 4.

⁷⁴ See, e.g., B[ritish] L[ibrary], Grant Papers, Add[itional] MS 25,411, fos. 231, 240, and Barrington Papers, Add. MS 73,565, fos. 68, 70; and, more generally, Mackillop (2000).

⁷⁵ See Rodger (1986), 155-7.

⁷⁶ See, e.g., Sir James A. Picton (ed.), *City of Liverpool: Municipal Archives and Records* (Liverpool, 1907), 107-8; J. H. Gilbert and R. M. Gilbert (eds.), *Calendar of Ancient Records of Dublin* (19 vols., Dublin, 1899-1944), x. 167; North Yorkshire RO, Scarborough Corporation Minute-Books, DC/SCB II 1/1/7, 19 April 1755; Edinburgh City Archives, Council Records, SL 7/1/73, pp. 140-1, 231-2, SL 7/1/74, pp. 197-8, 247, 369-70, SL 7/1/76, pp. 354-5.

⁷⁷ See, e.g., Beaulieu, Montagu Estate Papers, 'Ships built for Government at Bucklers Hard from Sepr. 1743 to January 1791'; and Simmons (1993).

Artillery depended upon civilian drivers hired for each campaign to move its 'train' of guns, powder, and ammunition.⁷⁹ While brass-founding and gun-boring was carried out by the Ordnance Board at Woolwich, most weapons were not produced in government armouries, but by private contractors – iron and steel manufacturers made muskets, cannons, swords and bayonets for the armed forces, and also supplied them with shot.⁸⁰ Gunpowder was produced in government-run mills from 1759, when the Ordnance Board purchased facilities at Faversham in Kent; even so, private firms produced and supplied most of the powder that was used by the army, navy and militia.⁸¹ Army uniforms, though produced to official specifications – patterns were approved by the Board of General Officers from 1708 – were not made in government-run mills and workshops; private manufacturers and suppliers were paid to provide the clothing that was needed.⁸² Finally, and unsurprisingly, the vast quantities of foodstuffs consumed by the armed forces were also supplied on a contractual basis. The Victualling Offices at Tower Hill, Portsmouth and Plymouth, it must be said, baked and packed ships-biscuits, and salted and pickled beef and pork.⁸³ But while the navy and army established depots for meats, bread, grains and dairy products, these items were produced and provided by contractors and sub-contractors. Beer was made in breweries run by the Victualling Board, but in time of war these establishments – like the royal dockyards – were unable to cope with the volume of extra demand, and so private brewers supplied the considerable shortfall.⁸⁴

The state's reliance on private enterprise clearly enabled some contractors to exploit their position at certain critical junctures. During the 'Forty-five rebellion, the Earl of Cholmondeley, lord-lieutenant of Cheshire and governor of Chester Castle, who was empowered by the government to secure foodstuffs, clothing and footwear

⁷⁸ See, e.g., Syrett (2002).

⁷⁹ See, e.g., Public Record Office, War Office Papers, WO 55/2, fos. 25, 120; WO 55/3, fo. 56.

⁸⁰ See Ashton (1951), 128-33.

⁸¹ West (1991), esp. 149-66.

⁸² See, e.g., John Smail (ed.), *Woollen Manufacturing in Yorkshire: The Memorandum Books of John Brearley Cloth Frizzer at Wakefield 1758-1762* (Yorkshire Archaeological Society, Record Series, 115, Woodbridge, 2001), 54, 104, 121, 127.

⁸³ Rodger (1986), 83.

for the troops moving north to engage the Jacobite forces, found himself in a very vulnerable position indeed. He needed supplies desperately, and he was acutely aware of how easy it was for hard-headed farmers and tradesmen to take advantage of his situation. In November 1745, as he prepared to purchase cereals for the soldiers and forage for the army's horses, Cholmondeley worried about the need 'to prevent Combinations, among farmers' designed to push up the prices of the commodities that he required. His suspicion was understandable, for at the same moment he was experiencing great difficulties with another set of producers. Shoes were usually supplied to the army at between three shillings and fourpence and three shillings and eightpence a pair; but Cholmondeley discovered that the local master shoemakers, having agreed with him verbally to provide as many pairs as possible for four shillings each, were now demanding four shillings and a penny.⁸⁵ In the next conflict, John Ball, who supplied lead for the armed forces, regarded the Ordnance Board as 'the best of Customers', since it 'always pay[s] 10s a Ton more than the Merchants'.⁸⁶

The state was obliged to find the money to pay for the vast majority of war-related costs, whether they were incurred in recruiting or maintaining the armed forces. But even in this vital area, government was again reliant on individuals and groups beyond its control. When the state borrowed money, the terms it secured were dependent on the willingness of wealthy businessmen and investors to purchase government stock. The interest rates offered on government issue were at least partly a product of intense negotiations between ministers and private financiers. The government, particularly at times of dire need and national emergency, could find itself obliged to accept much more generous rates than it wanted to pay, as in March 1746, when the continuing Jacobite rebellion obliged ministers 'to raise money at a high interest'.⁸⁷ Nor was the taxation necessary to service the debt always secured easily. True, most M.P.s were reluctant to be seen to be hindering the effective prosecution of military and naval operations by objecting to the required taxes; but when they were asked to pay for the deployment of troops on the continent, there could be substantial opposition. In January 1742, for instance, 160 M.P.s voted

⁸⁴ Mathias (1959), 201-4.

⁸⁵ Cheshire RO, Cholmondeley of Cholmondeley Papers, DCH/X/9, 10. See also 17, 21, 42.

⁸⁶ National Library of Wales, Powis Castle MS 1249.

⁸⁷ HMC, *Du Cane MSS*, 106.

against a motion to pay the army in Flanders.⁸⁸ Parliamentarians were even less inhibited when it came to post-war taxes, which were just as necessary if interest payments were to be met on the national debt, which itself had grown enormously as a result of wartime borrowing. The battle over the cider tax, introduced by Bute's government in March 1763, demonstrated the difficulties that the state could face. Opposition within the British Parliament to this new excise was fierce, yet far from insurmountable: at no point did more than 120 M.P.s vote against the bill. But the popular outcry in the western apple-producing counties was picked up and stimulated by sections of the press, and Bute, disconcerted by the ferocity of the personal attacks launched on him, resigned.⁸⁹ His successor, George Grenville, was then faced with a determined campaign to repeal or at least revise the unpopular impost. Early in 1764 the government defeated a proposal to modify the cider tax by a majority of only twenty votes. In his budget of that year, presented to the Commons in March, Grenville promoted parliamentary taxation of the American colonies; with tax resistance a major problem in post-war Britain, new sources of revenue had to be found.

A Strong State?

There are, however, other ways of looking at the mobilization of manpower and resources that point to very different conclusions. Consider again the expansion of the armed forces. Whatever the contribution of autonomous local agents, the state had overall control of the process and responsibility for keeping the army, navy, and militia in being. While some of the soldiers were incorporated in regiments raised by the local influence of noblemen, and their officers chosen by those noblemen to boost their local power bases, all officers received commissions from the crown and were therefore ultimately under the command of the king and his ministers. The militia, originally intended by its supporters as a locally controlled check on central authority, as well as a defensive force, was reformed in 1757 in a way that effectively made it an adjunct of the army rather than an alternative to a centrally controlled professional military force.⁹⁰ At least some of its officers resented any attempt to portray the

⁸⁸ William Cobbett and J. Wright, eds., *The Parliamentary History of England* (36 vols., London, 1806-20), 12, col. 940.

⁸⁹ See Thomas (2002), ch. 4.

⁹⁰ Gould (1991).

militia as different from the army proper.⁹¹ The pay of the army, the navy, and the militia was supplied by government, acting through parliament. Nor should we forget that the state directly involved itself in recruitment. The least important aspect of this involvement, in numerical terms, was the offering of royal pardons to convicts on condition that they served in the army or navy.⁹² More productive was compulsion in the form of the press-gang. Naval conscription, it hardly needs to be said, was deeply unpopular; it was resisted at the local level and criticised in the British Parliament.⁹³ But there was no gainsaying that without it the navy would have found it very difficult to man the king's ships with the number and kind of men that it required.⁹⁴ Pressing was also used to augment the army, through government-sponsored Recruiting Acts operating in 1744-6 and 1755-8. Resistance was again considerable, so much so that this method of raising troops was dropped during the Seven Years War.⁹⁵ It should be added that the number of men compelled to serve under the provisions of the acts was not very substantial, considering the total number raised during the two conflicts.⁹⁶ On the other hand, the success of the Recruiting Acts should not just be measured by reference to the impressment clauses; they also offered inducements, and probably stimulated much larger numbers of men to join the colours voluntarily. Indeed, the state was perhaps rather better at offering carrots than it was at using sticks. The opportunity to practice a trade regardless of local guild restrictions – an instance of the state ignoring, or even trampling upon, entrenched local interests – and the prospect of land being offered in North America, were almost certainly incentives that encouraged men to become soldiers.⁹⁷

If we look again at the ways in which the armed forces were maintained, it similarly becomes clear that the role of the state was far from minimal. The extent of direct state activity should not be underplayed. The royal dockyards were the largest

⁹¹ See, e.g., Wiltshire RO, Ailesbury of Savernake Papers, 1300/1669, Major William Young to Lord Bruce, n.d., but 1759.

⁹² See, e.g., J. Redington (ed.), *Calendar of Home Office Papers in the Reign of George III 1760-1765* (3 vols., London, 1878), i. 13, 109-13.

⁹³ See, e.g., Cobbett and Wright (eds.), *Parl. Hist. of England*, xii. 28, xv. 549, 590.

⁹⁴ Rodger (1986), 150.

⁹⁵ Middleton (1989), 233.

⁹⁶ See, e.g., BL, Barrington Papers, Add. MS 73,628, fo. 87.

⁹⁷ See Marshall (1995), 210 for the view that for the Highland Scots military service was often a means to migrate to North America.

units of production in eighteenth-century Britain and Ireland.⁹⁸ Portsmouth, Plymouth and Chatham were vast industrial complexes. They covered hundreds of acres and had work-forces much larger than any contemporary company. At the height of the Austrian war the British yards employed 8,500 men between them.⁹⁹ While private yards built many craft in wartime, the larger ships were all constructed in the royal dockyards, which were also the only ones equipped to carry out major repairs. There were no other state enterprises to match the royal docks, but the state established the regulatory framework within which civilian contractors were obliged to operate. The production of cannons, for instance, was largely undertaken by private iron producers; the Board of Ordnance, however, inspected the finished products rigorously, and those that failed to meet the required standard were rejected.¹⁰⁰ The Victualling Board, one of the biggest single purchasers of foodstuffs at the time, was also able to exercise some influence over the quality of the products that it purchased. A vital part of the regulatory framework was the use of export embargoes. These were ostensibly designed to prevent valuable supplies reaching the enemy; but they also had the advantage, from the government's point of view, of helping to build up stocks and therefore reducing the market price.¹⁰¹ And if the state as purchaser might at times be exposed to individuals and groups determined to maximize their profit at public expense, we should remember that the government and its agencies, with substantial buying power at their disposal, were often in a position to make or break smaller suppliers. Contractors frequently complained of late payment,¹⁰² or of the need for more orders to justify investment.¹⁰³ Their willingness, despite these complaints, to continue providing supplies suggests that they, rather than the state, were in a position of dependency. More generally, it could be argued that the extensive use of private contractors was a symptom not of the weakness of the British

⁹⁸ See Baugh (1965), ch. 6.

⁹⁹ Knight (1985), 38.

¹⁰⁰ See, e.g., correspondence and papers relating to the delivery of cannons to the Ordnance Office during the Seven Years War in Somerset RO, Dickinson Papers, DD/DN 498.

¹⁰¹ See Public Record Office of Northern Ireland, Bedford Papers, T 2915/5/42, where Archbishop Stone warns that this is widely suspected to be the true reason for the embargo on Irish exports in 1758.

¹⁰² See, e.g., Berkshire RO, Downshire Papers, D/ED O37, Fisher & Pearce to Capt. Moses Corbett, 9 Sept. 1762.

¹⁰³ See, e.g., BL, Anson Papers, Add. MS 15,955, fo. 167

state, but of its strength. Contractors would have been reluctant to tender for business if they had little faith in the reliability of their paymaster.¹⁰⁴

Indeed, the state's crucial role in mobilizing resources for war is nowhere clearer than in relation to public finance. There was, as we have seen, post-war tax resistance, and rates of interest were influenced, of course, by the demands of the major money-lenders. There were also, as noted, times of acute stress and worry for treasury ministers and officials. But the general picture is much more positive. The army and navy expanded enormously, especially in the Seven Years War, and the militia was reformed and mobilized from 1757. Before hostilities with Spain began in 1739, the British armed forces probably numbered around 50,000 men; in 1748, when the War of the Austrian Succession ended, there were perhaps 105,000 British and Irish males in the regular armed forces. In 1755, before the Seven Years War began in earnest, the total number of British and Irish men in the army and navy was about 56,000; in 1762, at the close of the conflict, around 200,000 were serving in the army, navy and militia.¹⁰⁵ In both mid-century wars Britain's military reach was extended by paying for foreign auxiliaries and subsidy allies on a vast scale: in the Seven Years War some thirty per cent of the money appropriated by the British Parliament for the army was spent on foreign troops.¹⁰⁶ The war-effort in the colonies was also substantially supported by parliamentary contributions. In the Austrian war, Massachusetts was reimbursed for at least some of its expenses, and in the next struggle the colonies generally were able to secure metropolitan funds to cover about half of their military costs.¹⁰⁷ Vast sums, in short, were found to pay for a global war-effort, and this must surely be counted as a substantial achievement. The necessary taxes were raised: at no time during this period did the British Parliament refuse to provide funding. There was even remarkably little resistance to settling the army's extraordinary expenses – that is, the amount that exceeded the anticipated expenditure presented in the annual estimates.¹⁰⁸ Borrowing was not always easy; but, even when there were difficulties, the required sums were secured in the end. Here it should be noted that in negotiations with the major lenders, it was not always the state that was in a position of dependency. In 1742 the Bank of England lent the government £1.6

¹⁰⁴ See Bannerman (2004), 66.

¹⁰⁵ See Conway (2004), 378-82.

¹⁰⁶ French (1990), 38 (table 2.2).

¹⁰⁷ See Anderson (2000), 814 n. 4.

million without interest, in return for the renewal of its charter.¹⁰⁹ Indeed, such was the general willingness to lend to the government, that in January 1756, when a subscription was opened for £2 million, some £800,000 was pledged on the first day.¹¹⁰ And the government was usually able to secure loans at remarkably modest rates of interest. The £12 million borrowed in 1762 required only 4.8 per cent interest; and the £2 million in 1756 just 3.4 per cent.¹¹¹ In the previous war, the £4 million raised at the end of 1746 was secured by offering only four per cent.¹¹² Though additional inducements such as free lottery tickets and extra stock were often necessary, and increased the total cost to the state, it remains the case that these rates were low by contemporary and historic standards.¹¹³

Change over time

It would be misleading, then, to see the British state in the mid-eighteenth century as fundamentally weak. There can be no doubt that central government needed the help of a whole host of individuals, groups, and interests beyond its control. Nor can it be denied that the agendas of those individuals, groups and interests were often very different from, and even in direct opposition to, the wishes of the king's servants. But if the wars of our period highlighted the reliance of the state on local and voluntary effort, and in some cases reinforced and entrenched local and sectional interests, none of this undermines the case for saying that, by the standards of the day, the British state machine was in good working order. By 1763 it had succeeded in mobilizing under its command unprecedented levels of manpower, in harnessing considerable material resources to sustain its own and allied armed forces, and, crucially, in raising money to pay for all this effort on a scale and in a manner that was beyond the capacity of any of its enemies or allies to emulate.

¹⁰⁸ Bannerman (2004), esp. 32.

¹⁰⁹ Hancock (1994). See also, Huw Bowen's essay in this collection, for the East India Company's advancing £4.2 million by 1744, as part of a process designed to ensure the renewal of its commercial privileges.

¹¹⁰ North Yorkshire RO, Metcalfe of Nappa Papers, ZOA, Alexander Fothergill to Thomas Metcalfe, 29 Jan. 1756.

¹¹¹ Browning (1971), 353.

¹¹² William Muir (ed.), *Selections from the Family Papers Preserved at Caldwell* (2 parts in 3 volumes., The Maitland Club, 81, Glasgow, 1854), pt. ii, vol. i. 82.

¹¹³ For favourable comments on the handling of the British public finances during the Seven Years War, see, e.g., Baxter (1983), 339; Koehn (1994), 11.

There is some danger, it must be said, in focusing on the victorious finale of the long and near continuous struggle against France. All too easily we can slip into an assumption that the British state gradually improved its efficiency, by an incremental process, until it reached its acme of achievement in the triumphs of the Seven Years War. The truth, inevitably, is more complex; a linear narrative over-simplifies the story. It could be argued, for instance, that as the demands of war increased, the state became *more* reliant on agents beyond its control – as in the case of the noblemen's regiments in both mid-century struggles, and particularly the Seven Years War, when compulsion in the form of the Recruiting Acts was replaced by the raising of units that depended upon the local influence of peers and gentlemen and surrendered to those local elites important patronage powers. Similarly, the clan-based Highland regiments established from 1757 represented a retreat from the policy pursued since 1746 of demilitarising the Highlands and breaking the hold of the clan chieftains.

Nevertheless, there are good reasons for believing that the efficiency of the British state apparatus increased over the period covered by the two wars. This owed less, it might seem, to structural changes designed to improve performance than to the commitment and energy of individuals. The Board of Trade, founded in 1696 to oversee colonial development, underwent no significant reform during our period (though its formal powers were enlarged in 1752). But in the aftermath of the Austrian war, when the British government became more aware of the value of the colonies, and more concerned about the behaviour of some colonial assemblies, the Earl of Halifax was appointed as its new head. His taking office meant that more than twenty years of declining influence for his department was reversed in a determined drive to assert more control from the centre and to resist the erosion of the authority of the colonial governors.¹¹⁴ Likewise, the secretaries of state held offices whose responsibilities and functions remained unchanged until a third secretary – for the colonies – was added in 1768. It was not until defeat in the American war that a fundamental reform took place, when in 1782 the post of colonial secretary was abolished, and the responsibilities of the northern and southern secretaries were reallocated to new offices under secretaries of state with responsibility for home and foreign affairs respectively. The co-ordinating activity of William Pitt the Elder in the Seven Years War was attributable not to any formal changes in the scope of the

¹¹⁴ See Steele (1998), 119-20.

southern secretary's responsibilities, but to his own determined and power-hungry personality.¹¹⁵

But this is to overlook apparently small-scale technical improvements and bureaucratic refinements that enhanced the efficiency of many branches of the state apparatus, and the recruitment of more officers to carry out the required work.

The Treasury did not grow significantly in staff terms – there were still only fifty-one officers employed in the department in 1760.¹¹⁶ But it became more and more effective in controlling contract costs and establishing better auditing procedures to limit the risk of fraudulent behaviour.¹¹⁷ In the revenue services, upon which the whole war-waging system relied, the number of officers increased from 6,765 in 1741 to just short of 7,500 in 1763. Brewer rightly points out that Britain's fiscal bureaucracy was at least as large as that of any continental European power, and probably considerably larger than most. Nor were the revenue officers simply notable for their numbers. The excise commissioners in 1758 asked their own juniors for suggestions on improving the administration of the malt tax in preparation for an increase in the duty. This consultation reflected the acknowledged expertise possessed by a well-trained and educated staff. The next year the excise began a comprehensive survey of the nation's retail outlets to ensure that duties were collected more effectively.¹¹⁸

The navy can be seen in a similar light. Its increase in size – both in terms of manpower and ships – was of course vital.¹¹⁹ Experience had also enabled the navy to become much more adept at working with the army in amphibious operations: the coordinated and well-organized campaigns in the Caribbean in the closing stages of the Seven Years War suggest a considerable improvement on earlier botched combined operations such as at Cartagena in 1741 and Rochefort in 1757.¹²⁰ But there were also technical and procedural advances that contributed to enhanced efficiency. Perhaps the most notable amongst these advances was the gradual introduction of anti-scorbutics to combat scurvy, one of the health hazards that regularly reduced the capability of the fleet. James Lind's work, first published in 1753, though not initially

¹¹⁵ See Peters (1998), esp. 103-8.

¹¹⁶ Sainty (1972), 102.

¹¹⁷ Bannerman (2004), ch. 3.

¹¹⁸ Brewer (1989), 66 (table 3.2), 112, 127-8.

¹¹⁹ For the increase in the number of ships, see Glete (1993), i. 268 (table 23.9).

¹²⁰ See Harding (1991), 83-122; Hackman (1978).

responsible for change, marked the beginning of a long-drawn out process of dietary improvement. We might also note that the Commissioners for Sick and Wounded, who were first constituted in 1653, were appointed only on a temporary war-time basis until 1748, when they became a permanent body. Furthermore, a new hospital at Haslar, in Gosport, was constructed from 1746 to 1762, and a smaller establishment at Plymouth was built between 1757 and 1760.¹²¹ In the dockyards themselves, there was steady if unspectacular improvement in facilities for building and repairing ships, and – more importantly – a new culture of inspection developed after the Austrian Succession conflict, inaugurated by a ‘visitation’ by the Admiralty in 1749, which produced a new standing order in 1750 designed to eliminate identified abuses.¹²² Naval officers went into uniform for the first time in 1748, and while this was a development that they themselves suggested as a means of greater differentiation, it symbolized the way in which the navy was losing the final vestiges of its pre-professional past.

The army also not only grew in size, but in professionalism, effectiveness and cohesion. The redcoats who broke when faced with the Highland charge at the battles of Prestonpans and Falkirk in the ’Forty-five, and whose shortcomings in wilderness warfare were brutally exposed by the Amerindians and French Canadians ten years later when General Braddock’s little army was ambushed near the banks of the Monongahela river, had become a much more tactically flexible and formidable fighting force by the time they campaigned in the Caribbean in the last part of the Seven Years War.¹²³ This owed little or nothing to the emergence of formal officer-training; though artillery and engineer officers were schooled at Woolwich from 1741, there was no military academy in Britain or Ireland for the infantry and cavalry. But there was a good deal of attention to improving drill and tactics, some of it inculcated in treatises written by former or serving officers, and more picked up through experience and adaptation.¹²⁴ Rather less obvious, but important symbolically, was the change in the way the army’s regiments were identified. During the Austrian conflict, they were named after their colonels, reflecting the extent to which they were still seen in a proprietary light. A royal warrant of 1751 numbered the regiments, and

¹²¹ Duffy (1980), 72-4.

¹²² Haas (1970), 196-8.

¹²³ See Brumwell (2002), chs 6 and 7.

¹²⁴ See Houlding (1981).

at the same time colonels were forbidden to put their own coats of arms on regimental flags.¹²⁵ In the next war, although the use of colonels' names persisted in some quarters, numbering made it clear that the regiments were regarded as part of a whole – a state-controlled whole – rather than privately run units that came together to form the army. This change reflected a long-drawn-out process whereby the scope for army officers to run their companies and regiments as semi-autonomous fiefdoms, through which they could generate a private income, was gradually eroded. The end of the practice of putting fictitious names on muster rolls, and claiming non-existent men's pay; the introduction of more effective reviewing procedures; and new methods of checking regimental accounts – reforms completed in the aftermath of the Seven Years War – had been brought in incrementally between 1716 and 1766. But the period of the mid-century wars saw an intensification of this process, with important developments occurring during the two conflicts.¹²⁶

A Productive Partnership

If the British state was, by the standards of the time, efficient and effective in waging war, and seemingly becoming more so, that does not mean that the role of autonomous institutions, groups, and individuals beyond its control should be minimized. Rather than seeing the experience of the mid-century wars as demonstrating the strength or the weakness of the British state as an engine of war, we would perhaps do better to consider the successful mobilization of unprecedented levels of manpower, the harnessing of considerable material resources to sustain, British, colonial, and allied armed forces, and the raising of the money to pay for all this effort, as the work of a highly productive partnership between government and local and private interests.

As with all partnerships, the balance of power shifted according to circumstances. When the state needed men, supplies, or money desperately, it had to offer more in return to local elites, contractors, and financiers than it might have wished to do. On the other hand, members of local elites in Britain and Ireland often competed with each other for state favours, leading them to offer to raise more soldiers than their rivals in order to secure commissions for themselves or relatives or dependents. Contractors often had to work in a similarly competitive environment, and were

¹²⁵ Guy (1994), 98.

obliged to offer terms and conditions that were satisfactory to government. Financiers likewise often faced low rates of interest because of a general willingness to lead to the state.

The agendas of the partners were undeniably in many senses very different. And, once the mid-century wars were over, partnerships tended to break down. Regiments raised by large landowners or borough corporations in Britain and Ireland, or by the provincial assemblies in the North American colonies, were disbanded, ending, or at least reducing, the patronage opportunities that those regiments had provided. Contracts to supply the diminished armed forces were fewer in number and often smaller in value. Large new loans to fund a war machine were no longer required. But so long as the wars lasted, the different priorities of the partners were not a major impediment to the partnership's effective functioning. Profit, advancement for individuals, and extra power for local institutions were not necessarily, or even usually, incompatible with public service. Private and local interests gained enough from the relationship for the partnership to be mutually beneficial and generally effective in producing the required quantities of human, material, and financial resources.

The skill of Britain's military and naval commanders no doubt helped to ensure victory in the Seven Years War. Luck also played a part.¹²⁷ But even the most skilled commander, blessed with a prodigious amount of luck, could not have prevailed without manpower, military and naval hardware, supplies, and the money to pay for his battles and campaigns. The peculiar character of the British economy, with its relatively high degree of commercialisation, urbanization, integration and limited (compared with France) barter and subsistence component, certainly helped here; as Brewer has pointed out, these features facilitated efficient and effective tax collection.¹²⁸ The peculiarities of the British state helped too – by the standards of the time, it was efficient and effective, and apparently becoming more so by the end of our period. The state could not mobilize manpower, resources, and money on its

¹²⁶ Guy (1984), esp. 162.

¹²⁷ This point, applied more generally to Britain's eighteenth-century wars, is the central thesis of Black (1999).

own, however. Without the help of individuals and groups beyond its control, such a mobilization would not have been possible. Rather than seeing this as a weakness of the state, we should regard it as proof of the existence of a partnership between government and local and private interests. That partnership deserves a place in any explanation of Britain's success in the Seven Years War.

¹²⁸ Brewer (1989), 180-2. The less advanced nature of parts of the Irish, Scots and Welsh economies qualify Brewer's point somewhat.

**Trans-Atlantic Operational Capability:
State, Resources and War 1739-1748**

Richard Harding

The Seven Years War (1756-1763) was the first great triumph of seapower on a global scale. More than ever before conquest outside of Europe, made possible by maritime power, had a decisive impact on European diplomacy. The scale of British conquests during the war from Canada and the West Indies, to Africa and India, was so great that there was nothing in contemporary diplomatic possibilities, short of the conquest of Britain itself that would have enabled France and Spain to restore the *status quo anti*. At the beginning of the century European powers may have wanted to seize their enemies' colonial possessions, but no state had the global reach to do so and the diplomatic impact of any seizures at that time was open to doubt. By the mid-century Britain had evidently developed this global capability and neither of the Bourbon monarchies could look with indifference on the destruction of their colonial empires.

The scale of the victory amazed contemporaries and to an extent embarrassed British politicians, then and later, who had to negotiate and maintain a peace in which allies had not been so fortunate and enemies had been humiliated. The causes of the victory have been examined many times, ranging from the genius of individuals like William Pitt, James Wolfe or Edward Hawke, through relative bureaucratic, military and naval superiority over enemies, to a culture of economic and political freedom that underpinned initiative and aggressive expansionism.

For modern historians, John Brewer's powerful exposition of the development of the British state in *Sinews of Power*, summed up the key developments within Britain since 1688 - an efficient, centralised fiscal bureaucracy; a large financial community; a thriving market in long term government securities and a wide tax base legitimised by a standing parliament,

which also facilitated a political accommodation of different interests with the increasingly powerful state.¹²⁹

The economic and social infrastructure that Brewer described is a vital part of our current view of eighteenth century state development. This infrastructure created Britain's 'overwhelming financial superiority' and this superiority in turn lay at the bottom of Britain's military power.¹³⁰ Professor Daniel Baugh has explained the uniquely successful 'maritime-imperial system' that emerged from this domestic infrastructure. The mature financial community provided the credit facilities for long-distance overseas commerce. The financial returns from overseas trade provided a high level of liquidity to underpin further the financial markets and the increasing demands of the tax system. Maritime trade demanded complex contractual and servicing relationships. It demanded specialist skills ranging from shipbuilding and seafaring to wholesaling, re-export and the ancillary industries such as insurance. This complex mix of skills and resources was also the basis for an expanding and effective Royal Navy, which protected the maritime commerce upon which it, in turn, depended. Thus, there was a close symbiotic relationship between overseas trade, expanding public funds, real maritime resources and naval power. The key feature of this colonial system was that it depended on the value of the trade it generated, not the extent of the territory dominated.¹³¹ This being so, it dictated a particularly British way of warfare. In Professor Baugh's words, the Atlantic empire 'was the backyard in which the sinews of war were generated for use in the front-yard, that is to say, in Europe and European seas'.¹³² Britain's strength lay in her maritime commerce and naval power, not in land armies. Britain could not hope to destroy the armies of her continental enemies, but she could weaken their military power by attacking their overseas commerce and colonies. While the enemy was weakened, Britain was enriched by the captured commerce and colonies.¹³³ It was war to generate resources rather than war as the mutual destruction of resources. Victory was measured in the defence of the realm and by being stronger at the end of the war than before it started.

¹²⁹ Brewer (1989). See also Bowen (1998).

¹³⁰ Stone (1994), 6.

¹³¹ Baugh (1994).

¹³² *Ibid.*, 203.

Although we now have a much richer picture of the successes of the Seven Years War, it is still an incomplete picture. A startling feature of the Seven Years War was the utter collapse of the French empire in North America and the West Indies. Undoubtedly this was partly the result of Britain's relative financial and naval power. However, the scale and scope of the victory invites further investigation. The victories took place at a distance of 3,000 miles from the metropolitan heartland. The extent of the theatre was vast. The distance from Québec to Martinique was in excess of 3,500 miles. Some campaigns took place up to 500 miles inland. The logistical achievement of the government departments was extremely creditable, but it might be deduced from David Syrett's work on the American War of Independence, that if supply from Britain had been the only resource, the conquest of Canada would, at the very least, have taken much longer.¹³⁴ Such a victory could not have been achieved only by a well-organised and financed metropolitan centre projecting seapower out to a periphery. Seapower had to be complemented by land forces that could deliver the *coup de grace* to enemy resistance. It needed, in addition, robust resources on the other side of the Atlantic. Success depended on mobilising resources in the Americas. Americans had to victual and support an army of over 37,000 regulars by 1762.¹³⁵ 20,000 Americans joined the provincial corps, in addition to those serving in the militias. These provincials provided vital supporting functions for the regular army in its advance up the Hudson. They also formed an important part of the armies that conquered Dominica (1761), Martinique (1762) and Havana (1762).¹³⁶ American ships had to transport the soldiers. Relatively large squadrons had to be maintained in American waters. Thus success depended on creating, developing or mobilising an effective trans-Atlantic network or infra-structure. The great successes in the West Indies occurred in the year between July 1761 and July 1762, after this infra-structure had been built up to sustain substantial regular forces in the region, supported by American troops and supplies.

How Britain achieved this is a matter of great importance. Some work has been done, examining aspects of the administrative and financial systems that

¹³³ Baugh (1987); Baugh (1988).

¹³⁴ Syrett (1970).

¹³⁵ *Journals of the House of Commons*, XXIX (1761-5), 27.

underpinned the development of Britain's trans-Atlantic capability between 1739 and 1763.¹³⁷ From this it is clear that the successes of 1759-62 depended to a large extent on capabilities that were built up during the war of 1739-1748. The purpose of this paper is to suggest a way of exploring the issue of capability and to explore two aspects in particular – administrative flexibility and use of information.

An Explanatory Network of Effective Action.

[INSERT DIAGRAM 1 HERE]

The application of effective force at any point in the globe depends on the ability of a nation to bring superior power to bear on the enemy. An extremely simplified schematic illustration can be found in Diagram 1. The result of a campaign depends upon the ability of an attacking force to carry out a range of military and naval functions to overcome the defending force. The effectiveness of a force is a function of the quality and quantity of material resources and the quality of the command, measured against the force of the opposition which it met.

[INSERT DIAGRAM 2 HERE]

Diagram 2 illustrates how a trans-Atlantic expedition might be examined. Reading from the left, one can see that the creation of an expeditionary force depended on the ability of the metropolitan administration to mobilise or select key resources - man power, provisions, stores, naval and military units and commanders. This was partly dependent upon the effectiveness of the bureaucracy and the fiscal system. However, the critical judgements also depended on how the ministry responded to the advice it had available, domestic political factors, the current diplomatic situation and perceptions of colonial collaboration. Taken together, the British administrative and political infrastructure would determine the initial composition of the expeditionary force. Once despatched to the other side of the Atlantic, its command and organisation were influenced by the local infrastructure and political environment. Operations on the other side of the Atlantic depended on the level of co-operation with local

¹³⁶ For an overview that discusses the roles of the colonial militia, the independent companies and the provincial regiments, see Foote (1966).

¹³⁷ Middleton (1968); Morgan (1977); Crewe (1993); Buchet (1992); Buchet (1994); Wilkinson (2004).

communities in order to mobilise additional manpower, stores and victuals. What must also be considered is the time span between initial organisation and employment in the combat zone. This could have beneficial effects in that the longer the period between organisation and deployment, the more time there would be for training and acclimatisation. This was important, for example, in the build up of forces in the West Indies for the campaign of 1761-2. On the other hand, delays led to desertion and the spread of disease, thereby reducing the effective force of the expedition.

Although the diagram is presented in a linear fashion, all the factors listed here were dependent variables, in that a change in any one of them could have an impact on the others wherever they are in the diagram. However, they were not constant or predictable in their degrees of dependency. Thus, it is useful to think of all these factors as being part of a interacting network. By looking at expeditionary forces in this way, it enables us to provide a richer picture of the actions and fate of any given expedition. For example, very often Caribbean expeditions are discussed in terms of the inevitable growth of disease. This was undoubtedly important, but it was a factor that was remarkably stable during the eighteenth century in that no cure was found for the key diseases such as Yellow Fever, malaria, dysentery or typhus. All expeditions suffered in a similar way. As an explanation for success or failure, therefore, it does not take us very far. However, to see how the progress of disease influenced the other variables can provide a more satisfactory picture of why one expedition fared differently from another.

Composition and command of the expeditionary force determined how effectively it could carry out its functions in the combat zone. Its ability to carry out these functions would determine its effective force, as opposed to nominal force as measured by size or quality of its individual parts. These functions were aimed at overcoming defensive power and thus the effective power of the expedition was also relative to that of the opposition. The type of opposition encountered would determine the functions required of an attacking force to overcome the defences. Listed on the right hand side of the diagram are possible characteristics of the defences in any operational target, which in turn had been determined by the command and composition of the defending forces. Details of these have not been illustrated in Diagram 2, but would be very similar to those

that influenced the composition and command of the expeditionary force. With sufficient evidence and time, a deep picture of a campaign, yielding many insights might be constructed. This paper only aspires to examine two aspects of operations – flexibility and information.

By the 1750s, much had been done to make this network effective, but even as it reached its apogee it was not perfect. The overwhelming victory hides the difficulty and fragility of the system. Saunders' blockade of the St Lawrence and the build up of British forces at Halifax in 1758-9 is an example of action to ensure local superiority for the coming decisive campaign. Similarly, the British ability to maintain and expand forces in the West Indies from the end of 1760 achieved the same decisive results in 1762. On the other hand, the campaigns on the Hudson were too finely balanced between 1756 and 1758 for either side to break through the natural and artificial defences. The balance shifted decisively in Britain's favour during 1758 as a growing regular army was supported by the large scale employment of American resources. When General Hopson arrived at Martinique in January 1759, he found that his army was inadequate to make the march from the landing place at Cas Navire to besiege Fort Royal.¹³⁸ It required an army half as large again finally to capture the island in 1762. Even with the integration of British and local resources, the forces that took Québec in 1759 and Havana in 1763 were only just large enough to do the job. Much more delay in either case could have led to failure.

Between 1689 and 1697 five expeditions were sent to the Americas for raiding and conquest. Between 1702 and 1713 five more expeditions were sent out to the Americas.¹³⁹ The results were extremely limited. In most cases the ambition was limited to raids, but expeditions of conquest achieved little. 5,000 British troops were sent to Boston to undertake an expedition to Canada in 1711. There was a great deal of enthusiasm among the colonial leadership, but the resources in Boston were extremely limited. There were no facilities for repair of large warships. Victuals were scarce and expensive. The local population was less enthusiastic than their leaders. Few men were available to recruit the losses in land

¹³⁸ TNA [The National Archives, Kew, London]; PRO [Public Record Office], CO [Colonial Office Papers] 110/1 (Guadaloupe Papers), ff. 57-61, Hopson to Pitt, 30 January 1759. See also Smelser (1955).

¹³⁹ Buchet (1991), I, 164-180, 210-238.

and sea forces. After finding that local pilots claimed little or no knowledge of the St Lawrence, neither the land nor the sea commander held much hope for the successful navigation up the river. After calamitous shipwreck in the mouth of the St Lawrence on the night of 23-4 August, they agreed to return to England.¹⁴⁰

Between 1714 and 1739 the political rhetoric advocating the exploitation of Britain's maritime superiority, which had been a consistent feature of British political life since the 1690s, remained important. The superficial correlation between Britain's main territorial gains in the War of Spanish Succession, such as Gibraltar, Minorca and Newfoundland, and the powerful navy was extremely attractive to contemporaries, despite the fact that the great hopes of cutting off Spain's South American treasure fleet or reducing the wealthy French colonies of Guadeloupe or Martinique had come to nothing.

Louis XIV's ambition was not checked by these limited English overseas gains, but by domestic factors in France and the stalemate in the European theatre of operations. Nevertheless, in Britain the knowledge that the Royal Navy was now the most powerful naval force in the world and that real gains had been made, encouraged the belief that maritime force was an effective military and diplomatic tool. Events in the Baltic, the West Indies and the Mediterranean between 1714 and 1739 provided some limited support for such a belief. Generally, the effectiveness of naval intervention in the Baltic was limited. However, some good results, such as at Cape Passero in 1718 or the blockade of Cadiz, 1726-1727 were encouraging. These were enough for those who wished to believe in the power of navies to be able to dismiss the disaster that befell Hosier's squadron off Porto Bello in 1726 as a case of bad instructions rather than real limitations to sea power. The appeal of the maritime war was so strong that it was a key factor that underpinned the push to war against Spain in 1739. By the summer of that year Sir Robert Walpole's ministry was divided within itself and had run out of plausible arguments for not employing what the opposition had long been portraying as the unbeatable Royal Navy against a recalcitrant and impotent Spain. They were entering a war in which expectations were high, but the proven operational capability little more advanced than thirty-five years before.

¹⁴⁰ Harding (1996).

Walpole's ministry collapsed in February 1741/2, without having achieved the successes expected against Spain. Historians have generally concluded from this that it was a bad war ministry. On the other hand, it is remarkable that within nine months of the outbreak of war in October 1739 this ministry, which had no direct experience of large scale warfare, was able to mobilise, not just the standing army for home defence and 73 line or battle and cruising warships, but also prepare an unprecedented expeditionary force, consisting of 8,000 regular troops and 3,600 American soldiers for operations in the West Indies, supported by 37 line of battle ships. The scale and scope of the stretching of naval resources can be seen from Figure 1 below.

Figure 1: *Ships in Commission and Seamen 1739-1741.*

	Home	Mediterranean	West Indies	Total
1739				
Ships	25	25	7 ¹	57
Seamen	9910 ²	9380	2230	21520
1740				
Ships	22	14	37	73
Seamen	15560	4780	15155	35495
1741				
Ships	41	43	33	117
Seamen	15780	13060	12935	41775

Source: TNA: PRO, SP42/86, SP42/87, Adm 8/22; Library of Congress, Vernon-Wager Mss, 92.

Notes to table:

¹ This figure does not include a small number of sloops doing guard duty in the West Indies and North America.

² This figure is an approximation from the ships in sea pay in June 1739.

It is not simply the numbers that are significant. The mobilisation was undertaken in the wake of a bad harvest and one of the harshest winters in living memory. Provisions were obtained from Ireland, France and Pennsylvania, as well Britain. Troops were recruited, transports hired, a new force of Americans was organised. How was the ministry able to do this? All the features that Brewer and Baugh identified are important, but one more could be added – the flexibility of the administration that was able to identify key problems in the process, make intelligent use of expertise outside its own ranks and to develop the relationship with contractors and the others for effective operations.

Flexibility and Information

Administrative departments were responsible to Parliament for the proper and frugal use of public funds. It was one of the jealously guarded rights of Parliament by which it ensured its central position in British government. Yet parliamentary supervision was not so tight as to stifle effective government. The Navy Debt, which grew throughout the century, was the product of successive parliaments allowing extraordinary spending on naval affairs over and above the ordinary estimates. The importance of the Navy was so universally recognised that unlike other heads of expenditure, the ministry was permitted to vire money between heads on the naval estimates.¹⁴¹ This flexibility was recognised and made use of by the administrators. Precedent and strict adherence to the letter of the law were two of their watchwords, but not to detriment of the service. If the situation demanded it, flexibility and pragmatism overcame literal demands of past practice.

Another important factor in the effective mobilisation of resources for war – particularly in a global context was - the ability to anticipate the scale and type of resources required and where they would be needed. Given the time lags imposed by seasonal factors in commerce or by lengthy delays in communications between Britain and the Americas this was a particularly complicated problem for trans-Atlantic operations. Effective anticipation depended on the quality of information about the theatre of operations. During the course of the war of 1739-1748 the administrative departments accumulated a great deal of information about the

¹⁴¹ Wilkinson (2004), 35-53.

supply chains that linked different theatres of action around the world to the basic supplies required to support operations. Knowing how the supply chains operated and organising action to facilitate the despatch of resources did not guarantee the ability to feed operations effectively, but it was a vitally important step towards it. The early years of the war demonstrate the importance of combining new information with a pragmatic approach to action.

Thus the British state in the first half of the eighteenth century enjoyed the classic advantages of bureaucracy, hierarchical control, consistency based on rules and some form of performance measurement. Yet, at the same time, it avoided the classic disadvantages of excessive internal focus, lack of alternative information sources and distortion of signals from the external environment¹⁴². The opening months of the war of 1739 showed how important this was to be.

Administrative Flexibility and the Demands of 1739-1741: The Victualling Board

The scale of resources demanded by the planned operations in the West Indies in 1740 dwarfed earlier operations. One of the departments faced with the most difficult problems was the Victualling Board. The navy relied on private contractors for victuals and the London market was easily capable of providing additional provisions to the storehouses and victualling yards. However the situation in 1739 did not simply demand an incremental expansion of existing provision. For example the cost of providing victuals for the last detachments of troops who were sent across the Atlantic to Georgia in 1737 amounted to £9619-10-0. The Victualling Board estimated the cost for the expeditionary force to the West Indies in 1740 would be £79,800-0-0.¹⁴³ This would be on top of the supply for the naval forces there, which would cost in the region of £15,025 at current rate. The volume of stores and the credit required could only be provided by substantial merchants and the Victualling Board turned to its existing contractors for victuals to Jamaica, John Mason and John Simpson. They had a ten year contract from March 1730/1 to supply the navy at Jamaica at 8d per man per

¹⁴² Blau (1956), 28-34.

¹⁴³ TNA; PRO, Adm [Admiralty Papers] 110/12 (Victualling Board Out Letters), p. 67, Victualling Board to the Admiralty, 23 January 1739/40. For an examination of

day.¹⁴⁴ The market price of victuals was rising under pressure from increased demand, and as early as November 1739 the existing contract for naval forces had stretched the contractors' credit. They requested an advance of £10,000. The special position occupied by Mason and Simpson was clear, The Victualling Board told the Admiralty that: 'Our being obliged to make a new contract at this Juncture might in all probability be attended with great disadvantages to the Crown in the price and perhaps subject the service to a want of timely and sufficient Supplies of Provisions should other Persons undertake a New Contract who may not be so well acquainted with the nature of the Service as the present contractors, or be able in so short a Space as five or six months to fix proper Correspondents and get provisions to the Island, and the present Contractors having duly carried the Affair for several years past during which we have not had any reason to doubt their good Inclination'.¹⁴⁵ The Board supported their request for an advance of £10,000 rather than try to find an alternative contractor and the Admiralty approved the advance.¹⁴⁶

Mason and Simpson were experienced contractors and when they were approached in January 1739/40 about supplying twelve months victuals for 6,000 men, they met with the Victualling Board to explore the issues arising. They would not contract at less than 9 ½ d per man per day - 1 ½ d more than the existing contract - and they required an advance of £20,000. Current storage at Jamaica would be insufficient and new control of stores would have to be introduced. The Board recognised the new conditions and worked with the contractors, recommending that they be permitted to use victuals from His Majesty's storehouse at Portsmouth if there were temporary shortages.¹⁴⁷ They arranged for a storekeeper, Benjamin Maynard, to be sent out to look after the stores, with a clerk and coopers.¹⁴⁸

victualling in the West Indies, during the war of 1739-1748 and the Seven Years War, see Crewe (1993), 145-212; Buchet (1999).

¹⁴⁴ TNA; PRO, Adm 110/13 (Victualling Board Out Letters), 179, Victualling Board to the Admiralty, 17 October 1740.

¹⁴⁵ TNA; PRO, Adm 110/12 (Victualling Board Out Letters), p. 51, Victualling Board to the Admiralty, 23 November 1739.

¹⁴⁶ Ibid., p. 52, Victualling Board to the Treasurer of the Navy, December 1739.

¹⁴⁷ Ibid., p. 70, Victualling Board to the Admiralty, 2 February 1739/40.

¹⁴⁸ Ibid., p. 116, Victualling Board to the Admiralty, 16 April 1740.

From past experience the key problem would lie in the rum ration. Jamaica did not produce enough rum to supply the needs of the proposed naval and land forces.¹⁴⁹ A very much smaller force sent out in 1726 had seen rum prices treble. However, Jamaica imposed a duty on all imported rum. Rum would have to be imported so Mason and Simpson wanted an indemnity against the local rum duties. Overruling established law was not done lightly, but in 1726 an order from the king had been procured to permit rum to be imported into Jamaica duty free. The Victualling Board tried to get the Admiralty to secure an Order in Council to this end.¹⁵⁰ An Order in Council already existed for permitting the import of wine for His Majesty's service, but not rum. While this issue went to the Attorney General for his opinion, the Board tried to get the contractors to settle for 'a recommendatory letter from His Majesty', but they were adamant that more was needed.¹⁵¹ Time moved on and dangerously close to the point at which the supply of rum would not be in place when the troops arrived. On 2 April 1740 the Privy Council agreed with the Attorney General's opinion that rum could be imported by private contractors, duty-free for the King's use, but Mason and Simpson, knew the colonial authorities and demanded a new Order in Council to enforce that opinion.¹⁵² They did not get it and the matter of duty remained an outstanding issue. Nevertheless, the major obstacle to the main contract was cleared when the Admiralty approved the advance of £20,000.¹⁵³

In the meantime the contractors had run into other legal problems. On 30 January a general embargo had been proclaimed until the fleet was manned. Mason and Simpson were in the process of loading oats and peas from Portsmouth and preparing ships to go to Ireland for beef and pork. The Customs Offices at Portsmouth and Bristol refused to allow the ships to proceed. The Victualling Board again pleaded with the Admiralty to get an Order in Council permitting them to move. The embargo had been lifted on some ships in return for the owners

¹⁴⁹ Ibid., pp. 65-6, Victualling Board to the Admiralty, 23 January 1739/40.

¹⁵⁰ Ibid., pp. 70-1, Victualling Board to the Admiralty, 6 February 1739/40.

¹⁵¹ Ibid., p.76, Victualling Board to the Admiralty, 13 February 1739/40.

¹⁵² Acts of the Privy Council (Colonial), 670, 2 April 1740; TNA; PRO, CO 137/48 (Correspondence – Jamaica), 2 April 1740.

¹⁵³ TNA; PRO, Adm 110/12 (Victualling Board Out Letters), p.119, Victualling Board to the Treasurer of the Navy, 23 April 1740.

handing over one third of their crews to the Royal Navy.¹⁵⁴ Mason and Simpson refused to do this. They knew that sickness on the Atlantic passage and a shortage of seamen in the West Indies could reduce their crews to perilously low numbers, so they wanted a further order giving the crews protection from pressing in the Caribbean.¹⁵⁵

Clearly, it was not easy to expand the victualling system to Jamaica, but during this period the technical problems to ensuring supply were gradually overcome. Over the summer new proposals from the army and the Navy Board, regarding substituting different provisions for the standard ration and providing fresh victuals, were discussed with Mason and Simpson and amendments made.¹⁵⁶ While the contractors were usually responsive to the administrator's requirements, they also generally got what they wanted from the administration. The one area of disappointment was the matter of the colonial duty on rum. In September the Admiralty ordered that the first tranche of supply for the soldiers be delayed from October to December and that it must be supplied from Jamaica itself.¹⁵⁷ This would inevitably force up prices and damage the profitability of the contract. When the contract was due for renewal Mason and Simpson suggested that separate contracts be negotiated for rum and dry victuals.¹⁵⁸ Regardless of this the contractors also demanded a significantly higher rate per ration compared with the 1730/1 contract (10 3/4d per day per man) and a one third advance on the value of the contract. These new financial conditions and the experience of this contract caused the Admiralty to think of different ways of proceeding and on 30 October 1740 ordered the Victualling Board to take over the supply of forces on Jamaica itself.¹⁵⁹

¹⁵⁴ Acts of the Privy Council (Colonial), 673, 10 February 1739/40.

¹⁵⁵ TNA; PRO, Adm 110/12 (Victualling Board Out Letters), p.134, Victualling Board to the Admiralty, 16 June 1740.

¹⁵⁶ Ibid., pp.143-4, Victualling Board to the Admiralty, 2 July 1740; p.145, same to same, 7 July 1740.

¹⁵⁷ Ibid., p.149, Victualling Board to the Admiralty, 16 July 1740.

¹⁵⁸ Ibid., p.173, Victualling Board to the Admiralty, 24 September 1740.

¹⁵⁹ Ibid., p.189, Victualling Board to the Admiralty, 12 November 1740. Mason and Simpson returned to West Indies victualling in 1744 when they took over the contract to supply Barbados and the Leeward Islands. See Hamilton (2004). D. Hamilton, 'Private Enterprise and Public Service: Naval Contracting in the Caribbean, 1720-1760', *Journal of Maritime Research*, April 2004. (www.jmr.nmm.ac.uk).

The Victualling Board supported the change and was prepared to take on the challenge. The key factor influencing their thinking was not Mason and Simpson's failure to fulfil the contract, nor was it their demand for a 26% increase in unit price. The shipping crisis of the spring of 1740 had been weathered and, with the numbers of forces in the Caribbean diminishing due to fevers, the island was relatively over-supplied by April 1742.¹⁶⁰ The contractors had succeeded in providing an unprecedented quantity of victuals to the island and the Victualling Board considered their new tender price acceptable. None the less, the experience of 1740 demonstrated that continued supply for large scale operations in the Americas through private contractors would impose unnecessary burdens on both administrators and contractors. The demand for the one third advance on the contract could be avoided by direct supply, thereby reducing the immediate expenditure. Possibly more important, the contractors kept running into difficulties regarding duties when importing produce into the colonies while imports by His Majesty's government were specifically exempt from local duties. During the weeks from January to April 1739/40 the victualling administration had faced unprecedented demands upon it and it developed an ability to move between direct supply and contractors. The capability was in place that was to serve well in the Seven Years War.

Administrative Flexibility and the Demands of 1739-1741: The Navy Board and Transports.

The problem of scale also faced the Navy Board in its search for transport vessels to take the expeditionary force of over 8,000 troops to Jamaica. In 1721, the Board of Trade estimated that an annual average of 75,587 tons of shipping cleared British ports for the Americas, Africa and Madeira.¹⁶¹ For this expedition, the Navy Board required just over 16,000 tons, or 21% of this shipping. The effect of this level of demand was far greater than this simply statistic suggests. The Navy Board relied on vessels from the Thames and it required the ships at a single point in the year. The Board was fortunate that the exceptionally hard winter had

¹⁶⁰ TNA ; PRO, Adm 110/13 (Victualling Board Out Letters), Victualling Board to the Admiralty, 10 April 1742.

¹⁶¹ Naval Historical Library, Corbett Manuscripts, 20 volumes, II, The American Colonies. Report on British Shipping to the American Colonies, 8 September 1721.

held up many more vessels than usual in the River.¹⁶² The Navy Board had no standing contract like the Victualling Board had with Mason and Simpson, and very little experience of transporting troops. The best recent precedent they had was eight ships that had been hired to take troops to Georgia in 1737.¹⁶³ The circumstances in 1740 were very different and the Admiralty, with Navy Board support, successfully petitioned the King to increase the tonnage allowed from 1 ½ tons to 2 tons per man, which imposed an additional demand upon resources.¹⁶⁴

The Board hoped that the contract drawn up in 1737 would satisfy ship owners when it advertised its requirements at the Exchange in early January 1739/40. They were soon disappointed as owners recognised their bargaining power and united. Together, they demanded changes in the contract. Throughout January the Navy Board reported its meetings with owners to the Admiralty and this body, with ministerial approval gradually gave way to the demands –but too slowly. On 12 February an impasse was reached. The Board wrote to the Secretary of the Admiralty Board, Josiah Burchett, that ‘We conclude that the merchants will not agree with us, unless those conditions are allowed’.¹⁶⁵ By the 21 February the merchants had the concessions that they sought and the first contracts were signed. The Navy Board had tried to contract on the basis of precedent, but, like the Victualling Board, found that the new demands for large scale trans-Atlantic operations made this impossible. However, within six weeks they had a new *modus vivendi* which served effectively as the basis of oceanic transport contracts in the future.

The fitting out of the transports was also a potential administrative bottleneck, but the administration again quickly worked up to an effective pace. Once owners had tendered their vessels, the ships had to be inspected and accepted by the Master Attendant of the Deptford Yard, John Goodwin. The first contracts were signed on 21 February and within seven days 38 of the 56 vessels had been inspected.¹⁶⁶ When accepted they had to be converted into transports at

¹⁶² *The Craftsman*, 5 January 1739/40.

¹⁶³ TNA; PRO, Adm 106/2178 (Navy Board- Letters to the Admiralty), f.193, Navy Board to the Admiralty, 14 January 1739/40.

¹⁶⁴ *Ibid.*

¹⁶⁵ *Ibid.*, f.209, Navy Board to the Admiralty, 12 February 1739/40.

¹⁶⁶ *Ibid.*, f.414, Account of the Transports dropping down to Spithead from Deptford, 17 October 1740.

Deptford. The yard was fortunate in having Mr Dunn as joiner, who had carried out this work during the War of Spanish Succession.¹⁶⁷ The work was fraught with delays, complaints and some misunderstandings, but on the whole, the lack of any evidence of serious criticism from the yard officers, the owners, masters or military commanders suggests that contemporaries were satisfied that the ships were converted and despatched without any undue delay being imposed upon the assembling of the expedition at Spithead.

As with the Victualling Board, the challenge of unprecedented large trans-Atlantic operations was met by the Navy Board in a matter of weeks. Adjustments were made to procedures dictated by precedent to ensure that there was access to the vital private resources needed to carry out the war. The system established in 1740 became the precedent for the rest of the war and into the Seven Years War. It was not until 1758, when the continuous employment of transports became a necessity, that the basic transport system altered significantly.

The Use of Information: The Board of Trade

Large-scale trans-Atlantic operations were entirely new to the ministry in 1739. With hindsight, in the knowledge of their failure and the successes of the Seven Years War the undertaking has not been seen as in any way remarkable. However, from the very beginning, ministers were aware that if the attempt were to be made they would have to deal with novel problems.

The key to the eventual decision to send an expedition to the West Indies lay in the prospect of reinforcing a force of British regulars with a substantial body of troops raised in North America. During the late summer of 1739 Walpole's ministry was faced by a number of options as war with Spain looked increasingly inevitable. Given the political expectations, an attack on Spanish America looked the most obvious course of action, but where and on what scale was undecided. Ministers, who were not experts themselves, were open to a great many projects and plans from interested individuals. The Secretary of State for the Southern Department, the Duke of Newcastle, in particular received plans ranging from

¹⁶⁷ TNA; PRO, Adm 106/3304 (Deptford Office Letter Book Series 1), unfoliated,

attacks upon the heavily fortified port of Havana, on Buenos Aires, La Guiara and ports along the Spanish Main up La Vera Cruz. The final decision had to be made by ministers on the basis of what resources they had in relation to the perceived strength of the Spanish target and other potential threats to British interests posed by France and Spain when war broke out. The task of analysing the options was given to the First Lord of the Admiralty, Sir Charles Wager and the Admiral of the Fleet, Sir John Norris. They reported to Walpole on 17 October 1739. They estimated that 2000 British soldiers could capture Darien from where Spain's vital treasure route from Panama to Porto Bello could be threatened. 3000 troops might be able to take Cartagena de las Indies, the port of refuge for the *Galleones*. 8-10,000 might take Havana¹⁶⁸. Walpole favoured a smaller operation to Manila, and dismissed the Havana operation as impractical given the small size of the British army. Newcastle favoured Havana because he had been informed of the possibility of using some American troops to support the British. This had been proposed to him by a former governor of Virginia, Colonel Alexander Spotswood. The information that Newcastle was able to pull together between 23 October and 5 December was enough to have the inner cabinet endorse a West Indian expedition, but it was a long way from expecting American help to having a regiment of Americans in arms. With no experience or information to call upon, except some papers in Newcastle's office relating to instructions given to British officers going to North America in 1709 and 1711, the ministry had to convert the objective of raising American troops into a practical set of instructions. Newcastle was aware that the ministers had neither the time nor knowledge to do this. Lord Hardwicke summed up the problem and the solution; the inner Cabinet, he said 'by taking it up, as hitherto has been done, by piecemeal, at broken hours, and with much interruption by deviating into other business nothing is brought to perfection or consistency and there is great danger that many very material things may be forgot or overlooked'. Instead, 'a body of two or three persons who may be thought proper to be interested and who are skilled in the preparation and conduct of such enterprises should be ordered deliberately to consider what might

Deptford Office to the Navy Board, 11 April 1740.

¹⁶⁸ BL, Add. Ms. 28132 (Journal of Sir John Norris), f. 55, 17 October 1739.

be necessary upon every part of this great affair.¹⁶⁹ Wager and Norris for the navy, General Wade for the army, Colonel Lascelles of the Board of Ordnance and the appointed commander, Lord Cathcart, formed the main membership. Colonel Martin Bladen of the Board of Trade joined to deal with the Americans.

The Board of Trade was not an executive body, but had been established in 1696 with the specific task of advising on instructions and correspondence with colonial governors as one of its objectives.¹⁷⁰ Bladen had been a conscientious member of the Board since 1717 and had been actively gathering information about the colonies since 1721. Bladen was the man to whom Newcastle usually turned for advice on American affairs. When he was brought into the small planning committee, he kept the minutes as it drew up the instructions for the American regiment. By using Bladen's expertise, the ministry was able to fashion a series of instructions that led to the creation of a regiment of over 3,000 troops. Encouragement to enlist was the first issue. Bladen was not optimistic about the Americans' willingness to engage on this expedition and counselled caution in the numbers of troops to expect. He suggested that the Americans must be regimented separately from the British troops and placed under Spotswood's command. Local gentlemen should be given command of the companies and fill one of the two lieutenants' posts per company. Bladen was realistic about the lack of experience of new troops with new officers. Discipline and training could be developed by appointing experienced British officers as the lieutenant colonels and the other lieutenant in each company.¹⁷¹

The matter of finance was critical. Massachusetts still remembered the unpaid bills for the army that had arrived in Boston in 1711. Much of the friction between colonies and London revolved around financial and fiscal matters. Bladen was aware that if this were not clarified it would be a major drag on progress. Although there was no precedent, it was agreed that London would pay, equip and victual the Americans at the same rate as British regulars once they joined the expeditionary army. Up to that point, payment, transport and subsistence was the responsibility of the individual colonial assemblies. However,

¹⁶⁹ BL, Add. Ms. 32692 (Newcastle Papers), ff. 523-4, Hardwicke to Newcastle, 16 December 1739.

¹⁷⁰ Steele (1968), 14.

in the last resort, if the assemblies proved intractable, the adjutant general of the expedition, who was sent to New York to encourage enlistment, was provided with bills of exchange to pay for these items.¹⁷²

The committee worked from the end of December until the middle of March. On 5 April the Cabinet approved the instructions to the governors of the Northern Colonies. The Adjutant General, William Blakeney, left London for New York with a set of blank commissions for the American officers. The Governors had been alerted to the plan in January, and recruiting started in April. When Blakeney arrived in New York in June, matters had progressed far better than expected. Blakeney brought too few commissions for all the prospective officers. Few gentlemen who had raised companies at their own expense would risk further involvement without a royal commission. Thirteen companies out of twenty in New England disbanded themselves. Some men might have transferred into other companies, but clearly many more men could have been had. Nevertheless, the principles behind the organisation, worked out by Bladen and his colleagues, had proved successful. The importance of this concession to colonial sentiment was proven, when in 1745 a plan to raise two new American regiments, predominantly under British officers, foundered without the promise to the men of service under American officers.¹⁷³

As this last point illustrates, there was never a simple linear development of administrative practice leading to the creation of effective expeditionary forces during this period. There were always other constraints on the actors pushing them in different directions – in the case of the 1745 American regiments a desire to regiment the forces under British command which was born out of the results of the Caribbean expedition of 1740-2 and assumptions about the possible impact of American command on colonial views of ‘independency’.¹⁷⁴ The administrative processes of the Victualling and Navy Boards were more stable and responded in a more linear, stepped fashion. On the other hand, the processes for the using

¹⁷¹ TNA, PRO, CO 318/3(Board of Trade – Correspondence), unfoliated, Memorandum.

¹⁷² Harding (1989); Syrett (2000); Harding (2004); Harding (2004).

¹⁷³ C.H. Lincoln, ed., *The Correspondence of William Shirley*, (2 volumes, London, 1912), I, 293, Shirley to Newcastle, 14 December 1745.

¹⁷⁴ TNA, CO 42/13 (Miscellaneous Papers), unfoliated, Bedford to Newcastle, 24 March 1745/6.

intelligence to help plan operations were never formalised or systematically developed during the eighteenth century¹⁷⁵. Thus, the network that built and sustained expeditionary capability was in a state of constant flux.

Conclusions

By the end of the Seven Years War, Britain was undoubtedly a global power like no other. Some of the reasons for this have been clearly explained by Brewer and Baugh. This paper has tried to suggest that a fuller understanding of the development of global power can be developed by examining the operations from the point of view of a network that sustained operational capability. Examining individual elements, such as the victualling and transport contracts, or the provision of American troops enables judgements of the relative contributions of each to success or failure on specific operations. The purpose of this paper has been simply to illustrate the potential for analysis, but the examples also highlight issues and enable connections with the work of other historians. For example, John Brewer made the important point that a significant factor in the development of the British state was that the elites were able to make compromises that strengthened the expanding state and simultaneously entrenched their own interests.¹⁷⁶ While he was specifically referring to the growing market in government debt, the point is also important when considering the growing reach of British imperial power. The merchants who supplied the Victualling and Navy Boards, and the American colonial elite that was so important in raising American troops, were vital factors in strengthening Britain's maritime reach and reinforcing it with a new source of military manpower within North America. The ministry and the departments of state knew this and showed responsiveness and flexibility in relationships with these groups. They took account of the requirements of the merchants and the Americans and identified the limitations of their capabilities, thereby establishing access to vital resources in Britain and America. The result was a military and naval reach that extended to Caribbean and Spanish South America. The adjustments to the administrative framework provided the basis for further action that evolved until the end of the war in 1748. It was not as robust as it was to become in the 1750s, partly because the conditions of the war differed. In

¹⁷⁵ Harding (2001).

the 1740s the British faced Spain and France. In the 1750s, France was alone until 1761. Some of the methods used in the 1740s were not continued in 1750s and some were developed further. Nonetheless, the action that was taken by ministers and administrators in response to an unprecedented challenge of trans-Atlantic warfare in 1739 was one of the foundations of the triumphs in the Seven Years War. Much more work is needed, particularly on the comparative organisational and command aspects of Spanish and French forces, to be confident that we fully understand the causes of Britain's overwhelming, if fragile, trans-Atlantic military reach in the second half of the eighteenth century.

¹⁷⁶ Brewer (1989), 251.

Diagram 1. *Clash of Capability: The Application of Effective Force.*

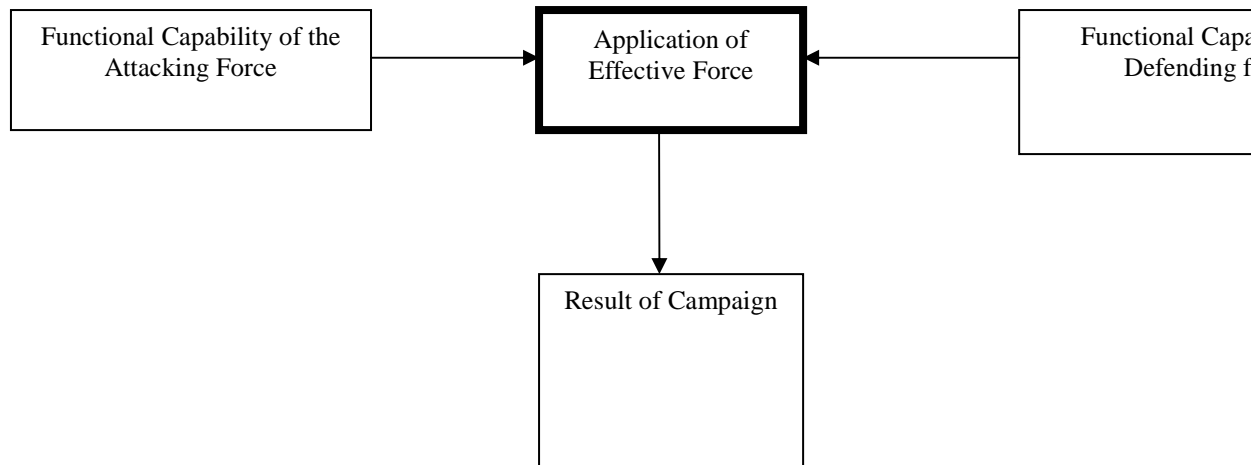
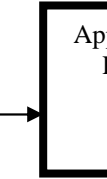


Diagram 2. *Schematic Network of Capability for an Expeditionary Force.*



Skilled Army
Manpower R.A.
Ordnance Engineers



Local
Victuals West Indian
Manpower Settlers and
Slaves



Skilled
Manpower Royal Navy
Ordnance
Victuals

Time-Distance Attrition →

(Sickness, Desertion, Casualties)

**Mobilising resources for global warfare:
the British state and the East India Company, 1756-1815**

H.V. Bowen

‘England was in a considerable degree enabled to maintain her present exalted position amongst the nations of the earth by possessing that great, that extraordinary [Indian] empire. England ... has been benefited, assisted and defended by that empire.’

[Sir John Malcolm, speech in the General Court of the East India Company, 15 April 1833, *Debates at the General Court of Proprietors of East India Stock ...* (1833), p.13.]

During the ‘long eighteenth century’ - from 1688 to 1815 - Britain developed the capacity to wage war in Europe on a regular basis and over long periods of time. At the same time, but especially after 1756, Britain’s military and naval reach was extended progressively further into the wider world. When considering the factors that enabled these important interlinked developments to occur, historians have recently tended to concentrate attention on the domestic administrative, financial, and political systems that defined the emergence of a ‘fiscal-military state’ that was capable of raising the men, money, and materials necessary to sustain successive war efforts against, France, Spain, and others.¹⁷⁷ Understandably, perhaps, most analysis has been focused on Britain itself, but surprisingly little attention has been paid to the part played by non-

¹⁷⁷ The highly influential study that marked out the definition and development of the British ‘fiscal-military state’ is Brewer (1989). It should be noted, however, that Brewer’s interpretation of Britain’s rise to great power status has been criticised because it gives more attention to domestic circumstances, and especially the availability of resources, than to the factors of a military nature that enabled Britain to develop an all-important ‘multiple capability’ in warfare. See Black (1999), especially pp. 1-10.

domestic resources in the making and strengthening of the British state. Indeed, not much has changed in the decade or so since John Brewer wrote that ‘We still know remarkably little about the effects of imperial acquisition on the English/British state.’¹⁷⁸ It is thus the aim of this paper to consider, and where possible quantify, the different ways in which the acquisition of an Indian empire by the East India Company influenced the domestic development of the British state and enabled it eventually to wage war on a world-wide scale. The paper first considers the ‘East Indian’ resources that came under British control, and it then examines the extent to which, and the ways in which, these resources were harnessed to successive national war efforts. The paper ends by assessing the far-reaching effects that this process had upon the relationship between the state, the East India Company, and the Indian empire.

The resources of empire

Eighteenth-century politicians, political economists, pamphleteers, and essayists devoted much time, effort, and ink to consideration of the human, material, and financial resources that were at the disposal of the British state. As with many of their predecessors, they sought to give descriptive and, increasingly, statistical expression to the elements that came together to form the state’s wealth and power, and being acutely mindful of the fact that they lived at a time of recurrent warfare they often placed their findings in comparative perspectives in order to demonstrate how well placed or otherwise Britain was in her ongoing struggles with rival European powers. As part of this process, attention was increasingly focused on the overseas resources that fell into British hands after 1756, and many attempts were made to enumerate the advantages that Britain derived from possession of an empire.

One of the salient points to emerge from the work of Arthur Young, John Entick, Patrick Colquhoun, and others was that on paper, if not always in reality, the British state appeared in some ways to have greater resources at its disposal in the wider world than it did in Britain itself.¹⁷⁹ Indeed, approximate estimations by a modern

¹⁷⁸ Brewer (1994), 69.

¹⁷⁹ Arthur Young, *Political Essays Concerning the Present State of the British Empire; Particularly Respecting I. National Advantages and Disadvantages II. Constitution. III. Agriculture IV. Manufactures V. The Colonies and VI. Commerce* (1772); John Entick et al., *The Present State of the British Empire, Containing a Description of the Kingdoms, Principalities, Islands, Colonies, Conquests, and of the Military and Commercial Establishments under the British Crown in Europe, Asia, Africa, and*

historians suggest that in 1775 only 22.7 per cent of the population of the British empire was located in Europe, and only 11.3 percent of its territory.¹⁸⁰ Of course, one might legitimately quibble about how many of these overseas peoples and territories were ever actually under any meaningful form of British control, but the fact remains that they were deemed by many contemporaries to have been incorporated within Britain's empire. This begged the very obvious question of how these resources could effectively be added to the national stock, while more specifically the attention of hard-pressed ministers was fixed on establishing ways in which they could be harnessed and deployed in support of successive war efforts that were imposing ever-greater economic and social strains on the British people. In particular, after 1765 ever-closer attention was fixed on India, where the East India Company's recent acquisition of an extended empire appeared on the face of it to bring land, people, revenue, industries, and a host of other useful resources more or less under direct British control.

During the early nineteenth century contemporaries such as Sir John Malcolm, the former Governor of Bombay, often acknowledged the part that had been played by the Indian empire in the making of Great Britain as the world's leading power. Yet, modern historical studies of the development, organisation, and operation of eighteenth-century European fiscal-military states have tended, on the whole, to concentrate on the domestic mobilisation of financial, human, and material resources deployed in the ongoing struggle for supremacy among the great powers. As a result, much is now known about the creation and refinement of the administrative, fiscal, logistical, and supply systems that enabled individual states to project their military and naval power into the wider world. Most historians now appreciate that long-term success was based not only upon the outcomes of military and naval actions, but also upon domestic economic strength, bureaucratic efficiency, and money-raising capacity, together with the adequate replacement of men, ships, and equipment. In other words, success was based upon the ability to sustain recurring conflicts of attrition over very long periods of time, but this had to be achieved without placing undue strain upon the domestic economy and society.

Although much has been written about the systems and structures that underpinned the metropolitan mobilisation of men, materials, and money for war,

America (4 vols, 1774); Patrick Colquhoun, *Treatise on the Wealth, Power, and Resources of the British Empire...* (Second edition, 1815).

¹⁸⁰ Shamma (2000), 167, 168.

comparatively little attention has been paid to the importance of overseas resources that were deployed in support of national interests during the major conflicts that took place between European powers. Of course, locally raised militias, troops, and supplies often determined the outcome of the numerous colonial wars and skirmishes that punctuated the long eighteenth century. But in the broader scheme of great power rivalry, overseas resources are usually regarded as having been useful supplements to national strength, and they are not seen as having been integral components of the fiscal-military states that established and sustained overseas empires. Studies of the major European wars that spilled out into the Atlantic world before 1763 often stress the importance of the local recruitment of men and the local raising of supplies and materials, but the possession of colonies did not translate easily into the mobilisation of additional national strength. In the British case, for example, P.J. Marshall has written that in North America ‘Metropolitan authority had very limited resources in money, military manpower or official positions that were not dependent on the free grant of colonial assemblies.’¹⁸¹ The need for difficult political negotiation often limited the mobilisation of colonial resources for war, and this ensured that ‘The British fiscal-military state was emphatically not exported across the Atlantic.’ Indeed, when the British state made a clumsy attempt to raise revenue in the colonies this helped to create the schism within the Atlantic empire that culminated with the outbreak of the American War for Independence in 1775.

In very general terms, therefore, it can be said that before the final quarter of the eighteenth century Britain’s attempts to mobilise colonial resources for the ongoing struggle against its European rivals had been limited, far from systematic, and even ultimately damaging to the fabric of the empire. Although from time to time plans had been drawn up in London with a view to controlling, regulating, and centralising the North Atlantic empire more effectively, they were never implemented, or they were obstructed, and thus in practice there had been little by way of any coherent long-term attempt to incorporate the resources of the colonial ‘periphery’ into the imperial state.

Yet, at the very time that ministers and politicians were struggling to come to terms with political crisis in the North Atlantic empire during the 1760s, they were also being presented with an opportunity to mobilise and deploy new overseas resources that were being brought under British control within a context defined by a very different set

¹⁸¹ Marshall (1998), 7.

of political and institutional relationships. This occurred through the military expansion of the East India Company in north-east India between 1757 and 1765, which resulted in the Company's acquisition of extensive territories in Bengal and the neighbouring provinces of the Mughal Empire. For a century and a half, the Company had possessed only small coastal footholds in India, and in 1756 the British presence amounted only to the possession of fortified settlements at Bombay, Calcutta, and Madras, together with a few inland trading stations or 'factories'. This all changed in 1757, though, when the Bengal 'revolution' engineered by Robert Clive saw the overthrow of the Nawab, Siraj-ud-daula, and the Company took control of territory in northern India that was three times the size of England.¹⁸² If observers were amazed by this, they were equally astonished when subsequent military and political successes culminated in the Mughal Emperor's award of the diwani of Bengal to the Company in 1765. This grant empowered the Company to collect the territorial and customs revenues of the provinces of Bengal, Bihar, and Orissa, and it promised to generate an annual income that was variously estimated at being somewhere in the region of between £2 million and £4 million year, at a time when in Britain the government's net income from all duties and taxes stood at around £10 million a year.

In the decades that followed, the Company experienced setbacks, defeats, and more than occasional military disasters in India, but it nevertheless added substantially to its possessions and resources, most notably during the territorial advances that were made during an aggressively expansionist phase that occurred between 1798 and 1818. The amount of territory brought under Company control by Governor-General Wellesley and others was substantial: the state of Mysore was defeated in 1799; the Carnatic region was conquered in 1801; the North West Provinces were annexed between 1801 and 1803; and the Maratha Confederacy was defeated, first in 1805 and then again, finally, in 1818. Conquest brought financial rewards as well as territory, and considerable new income was derived from subsidy treaties as well as from land revenues and taxes. As a result, the Company's Indian revenue collected from all sources almost doubled from £8.2 million in 1792/3 to £15.5 million in 1808/9. This included income from subsidies and 'collections' from ceded and conquered states that

¹⁸² For a summary of the Company's conquests and annexations see Fisher (1987), 10-21.

alone rose from £1.4 million in 1792/3 to £6.7 million in 1806/7.¹⁸³ Again, by way of a rough comparison, it can be noted that the British government's total gross income stood at £18.1 million in 1793 and £68.2 million in 1809.

At first, the directors of the East India Company hoped that the territorial revenues acquired in 1765 would generate a large surplus that could be used for commercial investments that would enable the new riches to be transferred to London as a form of imperial 'tribute'. They achieved some initial success with this strategy, but recurring warfare against Indian and European powers meant that increasing amounts of revenue income had to be allocated to local military expenditure that was driven remorselessly higher by the growth of the Company's army. In 1756 the Company had possessed a token military force of only 3,000 men, but the initial phase of imperial expansion saw an increase to 26,000 men within a decade, and sustained growth continued apace thereafter. In 1793 the Company's army stood at just under 90,000 men, while in 1815 it numbered well over 220,000 troops: 31,000 of them European and 195,000 Indian.

In financial terms, the steady militarisation of the Company's presence in India was most evident in the manner in which expenditure on the army, supplies, equipment, and fortifications accounted for an ever-growing proportion of annual revenue income. The extent of the long-term change is evident from a comparison of income and expenditure during the 1760s and 1800s. In Bengal, military expenditure trebled from £377,002 in 1762 (a year of war) to over £1 million in 1768 (a year of peace), but it still only equated to around a third of the Company's income.¹⁸⁴ By 1800 military expenditure in Bengal was £2.5 million but it then increased to £4 million two years later. These figures were, respectively, 45 and 63 per cent of the Company's revenue income in the Presidency for the years concerned. But, of course, Bengal was only one part of the Company's empire, and when the other Presidencies of Bombay and Madras are taken into account the position of military charges rises even higher in the overall expenditure profile. In 1800 the Company's total military expenditure in India was £6.5

¹⁸³ *Second Report from the Select Committee on the Affairs of the East India Company* (1810), 86.

¹⁸⁴ *Third Report of the Secret Committee on the Affairs of the East India Company* (1773), *Reports from Committees of the House of Commons, 1715-1801* (15 vols., 1803), IV, 60-1. During the same period the Company also spent £2 million on the rebuilding of Fort William in Calcutta, but this was not accounted for under the heading of military expenditure.

million which, notionally at least, was only just covered by an overall revenue income of £6.8 million. However, as Wellesley extended the scope of his aggressively expansionist campaigns, military expenditure began to outstrip the Company's ability to pay for it directly from its revenues. In 1806 military charges amounted to £8.7 million, but revenue collections had only risen to £7.8 million. As civil charges of £3.7 million also had to be met, the Company's hard-pressed senior officials in India fell back on to using bullion intended for commercial purposes; they increased the level of the military 'subsides' derived from conquered and ceded territories; and they raised large local loans from private individuals.

As Robert Travers has recently pointed out,¹⁸⁵ the unbalanced nature of the Company's finances was such that to a large extent the real value of the territorial revenues lay in the way that they could be used as securities for the repayment of bonds and loans issued in India in order to raise funds for war. This meant that, as with the fiscal-military state in Britain, the East India Company in India increasingly used income from taxation to underwrite its wartime borrowing requirements. Indeed, in view of its tax-raising machinery, bureaucratic organisation, and large armed forces, historians often now take the view that the Company in India was itself embodying many of the essential characteristics of a 'fiscal-military' state. As has recently been pointed out, although the form taken by the Company state in India was shaped by local circumstances to a considerable degree, some of its key aspects were 'derived from contemporary statecraft in England.'¹⁸⁶ Above all, it was a 'very military state', containing a 'vast war machine', whose power was not only great in the sphere of armed conflict, but also had the capacity to shape the form of institutions, government, and society itself in India.¹⁸⁷

It is clear, then, that in its armed forces and revenues the Company possessed great assets that had the potential to enhance Britain's war-making capacity, and ministers increasingly sought to tap into these strengths. Throughout the period, politicians and pamphleteers always eyed the riches of the East India Company with great envy, and observers often declared that the nation's enormous burden of war-

¹⁸⁵ Travers (2004).

¹⁸⁶ Sen (2004), quotation on 136. For another study which emphasises that the core characteristics of the Company's regime were those of the British state, but which also stresses that 'this core was also hedged round with institutions and ideologies of a different stamp', see Bayly (1994), quotation on 333.

¹⁸⁷ Washbrook (1998), 401-11 (quotations on 404, 401).

related debt could be eased by drawing on the financial resources now seemingly available in India. One such observer during the mid-1760s was the loud critic of the Company, William Beckford. “Look to the rising sun”, cried perpetually the Alderman, “Your Treasury coffers are to be filled from the east, not the west”.¹⁸⁸ As a West Indian planter, Beckford had good personal reasons for wanting ministerial attention to be shifted away from the Atlantic Empire, but he was far from alone in linking the nation’s financial redemption with the Company’s success in India. Ministers, however, were often frustrated by the fact that the resources actually brought under Company control in the form of realisable assets often failed to materialise in the way, or to the extent, that had been anticipated. There was always a considerable mismatch between projected and actual financial surpluses, and hopes for salvation from India were often dashed by the realities of circumstances on the ground. Thus in 1799, for example, Henry Dundas, President of the government’s Board of Control for India, bitterly regretted that the prize money gained from the capture of Tipu Sultan’s capital, Seringapatam, did not amount to anything like the £15-£20 million that some had suggested might be forthcoming from this decisive action. In his mind, Dundas had already earmarked some of this great wealth for the national war effort against France, and he argued that if such a vast sum been acquired ‘it could have paid off the whole debt of the Company, and contributed at the same time a considerable sum to the expenses of the war at home.’¹⁸⁹ In the event, therefore, Dundas and others had reluctantly to accept that no such large windfalls could be expected from India, and instead they were obliged to devise strategies to ensure that the resources of the Indian empire could in other, less direct ways, be deployed in the national interest.

Yet, securing Company resources for use by the state was not a straightforward process, and there were several major obstacles to this process. First, as already noted, the defence and extension of its territorial possessions ensured that the Company itself swallowed up local resources to such an extent that the state could not hope to use any great share of them without fundamentally weakening the Company’s local position, thereby damaging the wider national interest in India. Second, the Company remained an independent trading company whose privileges were embodied

¹⁸⁸ Quoted in Sir George Colebrooke, *Retrospection: Or, Reminiscences Addressed to My Son Henry Thomas Colebrooke Esq.*, 2 vols (1898-9), II, 108.

in a royal charter, and in view of the sanctity granted to chartered rights no eighteenth-century government could never simply order or instruct the Company to give up resources for use in the national interest. Finally, the state's approach to the Company and its Indian empire was at all times determined by great uncertainty about the legal right to ultimate possession of the territory and revenue acquired by the Company on the subcontinent. These factors combined to ensure that the simple, once-and-for-all appropriation or seizure of the Company's assets for use by the state was never an option, and indeed practical considerations as well as experience dictated that, although it was sometimes threatened, no minister could seriously contemplate the Crown taking over primary responsibility for the management of British India and its resources. Instead, governments were obliged to carry out a series of actions to ensure that the Company made contributions to the nation's war efforts, both at home and in the wider world. These actions it has to be said at the outset were piecemeal, uncoordinated, and haphazard, and they were based upon a combination of negotiation, compromise, and threat, as circumstances dictated, but over time they did ensure that the relationship between the state and the Company was recast in such a way as to ensure that the resources of the empire were evermore powerfully brought to bear upon Britain's fortunes in war. This process altered perceptions of the Company, redefined its whole *raison d'être*, and, perhaps most importantly, served to re-draw the institutional boundaries of the British fiscal-military state.

The East India Company and 'national' warfare: extending the reach of the British state.

From 1756 onwards British naval and military strategy became progressively more global in its scope and ambition. Before the Seven Years' War North American and Caribbean theatres of operations had of course been key arenas of conflict with France and Spain; skirmishing in India had occurred between the forces of the French and British East India Companies; and Anson's extraordinary circumnavigation of the world had demonstrated the potential of extending British influence into the South Seas - the 'Spanish Lake' - and Eastern waters. But although there were plenty who proclaimed the benefits of a 'blue water' policy, it could not be said that Britain had ever been

¹⁸⁹ Dundas to Richard Wellesley, 1 November 1799, in Edward Ingram, ed., *Two Views of British India: The Private Correspondence of Mr. Dundas and Lord Wellesley, 1798-1801*, Bat, Adams & Dart (1970), 204-5.

consistent in its pursuit of world-wide warfare. During the Seven Years' War, however, circumstances and opportunity allowed for the near-simultaneous deployment of troops on the American mainland, in the West Indies, West Africa, India, and the East Indies, and the roll call of victory, best represented by the annus mirabilis of 1759, enabled contemporaries to proclaim Britain's success as a military achievement unrivalled in history. The global victories were celebrated in poetry, prose, song, and landscape architecture; the prizes of war manifested themselves in an expansion of trade and territory; and a vision of an integrated global empire began to form in the minds of some politicians and statesmen.¹⁹⁰ Ministers increasingly thought globally and, as Alan Frost has recently shown in detail, this came to be reflected in the strategic deliberations that informed planned and actual British actions during the War of American Independence and the later wars against Revolutionary and Napoleonic France.¹⁹¹ In the pursuit of an evermore-integrated commercial, military, and naval strategy, the 'reach' of the British state was gradually extended into new spheres of overseas influence, most notably in the Indian Ocean and Pacific regions.

As ministers came to regard the Indian Ocean region as an important battleground in the broader long-term struggle against France and its allies, so the East India Company was required to provide logistical support for the Crown troops and ships that were dispatched to the east in ever-greater numbers.¹⁹² Regular forces had first been sent to India in small numbers during the 1740s but several regiments were deployed during the Seven Years War.¹⁹³ Ministers also began to seek the co-ordinated deployment of Company men, ships, and equipment alongside Crown forces in India and elsewhere. A mixture of loyalty, self-interest, and political expediency ensured that government appeals for wartime assistance to the directors of the Company did not fall on deaf ears, but the planning and preparation for military operations was often punctuated by bitter and acrimonious disputes related to the payment of expenses to the Company and the weakening of the fragile defences of settlements in India. Relations between Company officers and royal commanders in the east were usually characterised

¹⁹⁰ For a discussion of this see Bowen (1998a).

¹⁹¹ Frost (2003).

¹⁹² For the long-term growth of Company support and dockyard provision for the navy in the Indian Ocean see Lambert (2002).

¹⁹³ . For the wars that were fought in India between 1754 and 1765, and the effects that these had upon the British position on the subcontinent see Marshall (2005), 119-57.

by ferocious inter-service contests over rank, authority, and the division of spoils,¹⁹⁴ but in London the directors had little choice other than to declare that they would ‘cheerfully assist’ in executing plans of a ‘great national object’ such as the conquest and occupation of Manila in the Philippines between 1762 and 1764.¹⁹⁵ Consequently, during the preliminaries to that ambitious expedition mounted from Madras, they acceded to the King’s demands for troops, artillery, transport and hospital ships, engineers, and stores, although their co-operation would undoubtedly have been less forthcoming had they known that it would take them best part of two decades to recover their expenses. Even though the Manila expedition eventually served little strategic purpose and brought no lasting benefit to the Company, it did nevertheless help to establish a blueprint for later military operations combining the use of Crown and Company forces during Britain’s wars against European powers.

After France, Spain, and Holland joined the American war against Britain between 1778 and 1780, ministers and the Company’s Secret Committee of directors worked closely together to plan operations in India and further a field. Detailed planning went into proposed expeditions to the ‘South Seas’ (where the Company hoped to establish a commercial foothold on the islands of Celebes in the Moluccas and Mindanao in the Philippines), the Dutch settlements in the Spice Islands, the Atlantic and Pacific coasts of Spanish South America, the Cape, the Seychelles, and Ceylon.¹⁹⁶ The strength of French naval forces in the Indian Ocean region, together with severe setbacks suffered by the Company’s armies against the Indian powers of Mysore and the Maratha Confederacy, dictated that these bold plans were only ever partially executed, and indeed some of them never left the drawing board. Nonetheless, discussions of strategic and operational issues became a matter of routine during the last years of the American war, and this reflected awareness amongst ministers and directors that both Company and national interests were under great threat in the East. Serious

¹⁹⁴ For an outline of these disputes see Callahan (1972), 35-9.

¹⁹⁵ Nicholas P. Cushner, ed., *Documents Illustrating the British Conquest of Manilla, 1762-3*, Camden Fourth Series, 8, London, Royal Historical Society (1971), 15. See also Tracy (1995).

¹⁹⁶ The detailed planning of these expeditions and attacks on enemy possessions can be traced in detail from the minutes of the Company’s Secret Committee, 22 May 1780-26 March 1782, British Library [BL], OIOC [Oriental and India Office Collections], L/P&S/1/5, *passim*. For an account of some, but not all, of the operations that did take place see Harlow (1952), I, 104-24. For a modern study that provides the general

disputes occurred between the Company and government, especially after 1781 when the Company was obliged by statute to pay for the first time for any royal troops dispatched to India,¹⁹⁷ but necessity dictated a co-ordinated response to French tactical manoeuvring in Asia. As the Chairmen of the Company, Laurence Sullivan and William James, observed in November 1781, ‘if the French are suffered to hold possession of the Cape of Good Hope, they ... cannot fail to become the controlling European power in that part of the world.’¹⁹⁸ In other words, it was recognized that the lines of defence for British India were now being drawn several thousand miles from the subcontinent itself.

Although peace gradually returned to India and the Atlantic world between 1782 and 1784, concerns about the security of the Company’s possessions continued to exercise the minds of ministers and directors alike. Indeed, some ministers were now ‘taking it for granted that India is the quarter to be first attacked’ in any British conflict with a European power,¹⁹⁹ and such fears were heightened when the long struggle with Revolutionary and Napoleonic France began in 1793. As a result, considerable attention was devoted to the threats to British India that manifested themselves at the Cape, in Egypt, and elsewhere, and even the faintest hint of enemy shipping movements in the Indian Ocean or eastern Mediterranean served to cause agitated responses in Westminster and at the Company’s headquarters in Leadenhall Street. These reflex actions reflected what Michael Duffy has described as the ‘real, unplanned, and unintentional “swing to the east” of British imperial development’,²⁰⁰ and they prompted the substantial and often successful exertion of British military and naval power across a vast transoceanic region, from the Cape in the west to the Philippines in the east.

In large measure, the extended reach of British forces in the Indian Ocean region was achieved through use of Company forces that were greater in size than the armies of many European states. Lengthy and determined ministerial attempts to unite the Company’s forces with those of the Crown in India foundered in the face of stiff

background while stressing the development of an increasingly integrated commercial, military, and naval strategy in the region see Frost (2003).

¹⁹⁷ For details of the serious dispute of 1787-8 when the Crown ordered four regular regiments to India against the Company’s wishes see Callahan (1971), 70-103.

Thereafter the size of royal forces in India was limited by statute.

¹⁹⁸ BL, OIOC, L/P&S/1/5, book 3, p. 76.

¹⁹⁹ Henry Dundas to Lord Sydney, 3 Nov. 1794, quoted in Harlow (1952), II, 192.

²⁰⁰ Duffy (1998), quotation on p.184.

opposition from the directors and Company officers,²⁰¹ but Company troops were nevertheless increasingly used alongside regular army units which themselves eventually numbered around 20,000 soldiers in India. Concerns about cost and uncontrolled expansion ensured that the directors of the Company consistently opposed any ‘forward policy’ in India itself, but they were unable to resist ministerial pressure for them to provide support for Crown expeditions beyond the subcontinent.²⁰² As a result, Company troops and ships were sent to Ceylon (1795), Malacca and the Moluccas (1795), the Cape (1795 and 1806), Egypt (1801), Mauritius (1810), and Java (1811). Their contribution to specific campaigns was not always decisive, but the extent to which ministries also drew on Company resources to support combined operations conducted with regular forces beyond India was considerable. Indeed, in 1814 it was calculated that the Government owed the Company an astonishing £14,222,993 ‘on account of stores and supplies’ used in such operations.²⁰³ The settlement of such debt was always a fiercely contested political issue that set ministers and directors against one another for long periods of time,²⁰⁴ but there can be no doubt that in overall terms the Company’s troops, ships, and equipment played a valuable supporting role in Britain’s eventual victory over Revolutionary and Napoleonic France. Thereafter the Company’s Indian army, together with the 20,000 regular troops

²⁰¹ Philips (1940), 90-1. The highly controversial plans to bring the Company’s forces under Crown control brought the Indian army to the verge of mutiny in 1795-6 when officers feared that unification would result in their loss of seniority and special allowances. For background and detail see Callahan (1971).

²⁰² They were more able to do this after the Company’s Indian soldiers were persuaded to volunteer for overseas service, although general confidence in the loyalty of the sepoy army was shaken by the Vellore mutiny of 1806. Cornwallis had first persuaded high-caste sepoy volunteers to overcome their religious reservations about making sea journeys in 1789 when four companies were dispatched to serve at Bencoolen (Sumatra). For the background to this use of Company sepoys see Alavi (1995), 39-47.

²⁰³ BL, OIOC, L/AG/1/1/30, p.152.

²⁰⁴ The Company claimed that it had incurred costs amounting to £8,570,336 between 1793 and 1803, with expenditure on the expedition to Egypt alone estimated at £2,148,179. The Treasury rejected these claims and, after three different sets of commissioners had failed to settle the matter, a House of Commons Committee was appointed to review the figures. It concluded that the balance owing to the Company on 1 March 1805 was £2,370,000, and recommended ‘frequent and early adjustment’ of accounts in future, although evidently this was not forthcoming. For the lengthy report of the committee which contains full detail of Company expenditure see *Parliamentary Papers*, 1805 (197), IV, figures on 7, 173; quotation on p.6.

stationed in India, came to be, in David Washbrook's words, 'the hammer and the anvil of British imperial power in the world.'²⁰⁵

The East India Company and its domestic contributions to the British state.

The expansion of the East India Company created new manpower resources that could be deployed by the state in support of national interests in South Asia and the wider Indian Ocean region, but ministers also entertained hopes that they would be able to draw on the growing strength of the Company in Britain. It was hoped that the acquisition of wealth in Bengal would translate into a flow of surplus cash that could be transferred to the Company's treasury in London, but even though this never occurred to any lasting degree, contemporaries were well aware the Company's changing fortunes in India did stimulate late-eighteenth-century growth in every branch of its affairs. Its trade increased dramatically; a greater number of larger ships were built; and its interactions with the domestic economy were extended and strengthened. As a result, it became routine for the Company to be described as the greatest commercial organisation that had ever existed, with one commentator noting that it had become a 'colossus ... magnificent in form, and imposing in dimensions'.²⁰⁶ At the same time, ministers saw the Company as an abundant source of men, materials, and money that could be used at home in the desperate struggle against the European powers.

The Company had been present, of course, at the birth of the fiscal-military state during the 1690s and, together with the Bank of England, it became one of the main financial props of the system of public finance. The process began when in 1698 the 'new' East India Company made a loan of £2 million to the hard-pressed government of William III that was trying to recover from the effects of the Nine Years' War. The Company's position as major public creditor was then strengthened following the merger of the new and old East India Companies, which in 1709 formally created the United Company of Merchants trading to the East Indies. By the middle of the War of Austrian Succession in 1744 the United Company's advances to the state had risen to £4.2 million which, together with one-off financial donations, helped smooth the way to the periodic the renewal of exclusive commercial privileges.²⁰⁷ From the Company's

²⁰⁵ Washbrook (1998), 400-1.

²⁰⁶ 'Cossim', *Considerations on the Danger an Impolicy of Laying Open the Trade with India and China...* (1812), 218.

²⁰⁷ For these arrangements see Scott (1910-12), II, 128-9.

point of view, this relationship with the state was of great significance beyond the fact that it helped to secure the extension of monopoly trading rights in Asia. In a practical sense, loans to government provided an essential 'fund of credit', which acted as collateral for its substantial short-term borrowing requirements, and this enabled Lord North to declare in 1773 that 'what makes the credit of the Company the strongest is the debt owing them from the publick'.²⁰⁸

In addition to long-term loans, the East India Company also lubricated the financial wheels of the state of the state. Defenders of the Company's monopoly always made much of this and at the beginning of the nineteenth century they were able to assert that, on average, the state had received over £5 million a year from the Company during the past half century or so.²⁰⁹ This was an exaggeration, and the Company certainly failed to contribute to the public purse in London in the way that had been expected when it acquired the territorial revenues of Bengal in 1765. It had then been hoped that the state would 'participate' in the revenues, in recognition of its rightful share of the new riches that had fallen under British control, but the direct return to the Treasury was nothing like that which had been expected. In part this was because the government of Lord Chatham failed in its attempt to secure any declaration of the Crown's 'right' to the Company's Indian revenues, and indeed it was not until the passage of the Charter Act of 1813 that the sovereignty of George III was formally declared over the Indian empire. There was thus considerable ongoing uncertainty about the legal and constitutional relationship between the state and the Indian although a compromise agreement reached in 1767 did lead to the Company agreeing to pay £400,000 a year to government. At the same time, however, the Company failed to put its revenue surplus 'in train' to Britain, and as a result even this comparatively modest flow of cash soon dried up. Consequently, the Company's domestic finances became seriously dislocated during the uncomfortable transition from trade to empire in India, and during the early 1770s the Company was teetering on the verge of bankruptcy. By the time the directors were obliged to go cap-in-hand to government for emergency financial assistance in 1772-3, only £2,169,399 had been paid into the Treasury under

²⁰⁸ BL, Egerton. MS, 246, p. 22. The importance of this for the Company's financial stability is stressed in Baskin and Miranti (1997), 63, 81, 86.

²⁰⁹ Anon., *Observations on the Territorial Rights and Commercial Privileges of the East India Company, With a View to the Renewal of the Company's Charter; in a Letter to a Member of Parliament* (1813), 24. It is unclear how the figure of £5 million a year was calculated.

the terms of the agreement of 1767. The Company later twice agreed to make annual payments to the state in return for the territorial revenues remaining in its possession, but in both 1781 and 1793 it failed to meet its obligations for more than a year or so. As a result, only a further £1,400,000 was paid into the Treasury.²¹⁰ This was a deeply disappointing outcome for those who had hoped that salvation for the crippled public finances might lie in the East, although optimists continued to believe that surplus territorial revenues in India might yet yield substantial contributions to the public purse in London.²¹¹

Direct returns from the Company's Indian revenues always promised far more than they ever delivered to the British state, but substantial benefits were derived from the substantial long-term growth of the East India trade that occurred after 1765. As the Company pumped more Indian funds into the purchase of goods for export to Britain, both directly and via China, so the Company's annual payments of customs duties in London rose sharply, from £430,123 in 1763/4 to £886,922 in 1769/70.²¹² There were then fluctuations in the level of payment as trade was disrupted by European war and the Company's finances once more became dislocated during the early 1780s [See Table 1].

Table 1. *East India Company Payments of Customs and Tea Duties to Government, 1760-1815 (Annual Average in £s)*

1761-5	530,375
1766-70	761,243
1771-5	859,184
1776-80	739,075
1781-5	608,984
1786-90	942,767
1791-5	968,811
1796-1800	1,236,482
1801-5	1,684,793

²¹⁰ £400,000 was paid under the terms of 21 Geo. III, c.65; and £1,000,000 under 33 Geo. III, c.52.

²¹¹ See, Colquhoun, *Treatise on the Wealth, Power, and Resources of the British Empire*, appendix, p .49.

²¹² Figures for the payment of customs and tea duties are derived from BL, OIOC, L/AG/1/1, vols 20-31.

1806-10	3,301,093
1811-15	3,745,961

Source: BL, OIOC, L/AG/1/1, vols 20-31.

As a consequence of the growth of the tea trade, which in part was stimulated by Pitt the Younger's sharp reduction of rates of duty on that commodity in 1784, the Company was able to make payments of over £1 million on customs and tea duties for the first time in 1786/7. This was more than one-quarter of the government's income from customs revenue, and about 6 per cent of net government income as a whole in that year.²¹³ The Company's payments then moved erratically from year to year as the effects of wars against France between 1793 and 1815 were felt on both land and, especially, sea, but its customs and excise payments moved above £2 million for the first time in 1804/5 and in 1809/10 they peaked at just under £5 million, mainly in the form of tea duties. As a result of these increases, the Company's payments of duties to government more or less quadrupled from £942,767 a year between 1786 and 1790 to £3,745,961 a year between 1811 and 1815. The state benefited from this to a considerable degree and, over the period as a whole, Company payments usually contributed between 7 and 10 per cent of the government's total receipts from customs and excise duties.²¹⁴ This represented a significant and sustained input into the finances of the state, and the Company thus played an important part in helping to secure the whole system of public credit.²¹⁵

Beyond finance, Company also possessed abundant supplies of equipment, materials and manpower that could be of considerable importance in any war effort. The Board of Ordnance depended heavily upon the Company's annual imports of saltpetre from Bengal to sustain the production of gunpowder, and the Company's maritime service provided a large reserve force of sailors and officers that could be drawn upon by the navy when it was faced with shortages of men. Rather more directly, in 1779 the Company paid £95,349 for the construction of three 74-gun men of

²¹³ Mitchell and Deane (1962), 388.

²¹⁴ *Ibid.*

²¹⁵ For a detailed study of transfers of Company and private funds from India to Britain, and the important influence that this exerted on the balance of payment and Britain's capacity to wage war see Cuenca Esteban (2001).

war,²¹⁶ declaring that it was ‘a duty on all the subjects of Great Britain but more peculiarly on great commercial societies to make every possible exertion to strengthen this most important and constitutional defence.’²¹⁷

Saltpetre, sailors, and ships were significant additions to the nation’s resources, but the state’s wartime demands upon the Company in London cannot be considered to have been excessive before 1793. This changed abruptly when the war against revolutionary France imposed much greater levels of strain upon Britain’s society and economy, and the Company was called upon to bolster the nation’s vulnerable domestic defences during the dark years of the mid-1790s. The Company formed three regiments of volunteers that were later described by Henry Dundas, their commander in chief, as an ‘existing monument to the public spirit and beneficial exertions of the East India Company’.²¹⁸ By the end of 1796, however, finance was again the state’s greatest need and it is not surprising that ministers turned to the Company for emergency aid. Pitt applied considerable pressure by pointing out to the directors that the Company had much to lose in the ‘present important crisis’ and he appealed to their commitment to ‘the public service’.²¹⁹ The directors were in no position to deny the Prime Minister his wish and, although there was some discussion of terms and conditions, the Company quickly resolved to make what proved to be by far the single largest contribution to the famous ‘Loyalty Loan’. As a result it pledged £2 million of the £18 million raised through the first direct public subscription undertaken since the end of the seventeenth century.²²⁰

²¹⁶ BL, OIOC, H/338, p. 165.

²¹⁷ BL, OIOC, B/95, p. 153 (General Court of 30 June 1779). See also *ibid.*, pp.137-9, 155-7. These measures were first proposed by a group of prominent stockholders headed by General Richard Smith and George Dempster. Two of the vessels paid for by the Company were *Bombay Castle* and *Carnatic*; the identity of the third is unclear. See Lyon (1993),

²¹⁸ Dundas to the Chairman (Hugh Inglis) and Deputy Chairman (David Scott), 17 November 1800 (BL, OIOC, L/P&S/19/51).

²¹⁹ Pitt to the directors, 28 Nov. 1796, *ibid.*, B/124, p.849

²²⁰ Ehrman (1983), 639-40. Subscribers were given 5% stock offered at a rate of £122 10s. for every £100 advanced. The Company had been discussing an increase of its trading capital by £2 million, and thus when Pitt first wrote to the Company about his loan scheme he suggested that this would offer a means of furnishing such a sum to the public (BL, OIOC, B/262, p.307). In the event the stockholders only approved the terms of the loan by 214 votes to 211 (*ibid.*, pp.329-34), and they did not proceed with the extension of capital along the lines suggested. Instead the Company raised a sum of £1,727,122 between 1797 and 1804 in order to meet staged loan payments of £1,835,000 made to government in 1796 and 1797.

During these difficult years the resources at the Company's disposal ensured that its contributions to the national war effort extended much further than had been the case in times of earlier European conflict. As far as shipping was concerned, for example, the size of the fleet of East Indiaman enabled one stockholder to suggest that if the Company was to be considered as a naval power, it would have a 'right to rank as the third in Europe',²²¹ and this thought was no doubt in Dundas's mind in February 1795 as he attempted to combine his role as Minister for War with that of the President of the Board of Control for Indian affairs. Indeed, Dundas's dual role saw him emerge as the key agent in the process through which Company resources were fed into the national war effort. He wrote to the directors that 'in the present exigency of affairs, a great and immediate addition to the naval strength of the Kingdom is of infinite importance', and he pointed out that 'from their size and construction' East Indiamen 'could be speedily converted into very useful ships of war'.²²² The directors could not ignore this very strong hint and they quickly resolved that the managing owners of their ships be 'exonerated from the engagements they are under to the Company, that they may thereby be enabled to enter into any engagements with Government for public service'.²²³ This ensured that ten vessels were made available to the navy and converted into 64-gun warships, and the stockholders then approved Dundas's supplementary suggestion that the Company raise 300 men to serve on board each ship.²²⁴

Dundas returned to the Company a few months later when the government required a 'very great quantity of tonnage' to be used for a 'special service' in early September. He observed that Indiamen were particularly well suited to the task of transporting troops to the West Indies, and he wished to know whether vessels that had

²²¹ Speech of Whitshed Keene of 19 January 1813 reported in *Debates at the East India House*, I (1813), 70.

²²² Dundas to the directors, 8 February 1795, BL, OIOC, B/120, p. 1044.

²²³ *Ibid.*, p. 1045. They then moved just as quickly to set out arrangements to prevent them being short of shipping in the coming year (12 February 1795, *ibid.*, p.1047), but the passage of 35 Geo. III, c.115 was necessary in June 1795 to enable the Company to take up India-built 'proper ships' in order that sufficient tonnage was available for the shipment of cargo from Asia.

²²⁴ BL, OIOC, B/262, pp. 64-9. In October 1794 the General Court had intended to raise 3,000 men to serve in Britain in fencible units during the 'arduous crisis' before using them for 'eventual service in India' (B/262, p. 42). Because of this, Dundas saw 'nothing so natural' that the Company should use these men on the ships given up to the 'service of the state' (B/120, p. 1068).

recently returned from Asia could be made available for the operation.²²⁵ The directors responded by identifying 14 East Indiamen that could be unloaded on the Thames with the ‘utmost dispatch’ so that the managing owners could agree terms with the government, and this allowed 16 Company ships of various types to be included in the expeditionary force of 128 vessels that eventually departed for the Leeward Islands in December 1795.²²⁶ Action such as this, which illustrate in a further way how the Company contributed to the exertion of state power in the wider world, later enabled the Secretary of the Company, Peter Auber, to write that Company ships were of a ‘political as well as a commercial character’ which meant that ‘on sudden emergencies, both in India and Europe they have been found of the most important aid in promoting the welfare of the state’.²²⁷

Other new and important forms of help for beleaguered Britain were also forthcoming. During acute food shortages in the summer of 1795 Pitt prevailed upon the Company to arrange for the importation of grain from India.²²⁸ The directors ordered 27 ships to be sent from India with cargoes of grain, and large quantities of rice began to be offered for sale during the second half of 1796.²²⁹ These actions earned the Company warm praise from the City of London’s Court of Common Council which formally thanked the directors ‘for the relief afforded to this country’.²³⁰ The Company did not act as a charity, however, and, although the directors were always happy to be portrayed as benevolent loyalists, when the sale of rice came to an end in 1797 a review of expenditure and income led them to resolve that the balance ‘must be placed to the debit of the Public on whose account the purchase and importation of Grain was

²²⁵ Dundas to the directors, 26 July 1795, discussed at the Court meeting of 29 July, B/121, p. 417.

²²⁶ See Duffy (1987), pp. 185-6, 206.

²²⁷ Auber (1826), 666. In 1803 the directors chartered 10,000 tons of shipping for six months, at a cost of £67,000, for use by the government (*ibid.*, 665-6). For details of twenty-two ships purchased from the Company between 1795 and 1807 see Lyon (1993), 239, 241, 270, 274.

²²⁸ See Chairman (Stephen Lushington) to Pitt, 25 June 1795 (BL, OIOC, L/P&S/1/9, ff.190v-1). Lushington himself drafted orders to the Company’s Presidencies between 4 and 8 July, but he was very anxious about a ‘subject highly delicate and important in its nature’ and greatly concerned that it be known in the Company and elsewhere that the idea had originated with ministers (Memo., 30 Sept. 1795, *ibid.*, f.193).

²²⁹ On 25 May 1796 it was resolved that 350 tons of rice be put up for sale, by 17,000 bags were put up for sale on 6 July, 20,000 bags on 29 September, and 20,000 bags on 22 December (BL, OIOC, B/123, pp.236, 337, 589; B/124, p.886).

²³⁰ *Ibid.*, B/123, p.380 (6 July 1796).

made.²³¹ This type of hard-headed attitude persuaded ministers to be much more robust when they next required the Company to supply grain to Britain during a food crisis, as was the case in 1800 when Dundas told the Company that all of its contributions to the war effort weighed ‘but as a feather in the scale of public service’ compared to the emergency supply of rice to the people of Britain.²³² This comment was part of a stern ministerial reminder that the Company now acted first and foremost in the national interest, but the directors were not easily persuaded to abandon their very strong instinct to look after their own financial concerns.

As with rice, the supply of weapons to the state was always based upon the understanding that the Company would be paid at the going commercial rate, or at the very least that it would not suffer any financial loss. Consequently the 162,900 small arms that found their way from the Company to the Board of Ordnance between 1793 and 1815 represented purchases and not requisitions as historians have sometimes stated.²³³ In this sense the Company did undoubtedly act as what has been described as an ‘auxiliary procurement agency’ for the government,²³⁴ but the directors’ stubborn defence of Company interest together with the legal protection offered to private property ensured that ministers could not simply order the directors to hand over rice, weapons or anything else for wartime use by the state. During the wars between 1793 and 1815, therefore, one of the defining features of the relationship between government and the East India Company was the huge sums of money that were eventually paid for goods and stores supplied by the Company.²³⁵ Commercial instincts ensured that the directors always kept an eye on the balance sheet and more often than not they sought financial compensation for the Company’s contributions to the national war effort. Ministers were often reluctant to pay the price, but they did increasingly acknowledge that the Company’s resources were of considerable importance to them as Britain endeavoured to sustain itself during the long struggle with France.

²³¹ *Ibid.*, B/124, p.1354 (5 April 1797).

²³² Dundas to Inglis and Scott, 17 Nov. 1800, *Ibid.*, L/P&S/19/51.

²³³ A point made in Harding (1997), I, 31. The small arms were mainly muskets. For full discussion and details of Company arms sales to Government see *ibid.*, I, 30-33, 372-3.

²³⁴ *Ibid.*, I, 32.

²³⁵ The settling of wartime accounts between the Crown and the Company was a complex and lengthy business that was not completed until 1822 (Auber, (1826), 643-4).

The state and the Company: redefining the boundaries.

The previous two sections have shown that extended European warfare resulted in a variety of 'East Indian' resources being deployed in support of British national war efforts, in both Britain itself as well as the wider world. This caused very specific interactions to occur between the State and the East India Company, but what general effects did this process of resource mobilisation have upon the broader relationship between the two? It is, of course, important to acknowledge that several major factors served to redefine the state's relationship with the Company during the late eighteenth century, and concerns about misrule in India, mismanagement in London, and internal political instability all lay behind the minor acts of Parliament and major legislative landmarks that enabled successive governments to extend control over the Company in the decades after the first sustained ministerial intervention into East India affairs occurred in 1767.²³⁶ Yet, ultimately, underpinning all of these concerns was a desire to ensure that the resources of India were secured in safe hands and then brought to bear on the enrichment of the nation's wealth and the strengthening of the British state. At the same time, the legislative measures embodied in North's Regulating Act of 1773 and Pitt's India Act of 1784 ensured that ministers were able more effectively to direct the affairs of the East India Company in the national interest, and that they were able to ensure that the Company made a centrally coordinated contribution to war efforts at home and abroad. As they took effect, these changes led to a substantial shift in perceptions of what the Company was, what role it was playing in India, and how it stood in relation to the state.

The thorny question always confronting ministers was how best to ensure that the riches of India were translated into resources that could be used by the state as and when they were needed. As we have seen, attempts to secure directly a share of the territorial revenues were undermined by the legal confusion arising from Lord Chatham's intervention in East Indian affairs in 1767, while at a more practical level rising local expenditure ensured that the Company was never able to generate any substantial surpluses for transfer to London. Of course, the Company could be coaxed and cajoled into making money, men, and materials available for war efforts at home and abroad as specific needs dictated, but this was highly unsatisfactory way of proceeding. The Company was fiercely protective of its own interests, and in doing so

²³⁶ Bowen (1998).

it could be difficult, obstructive, and bloody minded when asked to act in support of the state. This had been amply demonstrated at the beginning of the period, during the preparations for the Manila Expedition of 1762-3 when the government's use of Company resources required protracted negotiation, and this suggested to ministers that they would never be able to gain easy, unrestricted access to the men and equipment that belonged to the Company. The Company's senior officials accepted some obligation to act in the national interest, but they were also well aware of the rights and privileges that the Company enjoyed as a private chartered trading organization, and they acted accordingly in defence of the interests of themselves and their shareholders.

On their part, most ministers and their supporters believed that the state had played an important part in helping to establish the Company's Indian empire because, among other things, Crown troops and ships had helped to reduce French influence on the subcontinent during the Seven Years' War. As Isaac Barré put it in 1769, it had cost the nation four and a half million pounds to 'enable this Company an extensive dominion greater than that of the crowned heads of most crowned heads in Europe.'²³⁷ Accordingly, in the first instance ministers argued that the state could reasonably expect to enjoy some of the hard-won spoils of imperial expansion, but they also adopted the view that in future the Company should pick up its share of the bills paid by the Crown to protect British India from the ever-present French threat. As, post-1767, it became abundantly clear that the actual, realisable spoils of expansion were not to be as great as had once seemed to be the case, greater emphasis was placed on formalising arrangements by which the state was to be paid for the vital contribution it made to the protection of the Company's overseas possessions. At the same time, ministers also began to articulate the belief that state's use of Company resources was not something that should ever have to be based upon negotiation, but rather it was an obligation imposed upon the Company by its acceptance of exclusive commercial privileges from the Crown. Henry Dundas made this point most forcibly in 1800 when, during the serious domestic food crisis of that year, he told the directors that they were not exerting themselves properly in the organisation of emergency grain supplies to Britain. He reminded them in no uncertain terms that because of the grant of a trading monopoly to the Company 'the public have a right to expect on such an occasion as the present the power and resources which that monopoly have procured to the Company should be

²³⁷ Speech in the House of Commons, 27 February 1769, BL, Egerton MS, 218, p. 124.

brought into exertion with the utmost vigor and promptitude'.²³⁸ The very fact that such a comment was made as late as 1800 suggests that the Company had not yet been brought properly to heel, but over the previous three decades ministers had in fact done much to formalise the basis upon which the Company's resources were used by the state. In particular, successive governments had attempted to shift the full costs of deploying the forces of the Crown in the Indian Ocean region on to the Company, and they endeavoured to establish command and control over the Company's military machine.

From Lord North's ministry of 1770-1782 onwards, governments sought to tap the resources of India and the East India Company by obliging the Company to pay for any regular troops that were used to protect the Company's territories in India. In 1781 the Act 21 Geo.III c.65 established arrangements for this to take place and seven years later, amidst great controversy, another Act, 28 Geo.III c.8, empowered ministers to determine the size of the regular forces in India that had to be paid for by the Company. As a result of the first Act, the Company established a Committee of Government Troops and Stores, together with a small supporting secretariat at East India House, in order to formalise procedures for settling with government the accounts relating to the pay, allowances, and expenses of regular military and marine forces stationed in the East.²³⁹ Unfortunately, the records of the committee have not survived, but it conducted business on a very regular basis, meeting on 200 occasions between 1782 and 1793, and on 380 occasions between 1793 and 1812.²⁴⁰ In particular, it scrutinised the claims for the reimbursement of costs incurred by different branches of the armed services, and the Company's domestic account ledgers reveal a wide variety of military and naval payments made to government from the mid-1780s onwards. These ranged from the £500,000 paid to the Exchequer in 1789/90 'on account of claims from of Government for the expenses of victualling the Navy and for the charges of HM troops serving in India',²⁴¹ through to the £600 a year paid to George Owen for pensions to be paid to the 'Invalids of HM's 14th and 15th Hanoverian Regiments'.²⁴² Moreover,

²³⁸ Dundas to Inglis and Scott, 17 Nov. 1800, BL, OIOC, L/P&S/19/51.

²³⁹ For contemporary descriptions of the roles undertaken by the Committee of Government Troops and Stores see BL, OIOC, H/67, p.80 and H/362, p.31.

²⁴⁰ *Proceedings of the Select Committee Appointed by the General Court on 6th October 1813 ...* (1814), pp. 95-6, 164-5.

²⁴¹ BL, OIOC, L/AG/1/1/26, p.81.

²⁴² *Ibid.*, 27, p.137.

payments were also made ‘on the spot’ in India to reimburse the costs incurred locally by regular army units.²⁴³ Clearly, this arrangement saw the Company’s domestic and overseas resources being channelled into the upkeep of part of the state’s military and naval establishment, and as such the Company was effectively beginning to function routinely as part of the administrative machinery of the fiscal-military state in Britain itself.

Establishing ways in which the state could derive some direct benefit from East Indian resources was one matter, but it was quite another to make the East India Company itself act effectively and responsibly in support of the national interest. It was therefore important to ensure that the Company did not drag the state into wars on its coat tails as a result of ‘private’ conflicts with Indian or European powers in Asia. Thus, the final quarter of the eighteenth century saw successive rounds of reform and regulation of the Company which had the effect of bringing the Company’s military forces more directly under the control of ministers. Most notably, Pitt’s India Act of 1784 empowered a Board of Control to assume responsibility for ‘all acts, operations, and concerns, which in any wise relate to the civil or military government or revenues of the British territorial possessions in the East Indies’, and it prohibited those in India from making war, except for defensive purposes, without prior approval from the Company’s authorities (and hence the Board of Control) in London.²⁴⁴ The prohibitive clause was an attempt to prevent further ‘schemes of conquest and extension of dominion in India’, which ‘are measures repugnant to the wish, the honour, and policy of this nation’,²⁴⁵ and although it was quite impossible to enforce it did nevertheless form part of a long-run process by which the Company was gradually deprived of its freedom of military action. Attempts formally to amalgamate the Company’s armies with regular forces in India met with failure but the close, but the direct links that characterised relationships between successive Presidents of the Board of Control and the Company’s Commanders-in-Chief in India ensured that the large East Indian armies could increasingly be relied upon to act in a manner that was more closely consistent with the national interest and strategic objectives.

²⁴³ See, for example, the correspondence of 1787 relating to Treasury demands that outstanding balances owing by the Company be paid in India at the rate of 2 lakhs of rupees per annum per 1,000 men (1 lakh = 100,000); Directors to Bombay, military department, 31 July 1787, BL,OIOC, E/4/1004, pp. 267, 268, 269-73.

²⁴⁴ 24 Geo.III, c.25, VI and XXXIV.

²⁴⁵ *Ibid.*, XXXIV

The importance of East Indian resources, and changes to working relationships between ministers and directors of the Company, altered contemporary perceptions of the role, status, and utility of the East India Company. Generally speaking, opinion was sharply divided over the question of whether the Company exerted a positive or negative influence on Britain and the empire that had fallen under its control, but a wide variety of terms were used to describe the Company and what it had become. To some, the Company remained what it had always been: a maritime trading organisation, albeit one that had now become the most powerful and sophisticated that the world had yet seen. Most observers recognised, however, that in the years after 1765 the Company had become the guardian of an important national economic asset in Bengal and this began to be reflected in the way that it was described. P.J. Marshall has recently drawn attention to some of the terms that were used, and he notes that in 1772-3 it was variously referred to as ‘trustees for the state’, ‘the representatives of the state’, and ‘farmers to the publick’.²⁴⁶ Such phrases became commonplace, and a quarter of a century later the mathematician William Playfair described the Company as ‘stewards to the state’, which meant that ‘remitting the surplus revenue of India ... is perhaps the best reason which can be given for the existence of the Company at the present moment’.²⁴⁷ Whatever the precise choice of words, these terms all defined the Company in relation to the state or the public, and as such it was now seen to be acting as a representative or agent in support of the national interest. This brought the Company within spectrum of the many private companies, contractors, merchants, and financiers who acted in association with the state, and as such Company-state relations can be seen to represent one of the many forms of private-public partnership that underpinned the Hanoverian regime.

In such a scheme of things, the Company could perhaps be held to have retained a degree of autonomy, and indeed it did continue to pursue some independent courses of action, notably in the realm of commercial and maritime affairs, although even there it is possible to discern strong levels of ministerial influence exerted by members of the Board of Trade and others. Yet, many informed contemporaries took

²⁴⁶ Marshall (2005), 210.

²⁴⁷ William Playfair, *Strictures on the Asiatic Establishments of Great Britain; With A View to an Enquiry into the True Interests of the East India Company* (1799), 65, 66-7. For the notion that the Company was undertaking an ‘important stewardship’ on behalf of the state see also ‘Cossim’, *Considerations on the danger an impolicy of laying open the trade with India and China...* (1812), 10.

the view that the Company was in fact no longer to be considered as separate from the state. This was true of those who were inclined to see the Company as an administrative arm of the state, as was the case with senior law officers who were reported to have said at the end of the eighteenth century that the Company had become a ‘limb of the government of the country’.²⁴⁸ In the same way that limbs are attached to the main part of any body, then so this view suggested that the Company had actually become part of the state in much the same way as any of the major institutions of government. Indeed, this was confirmed when the Company lost its last remaining commercial privileges in 1833, and it then continued to exist as the governing agency for India. By that time, a long-run institutional metamorphosis was complete and henceforth the Company was often to be classified as an ‘office of state’ and not as a trading company.

Others represented the Company as not just attached to the state as a limb or appendage but actually embedded at the very heart of it. They saw it as an ‘engine’ fuelled by the resources of trade and empire which was able to generate some of the power necessary to animate the British state and move it forward. Thus in 1773 the Member of Parliament George Dempster declared that the Company was a ‘great money engine of state’ whose credit was ‘inseparably connected with government and the Bank of England’; and a quarter of a century later the Chairman of the Company Jacob Bosanquet echoed these sentiments (as well as those of Adam Smith) when he wrote that ‘I consider the Bank and the East India Company as two of the most powerful engines of the state.’²⁴⁹ The financial difficulties under which the Company laboured during the late eighteenth century indicate that by then the great engine was not running very smoothly, but these contemporaries were well aware of the importance of the long entangling financial relationship between the state and the Company that had served to channel East Indian funds of one sort or another into the system of public credit. Bosanquet went further when he suggested that the Company also served the state as ‘powerful engine in the hands of government for the purpose of drawing from a distant

²⁴⁸ Lord Chief Justice Lord Kenyon and Mr Justice Lawrence, quoted in Auber (1826), vii.

²⁴⁹ George Dempster, *London Evening Post*, 18-20 May 1773; Jacob Bosanquet to William Pitt, 14 April 1798, H/61, p.185. Smith had referred to the Bank as ‘a great engine of state’ (Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations* (1776), ed. R.H. Campbell, A.S. Skinner, and W.B. Todd, 2 volumes, Oxford, Oxford University Press, I, 320).

country the largest revenue it is capable of yielding',²⁵⁰ and although the amount of revenue remitted directly from India suggests his comment is somewhat fanciful it does again serve to demonstrate some of the ways in which the late-eighteenth-century relationships between the state, the Company, and the Indian empire were being conceptualised.

This paper has tried to some identify and quantify of the ways in which the resources of an expanding Indian empire were brought to bear on the development and actions of the eighteenth-century British state. In particular, it has stressed that the demands of recurrent European warfare obliged hard-pressed ministers to turn to the East India Company for aid, assistance, and support; and it has argued that the resources made available did serve in many different ways to strengthen the state at home and extend its reach into the wider world. On the face of it, the state's use of East Indian resources might appear to have been somewhat haphazard and piecemeal, but underlying the conflict and tension that often characterised government-Company relations, there was an underlying process of institutional realignment which resulted in ministers establishing command and control over the Company so that its forces and revenues could be used more effectively in the national interest. This caused perceptions of the whole point and purpose of the East India Company to alter to such an extent that by the beginning of the nineteenth century many contemporaries regarded the Company as being much more than a trading company that acted occasionally as a useful ally of the state. Instead, the Company was seen to have become an integral part of the state, and as such this served to redraw the institutional and geographical lines of that state enabling it quite properly to be described as an 'imperial state' in every sense of that term.

²⁵⁰ Bosanquet to Pitt, 14 April 1798, BL, OIOC, H/61, p.189.

**The “Guardas” at the End of the Seventeenth Century:
Control and Expenditure of a “Residual” Army²⁵¹**

Magdalena de Pazzis Pi Corrales

At the end of the Reconquista in 1492 the Catholic Monarchs had to take on a far-reaching military reform to meet their foreign policy requirements, especially their confrontation with France. In this reform they had to purge the army of its residual feudal features and set it up on a footing to do battle successfully with France, especially in the dispute over Italy and try to vie with and conquer the renowned heavy French cavalry. This approach soon had to be trimmed to the varying winds of war, however, where the infantry was now clearly shaping up as the prime battlefield force, repeatedly winning the day against the cavalry. This evolution became patent at the Battle of Pavia (1525), which nearly coincided in time – though without any direct connection – with a reform introduced by Charles V in the armed forces inherited from his grandparents, Ferdinand and Isabella. The main armed force of the latter had been the heavy cavalry, called the “guardas” or “guardias de Castilla”, substitutes of the old royal guards. The primacy of the infantry and the wars outside Spain urged a rethink of the military structure, resulting in a wholesale change of approach at the beginning of the imperial policy.

Indeed, the emperor was going to need a heterogeneous army to take on his European commitments, the Iberian Peninsular itself now taking backstage as a

²⁵¹ This paper forms part of the research project “Felipe II y la defensa de la Monarquía” (“Philip II and the Defence of the Monarchy”) financed by the Directorate General of Higher Teaching and Scientific Research (Dirección General de Enseñanza Superior e Investigación Científica) of the State Secretariat for Universities, Research and Development (Secretaría de Estado de Universidades, Investigación y Desarrollo) of the Ministry of Education and Culture (Ministerio de Educación y Cultura), reference No. PB 97-0296-C04-01.

military scenario. For this reason a demarcation was made between two different “armies”: firstly, the one organised by the Catholic Monarchs, which would now be used as a home-territory force, and secondly the army to be used abroad in Europe. He reformed the former army in 1525 to bring the guardas more into line with the military needs of mainland Spain. As for the latter army the key element was going to be the Spanish infantry, which, after the Instruction of Genoa of 1536, paved the way for the setting up of another unit that was destined to have a great future in the Spanish army, the tactical infantry unit known as the “tercio”. This laid down the general lines of the Spanish army until the end of the seventeenth century, broken down into what we have chosen to call the “home-territory army” – the guardas – and the external army for fighting abroad – the tercios. The Guardas were to remain faithful to their founding remit: “to watch out for the peace and quiet of the State, protecting the dignity of the throne from any harm”, but they were sidelined from the monarchy’s international activity – diplomatic and military – to safeguard the security of the king’s mainland territories.

The Performance and Service of The Guardas in Mainland Spain.

The emperor’s successors saw to the organisation and reform of the guardas. Three different operational situations were envisaged:

- *Billeted*: when they were not carrying out any specific military function and were waiting in their usual billets (towns in the centre of Old Castile) to be assigned a mission.
- *Border protection*: in the event of external war and any threat to the borders the guardas were moved to the points under threat to safeguard them (in general, some companies were permanently garrisoned in Navarre and more occasionally in Perpignan and the western border of the Pyrenees).
- *War footing*: when an armed conflict occurred in mainland Spain, an exceptional situation that hardly occurred until the Catalonian revolt of the seventeenth century (1640).

The guardas were passing through a difficult stage and suffering from continual payment arrears. This meant they had to live at the expense of the towns and villages where they were billeted, sparking off the inevitable conflicts with the locals, who were paid poorly and late by the Royal Treasury for the products consumed by the billeted troops. The absence of conflicts in mainland Spain also

tended to cast doubts on their necessity. Until the Spanish War of Succession (1702-1713) the Spanish border was of secondary importance and the troops posted there were never put through their paces like the troops posted abroad. They seemed to be somewhat sidelined from mainstream events and it was difficult to gauge their efficiency and capacity. Judging from their high costs, however the kings were keen to keep them up – especially Philip II and Philip IV – and they were continually on the lookout for solutions to reinforce the structure of this mainland army, trying unsuccessfully to involve the privileged classes and cities in the defence of the monarchy.

A sort of inertia thus set in, allowing the guardas to linger on for two centuries until they finally disappeared by process of attrition at the end of the seventeenth century. When Philip V²⁵² came to the throne, he found them to be in an unrecoverable state, withering away of their own accord. The last review was carried out in 1694²⁵³.

Cost and Payment Control Mechanisms

The information on this aspect comes from the Ordenanzas (Regulations) of 1613 and 1628, the fundamental texts regulating them throughout the seventeenth century, plus the economic documents of the same date kept in the section called “Contaduría del Sueldo, 2ª época” (“Wage Accountancy, 2nd Era) of the General Archive of Simancas (Valladolid).

The guardas were not paid punctually. The Royal Treasury was always strapped for cash and when it did manage to scrape together enough money to pay off some of its arrears, this only ushered in a bureaucratic process based on the compulsory review. This process was used to check the following aspects: the number of places covered, the particular situation of each individual, the wage they

²⁵² The Military History Service of Madrid (Servicio Histórico Militar de Madrid), in the general index of the 10 volumes of the Military Regulations (*Ordenanzas Militares*) section, published in Madrid in 1768, contains some documents of outstanding interest, especially a report written at the behest of King Philip V himself and which is sort of recapitulation of what the life of the Guardas had been and the last review.

²⁵³ For more information on this matter we refer the reader to the papers in which we have already dealt with these questions: Martínez Ruiz (1998), p. 497-512, (2001 a), p. 2-21, (2001 b), p. 369-388, (2001 c), p. 9-30, (2004) forthcoming; Martínez Ruiz and Pi Corrales (1998), p. 341-370 (there is an English edition), (1999), p. 191-216, (2000), p. 193-202; Pi Corrales (1998), p. 513-530.

were due, depending on whether or not they were entitled to any bonuses, and the sums they owed to the billeting towns and, in short, the total cost of the debt they had run up with the guardas and the towns. The list we are using as reference on this occasion comes from the mid seventeenth century. Although it lacks a precise date, it seems to us to be representative of the situation we are dealing with here²⁵⁴.

In all the documentation studied we have concentrated on the information pertaining to a review of the Compañía de Continuos and 16 companies of men at arms, 5 companies of light cavalry, 4 companies of light cavalry of the coast of the Realm of Granada, the infantry forces of La Alhambra and Almería, 9 Morisco cavalymen, arquebusiers and foot-soldiers (infantrymen) in Gibraltar, those based in Galicia with the Governor and the Squires of Fuenterrabia. Such were the forces making up the mainland army in the mid seventeenth century, where we see that the guardas still weighed in heavily with a total of 21 companies.

Among this conglomerate of forces, the Compañía de Continuos stood out from the rest in terms of the number of men; it had fixed places and also had an ensign, armourer, blacksmith, pike maker and comptroller. Their annual wage added up to various sums: 250,000 reals for the captain, 4 million for all the men at arms, a bonus of 5000 reals on top of his wage for the comptroller, 13,000 reals for the ensign; 25,000 for the armourer while the blacksmith and pike maker received 18,000 each. This added up to a total of 4,495,000 reals.

The companies of men at arms (16) came under the orders of aristocrats linked in one way or another with the army: the Conde de Lerma, Marqués de Montemayor, Marqués de Aguilar, Conde de Cifuentes, Conde de Oñate (then under the orders of Don Antonio Manuel), Conde de Alba, Conde de Altamira, Conde de Buendía, Don Juan Pimentel, Duque de Albuquerque, Don Alonso de Fonseca, Don Antonio de Velasco, Don Hernando de la Cerda, Don Pedro de Mendoza, Don Frances de Beaumont and Don Antonio de Toledo²⁵⁵. The number of men ranged from 47 to 48

²⁵⁴ Archivo General de Simancas (hereinafter A.G.S.), section Contaduría del Sueldo 2ª época. *Relacion de las lanzas, ombres de armas y ginetes que residen en Castilla, Navarra y Granada. Relacion del sueldo y ventajas que cada compañía tiene en un año con el salario del capitán y número de lanças que cada capitania tiene. Relacion de las lanças, sueldos y ventajas de la gente de las guardas que residen en los rreynos de Castilla y Navarra y Granada y lo que monta cada una de ellas en un año.*

²⁵⁵ The list of the captains of the guardas companies found in the last review differs somewhat, although some, coming from the same family, appear in both. Their names make it obvious that they come from the nobility or the hidalguía (lower nobility) linked

and they also had a armourer, blacksmith, two buglers, an ensign and a comptroller. Their wages were similar except for the captains and a few bonuses earned by some of the men. All these sums have been reflected in the following tables:

COMPANY OF CONTINOS

Captains and employments	Wages (reals)
Captain	250,000
Ensign	13,000
Comptroller	Salary+5,000(plus)
Armourer	25,000
Blacksmith	18,000
Pike maker	18,000
TOTAL	495,000

COMPANIES OF MEN AT ARMS

Captains and employments	Wages (reals)
Conde de Lerma	300,000
Marqués de Montemayor	200,000
Marqués de Aguilar	150,000
Conde de Cifuentes	225,000
Don Antonio Manuel ²⁵⁶	250,000
Conde de Alba	300,000
Conde de Altamira	250,000
Don Juan de Acuña, Conde de Buendia	150,000
Don Juan Pimentel	300,000

to the army. The captains of the 19 companies figuring in the last review (1694) and repeating in 1703 are: the Conde de Monterrey, the Duque de Camiña, the Marqués de Leganés, the Conde de Fuensalida, the Conde de Altamira, the Duque de Hajar, the Duque de Alba, Don Antonio de Portocarrero, the Duque de Benavente, the Marqués de Casasola, the Marqués de Prado, the Duque de Medinasidonia, the Conde de Gondomar, the Duque de Nájera, the Marqués de Valparaíso, the Marqués de Tavera, the Conde de Aguilar, the Conde de Torresvedras and the Duque del Infantado.. Servicio Histórico Militar. Colección de Ordenanzas Militares. Madrid, 1768.

²⁵⁶ This company was previously captained by Conde de Oñate.

Don Gabriel de la Cueva, Duque de Alburquerque	300,000
Don Alonso de Fonseca	300,000
Don Antonio de Velasco	300,000
Don Hernando de la Cerda	200,000
Don Pedro de Mendoza	200,000
Don Frances de Beaumont	200,000
Don Antonio de Toledo	200,000
Comptroller (of each company)	5,000 + salary
Ensign (of each company)	8,000
Buglers (2) at 22,000 each one	44,000
Armourer	14,400
Blacksmith	14,400
TOTAL	4,076,800

COMPANIES OF LIGHT CAVALRY

Captains and employments	Wages (reals)
Condestable de Navarra	300,000
Comendador Mayor de Alcántara	300,000
Ruigomez de Silva	126,000
Don Alonso de Aguilar ²⁵⁷	126,000
Don Alonso Hernández de Córdoba	300,000
Comptroller (of each company)	13,000 + salary
Buglers (2) at 22,000 each one ²⁵⁸	44,000
Armourer	19,000
Blacksmith	19,000
TOTAL	1,413,000

²⁵⁷ This company was previously captained by Basco de Acuña.

²⁵⁸ In the company of Don Alonso Hernández of Córdoba the two buglers earned a wage of 19,000 each a year, adding up to an annual total of 38,000 reals.

COMPANY OF LIGHT CAVALRY OF THE COAST OF THE REALM OF GRANADA

Captains and employments	Wages (reals)
Conde de Tendilla	300,000
Marqués de Cortes ²⁵⁹	126,000
Don Alonso de la Cueva	126,000
Diego Gasca Ximenez ²⁶⁰	250,000
Comptroller (of each company)	11,800
Ensign	13,000
TOTAL	1,640,600

200 INFANTRY MEN ALHAMBRA DE GRANADA	Wages (reals)
5 Arquebusiers (4 at 18,000 and 1 at 14,400)	86,000
40 riflemen (20 each day, each one 7200 a year)	288,000
60 crossbowmen (at 6,466.66 each one a year)	388,000
95 pikemen (15 each day, 5,400 a year)	513,000
Comptroller	40,000
TOTAL	1,316,000

60 INFANTRY MEN OF ALMERÍA	Wages (reals)
38 soldiers (15 each day)	205,200
18 porters and sentinels	122,400
4 arquebusiers (2 at 60 a day, one at 50, another at 40)	75,600
TOTAL	403,200

²⁵⁹ This company was previously captained by Francisco Meléndez de La Lama.

²⁶⁰ This company was previously captained by Conde de Chinchón.

9 MORISCO CAVALRYMEN OF GRANADA	Wages (reals)
7 fixed places at 9000	75,000
2 fixed places at 6000 each year (63,000+12,000)	
TOTAL	75,000

ARQUEBUSIERS AND FOOT-SOLDIERS OF GIBRALTAR	Wages (reals)
6 arquebusiers	247,500
16 soldiers	
TOTAL	247,500

54 FOOT-SOLDIERS OF THE GOVERNOR OF GALICIA	Wages (reals)
40 pikemen (at 19,000 mrs each one per year)	760,000
14 soldiers (at 11,250 each one per year)	157,500
Comptroller	11,800
Ensign	11,000
TOTAL	940,300

SQUIRES OF FUENTERRABIA	Wages (reals)
3 squires (1 at 19,000 and the others 14.800)	48,600
TOTAL	48,600

The following figures show the annual costs of each company:

Companies of men of arms	Total Annual Cost (quentos and maravedis)
Continos	4 q. 395,000
Conde de Lerma	2,265,800
Marqués de Montemayor	2,125,800

Marqués de Aguilar	2,155,800
Conde de Cifuentes	2,230,800
Don Antonio Manuel	2,255,800
Conde de Alba	2,265,800
Conde de Altamira	2,255,800
Don Juan de Acuña, Conde de Buendía	2,173,800
Don Juan Pimentel	2,305,800
Don Gabriel de la Cueva, Duque de Alburquerque	2,305,800
Don Alonso de Fonseca	2,305,800
Don Antonio de Velasco	2,323,800
Don Hernando de la Cerda	2,255,800 ²⁶¹
Don Pedro de Mendoza	2,223,800
Don Frances de Beaumont	2,165,800
Don Antonio de Toledo	2,205,800
TOTAL	40,216,800²⁶²

Companies of Light Cavalry	Total Annual Cost (quentos and maravedis)
Condestable de Navarra	1,451,000
Comendador mayor de Alcántara	1,451,000
Ruigomez de Silva	1,277,000
Don Alonso de Aguilar	1,277,000
Don Alonso Hernández de Córdoba	1,445,000
TOTAL	6,901,000

²⁶¹ Up to here all the figures in the documents tally with our own, except this one, which is 2,205,800 maravedis lower, probably due to an accounting error by the scribe.

²⁶² The document first gives this figure but then discounts 9,315,800 for the posts allowed to lapse, giving a final total of 30,901,000 maravedis for the 863 places for men at arms, as we will see later.

Companies of Light Cavalry of the Realm of Granada	Total Annual Cost (quentos and maravedis)
Conde de Tendilla	2,277,800 ²⁶³
Marqués de Cortes	3,625,600
Don Alonso de la Cueva	1,366,800
Diego Gasca Ximenez	1,471,800
TOTAL	8,742,000

As regards the number of men, we have already pointed out that there were 100 in the Company of Continos and that the Companies of Men at Arms varied from 46 men (1 company) to 48 (12 companies); three of them had 47 men²⁶⁴ and each one cost 40,000 maravedis a year. This comes out as a total of 863 places and an annual cost of 30,901,000 maravedis²⁶⁵. As for the Light Cavalry Companies we find that five had 48 men, not counting the officers, giving a total of 252 places²⁶⁶ and an overall figure, taking in the salary of captains and officers and bonuses, of 6,901,000 maravedis. The four companies of mounted pikemen based in the Realm of Granada accounted for 289 men, one of them with 100, two with 63 and one with 64²⁶⁷ and a total figure, with the salary of the captains and officers and bonuses, of 6,464,200 maravedis. To this must be added the number of foot soldiers, arquebusiers and other “oficios” (crafts) which were also counted in the overall figures. All these figures and costs can be seen better in the following tables:

Companies	Number of Places	Annual Cost (mrs)
Men at arms ²⁶⁸ (16+ continos)	863	30,901,000
Light cavalry	252	6,901,000
Mounted pikemen	289	6,464,200

²⁶³ The actual sum for this company comes out as 2,228,800 maravedis.

²⁶⁴ Each place had an annual cost of 40,000 maravedis in the men at arms.

²⁶⁵ See note 10 for an explanation of the difference between the two figures we offer, the 40,216,800 and the 30,901,000 maravedis.

²⁶⁶ Each place had an annual cost of 22,000 maravedis.

²⁶⁷ Each place had an annual cost of 19,000 maravedis.

²⁶⁸ There were 16 companies of men at arms plus the Company of Continos.

Foot soldiers of la Alhambra ²⁶⁹	200	1,316,000
Foot soldiers of Almería ²⁷⁰	60	403,200
Morisco cavalrymen	9	75,000
Arquebusiers and foot soldiers of Gibraltar ²⁷¹	22	247,500
Pikemen and foot soldiers of Galicia ²⁷²	54	940,300
Squires of Fuenterrabia	3	48,600

The total is shown in the following figures, which we transcribe literally:

“Resolución desta razon

Conforme a ella en el Reino de Castilla y en el de Navarra y Granada y Galicia ay 1330 lanças dobladas sencillas y ginetas y 322 peones y 9 plazas de caballeros moriscos de Granada y 3 de escuderos de Fuenterrabia. El sueldo de los quales monta en un año 47 q^{os} 297.000

Desta manera monta el sueldo de las 863 lanças de ombres de armas 30 q^{os} 901.000

El de las 252 lanças de caballos ligeras monta 6 q^{os} 901.000

Que todo ello suma 37 q^{os} 802000

El de las 276 lanças ginetas 6 q^{os} 455.200

El de los 260 peones que residen en la Alambra de Granada y Almeria con 11.000 de salario del q^{or} de los dichos peones y 75.000 de los caballeros moriscos: 1 q^o 794.400

El de los 22 peones de la fortaleza de Gibraltar 247.500

El de los 3 escuderos que residen en Fuente Rabia 48.600

Las 40 lanças y 14 peones del gobernador de Galicia 940.300

Que son cumplidos dichos 47 q^{os}297.000 mrs”.

²⁶⁹ These 200 foot soldiers are specified as follows: 5 arquebusiers, 40 riflemen, 60 crossbowmen and 95 pikemen.

²⁷⁰ The 60 foot soldiers were “broken down” as follows: 38 foot soldiers, 18 porters, 4 arquebusiers.

²⁷¹ There were 6 arquebusiers and 16 foot soldiers.

²⁷² There were 40 pikemen and 14 soldiers.

So far so good. Now we know the cost of the guardas. But we are also interested in finding out about the payment mechanisms, as reflected in the periodical Ordenanzas that were brought out in a continual stream from the very creation of the guardas and right up to their complete extinction. We have already pointed out that we are going to focus on those brought out in the seventeenth century (1613 and 1628), the last ones that have yet come to light in the long list of regulations brought out to regulate the functioning and internal life of this “home territory army”. A perusal thereof shows the main problems that cropped up and, to some extent, the priority of solving them. In any case the two Ordenanzas have 86 articles and although they reflect the desire to improve an organisation considered to be obsolete, the innovations in fact are few.

These Ordenanzas once more reflect a thoroughgoing attempt to exert a rigid control over payments and avoid any frauds against the Royal Treasury. It was indeed during the complex payment arrangements that most abuses against the treasury were committed, in favour of disloyal paymasters in cahoots with corrupt high ups. Hence the meticulous regulation of the payment operation, the following rules being laid down²⁷³:

Before going ahead with it the highest authority of the guardas (the inspector general or the inspector present on the spot) would carry out a review of the men to be paid, armed and mounted. To do so he would ask the company comptroller for the lists and check that all were present with the same items they were in possession of in the previous review, finding out the reason for any missing items. He would also try to prevent those present from using the equipment and effects of any guards who were absent, sick, prevented from attending or on leave to cover up any shortfall in their own equipment,

“y en la lista que el contador de la compañía diere para la paga que se hiciere a de dar relación de los ausentes, difuntos, despedidos y de los nueuamte. reciuidos y en lugar de quien y desde que día siruen y residen y los que estubieren con licencia quando ...partieron con ella y si an buelto en tiempo o lo que an pasado della y por la dha. lista se a de llamar la gente de la dha. compañía y se presentarán ante el capitán general si allí estubiere y en su ausencia del vehedor general o particular que allí se

²⁷³ The Ordenanzas of 1613 and 1628 give a very detailed account in article 48, one of the most wide-ranging in the Ordenanzas of both dates.

hallare los quales han de ver si bienen con las armas, caballo y demás elementos que han de tener”.

The authority presiding over the review would take a sworn oath from the guardas declaring how much of their equipment was their own property and how much was borrowed, warning them that perjurers would forfeit the borrowed equipment. One third of the value of this equipment would then go to whoever had reported the fraud, another third to the judge trying the case – the Inspector General (Veedor General) and the remaining third as laid down in article 73. The culprits would also be punished for perjury and thrown out of the guardas. The authority also ordered the guardas “que corran sus carreras con lanças y escaramucen y hagan los otros exercicios de guerra que se suelen hacer y les pareciere y ordenare que hagan y que apunten las faltas” warning them that due discounts would be made for any missing men, arms or mounts.

A series of checks would then be made to ensure that the sums to be paid out were bona fide and fraud free. This process started with the company captain and comptroller, whom the superior running the review would ask to swear that they were telling the truth and to report any faults they knew of in the soldiers at the review, making them ineligible for receiving the payment or serving in the guards. The review would then be written up in its final version with a note being made of how much corresponded to each individual, according to his situation, horses and effects.

A similar sworn oath was taken from the captain’s lieutenant. Even then the payment could not yet go ahead. Beforehand the review officer would choose three or four individuals from the company who would be shown the results of the review and asked to swear under oath whether these results were correct. If not they should declare such anomalies as they were aware of so that the corresponding discounts could be made,

“y asimismo para mexor sauer y aueriguar la uerdad de todo ello se ynformara de otras más personas que para ello vieren ser necesarias asi de la compañía como del pueblo donde estubiere de aposento y de todo lo que aueriguaren ser uerdad ymbien raçon en el alarde”.

The payroll was then presented to the captain and comptroller and they in turn would swear under oath that the persons listed therein were due the payment recorded against them. If the answer was affirmative the payment would then go ahead, each person being given what corresponded to them. If any one was absent without leave or royal decree they would not be paid but their billeting debts would be paid off. This would then be discounted from the amount due to them, which would be held over until the next payment, unless they returned while payments were being made to other companies:

“asi mismo mandamos que lo que se librare a muertos y despedidos y con licencia se pague a quien con recaudo bastante lo huuie. de hauer y que ante todas las cosas se pague del sueldo que la dha. gente huuiere de hauer las deudas que en los aposentos tubieren y después las que a los de la compa. deuieren y lo que sobrare después de cumplido y pagado esto se de y pague a cada uno en dinero con que se entretengan y pasen hasta que venga otra paga y assí acauada la dha. paga den fee dello el vehedor general o particular que alli se hallare y el capitán principal si alli estubiere o su lugarteniente y estando el presente también y el contador de la dha compañía y por birtud de la qual dha. fee de paga se reciuia y pase en quenta lo que pareciere pagado poniendo los que la dieron en ella que se tome raçon de la dha. fee en los libros de sueldo y que no tomándose della raçon no se reciuia y pase en quenta cosa alga. de lo en ella contenido al dho. pagor. y mandamos que el dho. contador tome treslado del dho. alarde y nómina y fee de paga del para hacer y cumplir lo contenido en el capitulo por donde se le ordena y manda los libros que a de tener y de las penas y condenaciones que se ympusieren a los que contravinieren” lo dispuesto y “a las demás y por los otros delitos y causas a de tomar raçon cada contador en su compañía y cada seis meses la imbiara al mi behedor general para que sepa si se combierten en los efectos questa mandado y me de quenta della”.

The account given so far sketches out the main features of the payment procedure. A description is then given in the Ordenanzas of special situations and circumstances that have to be taken into account in the payment of the wage. For example, how to proceed if any soldier should go off without permission or failed to return in time or if anyone was credited something he was not rightfully entitled to²⁷⁴. Provision is also made for the following circumstance: during the review a note

²⁷⁴ Article 49.

is made of the wage corresponding to the soldiers but when it comes to the payment, someone “huuiese hecho o metido cosa porque no deuiese ser pagado y lo perdiere... lo que desta calidad se ofreciere se dexa de pagar y se baxe de la nómina”. A record of this is made in the payment certificate and a note is made in the wages ledger to keep a track of the reductions made and those to be carried over to the next payroll. Comptrollers were therefore to keep a clear record of when reductions of this type were made and when they are made due to absence of the soldier in question “o no dexar recaudo bastante”, for in those cases the payment would be carried over to the next review. The Paymaster was responsible for totalling the reductions in each payment and passing on this information to the Consejo de Guerra²⁷⁵.

The Ordenanzas also included articles on the payments for the five cavalry companies in the coast of the Realm of Granada, “an de goçar el sueldo que aora goçan y seruir en la forma que lo hacen sin alterar ni ynouar en cosa alguna”²⁷⁶; for the ensigns of the men at arms (who received 61,330 mrs a year), for the companies of light cavalry and mounted pikemen and also the Continuos²⁷⁷.

To speak of the payments is to speak of the paymasters. The Ordenanzas deal with them in detail, specifying exactly how they are to carry out their duties, in an attempt to head off any fraudulent behaviour in collusion with military high ups, victuallers or supply keepers. To forestall any financial chicanery the paymasters were to pay the troops in the same coin they had received

“sin pedir ni lleuar por la moneda en que pagare más prescio de aquello porque se la dieron cargada y que si pagare en moneda de oro la de la ley peso, valor y

²⁷⁵ The Virreyes (Viceroys) and Capitanes Generales (Captains General) had to keep abreast of the state of the Guardas in their district. They would therefore designate some representatives to be present at the reviews, which they could even conduct themselves as well as the payments, in the absence of the Inspectors, to whom they would then pass on the information. Articles 49-51. Nor is that all. The payrolls to be drawn up from now on would record not only the amount received by each soldier but also “todas las ausencias y faltas de armas y cauallos y otras cosas que tubiere cada uno y que se le deuan descontar hasta el último alarde que se hubiere tomado”. The Inspector General and the other inspectors would then be able to see clearly who was missing and check whether this tallied with the absences they had recorded in the reviews, and the soldiers would then know what was to be discounted and when. Absences would also be noted down in the original copies of the payrolls and in “el traslado que quedare en los libros del sueldo sin que en ellos pueda quedar ni quede más de aquello que fuere puesto en las nóminas originales” (article 78).

²⁷⁶ Article 54.

²⁷⁷ Article 55.

precio que la rescuió y no de ninga. moneda falta ni menguada sin su relación y que haviéndose de pesar la moneda en que se pagare lleue peso de guindaleta bueno, cierto y fiel con sus pesas marcadas por el nro. contraste de la corte y que no lleue el dicho Pagador ni criado suyo que a ello fuere, joyas ni sedas ni plata ni ropas ni adereços para pagar en ello, sino que pague llanamente en la moneda que rescuió so pena de lo hauer perdido lo que en otra cosa pagare" y que sea la tercera parte de su importe para el denunciador, otra tercera parte para el juez que lo sentencie y el resto para lo indicado en el art. 73".

To check that they complied with their obligations paymasters received in each payment a signed certificate from the treasury general, or otherwise from whoever had sent the money or the wage comptrollers, vouching for the coin and currency in which the payment sum had been received. This document would then be shown to the inspector general or whichever inspector was present at the payment ceremony. If the paymaster failed to show the document of his own accord the inspector would ask to see it and if it was still not forthcoming the inspector would not certify the payment until such time as it was shown.

Paymasters were also warned that they were not entitled to make any advances in money or kind to the troops unless authorised to do so by a royal decree especially issued for that purpose. The inspector general or the particular inspectors would then send a list of these advanced payments so that they could be charged to the paymaster as money received. The paymasters were then bound to pay the troops their complete wage so that the due discounts could be made for their billeting debts; they could then bide themselves over on the rest until the next payment. No less important is the clarification that the paymasters will pay the guardas

“en el reyno de castilla, nauarra, andaluçia y reyno de murcia y reyno de granada y galicia a su costa, riesgo y auentura todas las ueces que le fuere mandado y para ello se les diere nómina y dineros aora sea poco o mucho lo que se mandare pagar y socorrer sin que por raçon dello aya de perçiuir ni pida otro salario” ni ventaja que el que tiene por su cargo y si los guardas estuvieran fuera de los reinos citados “como es en aragón o perpiñan o africa o le mandamos yr de nuevo que en tal caso los dhos. Pagadores o el que dellos le tocare pongan a su costa los dineros que para ello fueren menester y se les diere en el postrer lugar de los dhos. nros. reynos más cercanos a la parte que huieremos de ymbiar porque de alli adelante an de yr a nra costa, riesgo y auentura” y el tiempo que estuviere efectuando la paga se

mantendrá a su costa y si solicitase bestias de guía, carruaje o escolta, el Alcalde de las Guardas o el Alguacil se lo proporcionará “del lugar donde se hallaren pagando el dho. Pagador o quien por él a ello fuere lo que el dho. alcd. o alguacil tasaren que justamente. puedan merecer por días del tpo. que los ocuparen y ansi mismo queremos que los dhos pagadores no puedan pedir refación ni mengua en la moneda que lleuare por decir que perdió en la cuenta y peso della”.

Lastly, paymasters were ordered not to pay the guardas any sum that was not recorded in payslips or decrees entered in the wages ledger. The head comptrollers would therefore make over to the paymasters no sum that was not recorded in royal decrees. Any paymaster who went ahead with a payment without paying attention to these rules “pierda lo que así diere y no le sea reciuido en cuenta ni lo pueda pedir a la persona o personas a quien lo huuiere pagado”²⁷⁸.

Another irregularity that the Ordenanzas try to head off is shown in article 62, which lays it down that no guarda is entitled to make the payment on behalf of the paymasters, on pain of being dismissed without being paid his wage for the time he was engaged on this task. For on such occasions the paymasters would appoint

“personas hauiles y de confiança que por ellos hagan sus oficios quando por sus personas no pudieren... y que si los mandaremos pagar la gente de nras. guardas por algún respeso que para ello aya en un día o dos que los dhos. pagadores prouean personas a su costa que lo hagan sin que por ello puedan pedir que se les de más sueldo ni salario para los que en ello entendieren de lo que lleuan por raçon de sus oficios”.

As well as the measures taken to ensure the sums paid were correct, a series of precautions were also taken to make sure each sum actually got to the right person. Paymasters were therefore told to record all the payslips and payment certificates in the court wages ledger as soon as the payment ceremony was over. These could then be recorded in the wages ledger with a clear indication of what had now been paid and what should be released for payment in forthcoming payrolls. When the payment ceremony was over paymasters were given a time period of twenty days, in Castille and Navarre, and thirty days, in Granada, to enter the payrolls and payment certificates in the wages ledger. Those who failed to do so were fined ten thousand maravedis, which sum would be shared out between the person who reported the

²⁷⁸ Articles 57 to 60.

fault – who would receive one third – and the Royal Hospital of the Court – which would receive the rest. Once the payslips were in their possession, the wage comptrollers would draw up a list. They were also bound to make due communication of the contents of this article and the others referring to paymasters and those who stood in for them, so that no one could plead ignorance of the rules.

All the above is clear evidence of the interest taken in the work of the wage comptrollers residing in the court, who were to bear all the responsibility for ensuring that the guardas' accounts were kept in a completely aboveboard manner. But the high-ups in the guardas kept a close eye not only on the payments but also the men, equipment, horses and possible destinations, setting up a complex bureaucracy to exert a strict control over these matters. Wage comptrollers, for example, had to keep four books to carry out their duties properly²⁷⁹: one recording the entries made by the captain general and other authorities and officials, noting down the soldiers enlisted at each moment, with the horses each one possessed, their wages and corresponding bonuses “para que muy en particular este sauido lo que a esto tocara cada vez que sea menester”; another recorded the payrolls, keeping the originals thereof; a third the payroll entries “y otras provisiones y cédulas que se hizicieren y despachos que se dieren se traslade todo ello a la letra” and a fourth, with one page per company, showed the wage of all its components, with a note of “lo que se librare en cada paga para que al cauo del año se pueda uer y sauer sumariamente el sueldo que cada” company has received and any shortfalls or excesses.

The work of the company comptrollers was also arduous and was closely controlled by the inspector general and other inspectors, who checked that the books and documents they had to keep (an account book: a sheet for each individual including the original entry, name, residence . . . and they also had to keep track of the leaves of absence granted) were up to date, otherwise they were dismissed as incompetent and replaced by someone more suitable for the post²⁸⁰.

²⁷⁹ Articles 1-4 deal with the duties of the Head Comptrollers.

²⁸⁰ Articles 10 and 11. The latter reads as follows: “Así mismo por razón de los asientos que se hicieren ni de otra cosa alguna no pueda llevarse dineros ningunos so pena de pagarlos con el quatro tanto. La mitad para el denunciador y la otra mitad para gastos” for maintaining the Guardas. Every three years the comptrollers were moved on to another company, probably in the desire to pre-empt any corruption and embezzlement. The company ledgers were left with their successors, as laid down in article 31, giving

At the start of this paper we pointed out that the guardas were often hard put to make ends meet due to the continual arrears in their payments, practically from the word go. Witness the information furnished by Diego Ximenez de Vargas, paymaster of the Guardas de Castilla. On 10 June 1652 he declared that he had not paid the sums due to the troops for the year 1644, pointing out also that, from 1642 to 1652 “the coffers for this payment had been empty²⁸¹”. This is by no means an isolated case. Other paymasters whose first names and surnames we know – Juan de Malaga (until 16 May 1653), Juan de Orinaga Mondragón (from 30 September 1656 to 22 June 1666), Agustín Madera (from 1666 to the end of 1673); Diego Gonzalez de Arze (from 1674 to mid 1687) and Juan de Oviedo (from mid 1687 onwards) – have passed down copious documentation on the expenses of the Inspectorate General showing very similar information. Reference is made to the heirs of these overdue payments and how much will be paid to them on an interim basis. Nonetheless, the information is not sufficient for us to give an idea of the total sum involved.

Another factor that took a heavy toll on the budget for these wage payments, setting them back even further, was retirement payments. We have studied a number of the solutions that were mooted for retirement problems, which were first addressed by Philip II in a Royal Decree of 9 September 1555 and again in another decree of 29 November 1573 and then taken up by his successors. These decrees laid it down that if there was anyone in any company of men at arms who had served over thirty years, who was poor and could not maintain himself and was no longer fit for service due to age or a known or incurable infirmity, then his post would be allowed to lapse and he would then be paid a third of his wage in his home. Under these provisions two posts could be allowed to lapse in each company of men at arms and light cavalry and four in the Continos, much to the relief of the penurious royal coffers.

The procedure was always the same: the guarda would apply for retirement; the king would submit his case to the War Council (Consejo de Guerra); once the

the new comptroller the chance of scanning the books kept by his predecessor to discover any irregularities. This practice also ensured that most of the documentation stayed in the companies rather than being scattered further afield with the transferred comptrollers.

²⁸¹ They are several documents from the “Beeduría General. Arca de su consignación. Cargo en ella del dinero que ba entrando para su paga desde 10 de junio de 1652 por

latter had considered the application and confirmed its validity and “legality”, the king would give the go ahead for the comptrollers to pay the stipulated amounts. As we will see later, these amounts were not always the same in each case and neither were the circumstances. Some maravedis could always be saved if the soldier retired on half or one-third pay and his post was allowed to lapse; but if his post was taken up by another soldier fit for service the treasury would then have to pay out not only the wage of the new man at arms but also the stipulated retirement sums.

A selection has been made of some examples to give us a good idea of the retirement procedures in the mid seventeenth century²⁸². For example there is a retirement application in October 1606 from several men at arms of the company of Don Diego de Sandoval. The first of them is Diego Pérez del Castillo, who had served the king for over 30 years and requested retirement at home on full pay without the obligation to serve him any longer. The king conceded the request on half pay of 22,000 mrs a year “ que se libren en los que hubiere vacos por fallecimiento o jubilación de las plazas que esta mandado consumir para este efecto”. The applicant then had a period of forty days to make all the necessary arrangements for formalising the retirement, after which time he would forfeit the right “de esta merced”²⁸³. The second is Hernán Gutiérrez de Uceda who applied for retirement on the grounds of “haber venido a embexerse”, now being unfit for service and poor to boot. The king accepted his arguments and ordered that he receive retirement pay of 13,333 mrs “todo el tiempo que viviere, que es la terçia parte de su lança”, also to be made effective within the aforementioned forty day deadline²⁸⁴. The third case is that of Diego de Villarroel, who put in an identical request and was awarded the same retirement pay as the former, a concession made by the king with the same procedure²⁸⁵.

There are another two similar cases dating from the same year –1625 – that of Diego Garrido, man at arms of the company of Conde de Villanueva de Cañedo, who

quenta del sueldo del año de 1644”, all kept in the Sección de Contaduría del Sueldo. 2^a época.

²⁸² Unless otherwise indicated the documentation comes from the aforementioned Sección de Contaduría del Sueldo. 2^a época of the A.G.S.

²⁸³ Document written by the king to the comptrollers of the Head Comptrollers’ Office of the Treasury. San Lorenzo, 1 October 1606. Contaduría del Sueldo. 2^a época.

²⁸⁴ Ibid., Madrid 7 February 1606.

²⁸⁵ Ibid.. Valladolid, 17 April 1610.

retired on 13,333 mrs²⁸⁶; and that of Sancho Garcia Domesones, man at arms of the company of Don Enrique de Guzmán, Marqués de Pobar, who asked for retirement after more than thirty years service and was granted it on half pay of 20,000 mrs²⁸⁷. Lastly, that of Juan Fernández de Albaro, man at arms of the Guardas Viejas de Castilla of the company of Conde de Benavente, whom the king initially granted retirement without pay; in consideration of his past services, however, and in view of the fact that he was maimed in one arm and unfit for service, he granted him retirement on 13,333 mrs a year, “manteniendo sus preeminencias y exenciones de soldado²⁸⁸”.

Final Weighing up of the Management of the Guardas and Assessment of the Cost to the Monarchy.

All the questions dealt with so far beg a final reflection. In 1613, date of the first seventeenth-century Ordenanza of the guardas, the Spanish military situation was fairly low key. The country was living through the final throes of the expulsion of the Moriscos; the Twelve Year Truce had been signed and this was to close off the northern front for a time – albeit with continuing tension and only a slight lessening of the military effort; Spanish dominance in the Mediterranean meant that the military deployments of the previous century had to be maintained... Europe had not yet seen the outbreak of the Thirty Years’ War, which was to submit the Holy Roman Empire to perhaps the greatest strain in its history. There was an underage king in France, a king at loggerheads with his parliament in England, while the Baltic Countries were bidding for a bigger role in continental history than they had played hitherto. The storm was brewing, however, and was soon to break

Indeed by 1628 –the year of the Guardas’ last Ordenanza – Europe had been plunged into full-scale war while Spain’s military forces were now being severely tested on several fronts. First of all there was the renewed war with Flanders as from

²⁸⁶ Ibid., Madrid on 11 July 1625.

²⁸⁷ Ibid.. Madrid, on 20 December 1625.

²⁸⁸ This example and those that follow come thick and fast, always under the same heading “La dicha Compañía....Jubilación” and the name of the person making the application or to whom the retirement is granted, within the section of Contaduría del Sueldo. 2ª época. Each one bears a different date. This one is dated in Madrid on 11 September 1647.

1621, then Spain's own participation in the Thirty Years' War, the reopening of hostilities with France and lastly the aftermath of the revolts of the 1640s. These were all circumstances to test the real mettle of the guardas. But did this "reserve Spanish army" ever really take to the field or did it exist only in the wages ledgers? Although we do not yet know all the answers we can safely say that it never did become operative and slowly withered away as a force, its last review being carried out on 7 and 8 January 1694, when it consisted of 19 companies. There is no decree officially winding up the guardas, but there is a report from the Secretary of the Supreme War Council – José Carrillo – sent to the king of 23 April 1703 to check the military resources of the Spanish Monarchy. This report confirmed that the guardas had now been wound up.

It is striking to see how a force considered to be "antiquated" should have been able to hang on so tenaciously in Spain, a country at the vanguard of the "military revolution" begun in the sixteenth century. The first wars of the sixteenth century had made it clear that the infantry was now lord and master of the battlefield. The Wars of Italy were particularly illustrative of this change in supremacy. They represented a showdown between the French army with its renowned cavalry and the Spanish troops largely based on infantry troops, and it soon became obvious that the cumbersome armed cavalry was no longer a match for the much nimbler and more versatile infantrymen. The survival of the guardas was therefore all the more surprising in view of the increasing evidence given by the tercios in their European campaigns, and in mainland Spain campaigns when they intervened, that warfare had now taken a different track. Maybe it was the continual money problems of Philip II that prompted him to accept a parental legacy whose *raison d'être* was based on its first decades of existence. Seeing that the security of Spain did not seem to be seriously threatened, the Prudent King must have considered the model to be sufficient and thus passed it on to his successors. They were costly, but they were kept on as a force because they were paid poorly and late; hence their survival. We hope that the research we are currently carrying out will come up with the keys to the question dealt with herein while also shedding light on other questions still to be resolved.

The remit of the guardas, then, was to guard the home territory of mainland Spain, supplying border protection or waging a border war to force the enemy to diversify its efforts. We have characterised them as a "reserve army" to differentiate

them from the tercios, which fought abroad and were scattered about Spain's European possessions, in the Low Countries, Naples and Milan. Guardas and tercios were the two kingpins of a military system destined to hold sway throughout the whole sixteenth century as the mainstay of Spain's international power base. The first signs of this model's incapacity to cope showed in the early decades of the seventeenth century and these symptoms came to a head with the defeat at the Battle of Rocroi (1643). All subsequent attempts to reinvest it with its lost vitality were so fragmentary and superficial that they were doomed to failure. By the end of the century the proposed modifications had been shown to be completely unviable. Hence the top priority given to military reform by the new dynasty in the eighteenth century.

Administration and Resources for the Mainland War in the First Phases of the War of the Spanish Succession

Carmen Sanz Ayán

This paper aims to give a preliminary idea of a research project that is due to finish in 2006²⁸⁹, in which I undertake a study of the War of the Spanish Succession from a financial viewpoint. My objective here is to analyse the specific institutions that were set up ad hoc to pool and husband the resources assigned to the war as fought on the Spanish mainland. An indication will be given of the social background of the persons who took charge of and ran these institutions (functionaries, nobles and businessmen) together with the provisioners and suppliers of the conflict: *asentistas* (contracted purveyors) of the armies and *arrendadores de rentas* (revenue lessors). As far as possible their links will be traced with international banking and the financial groups trading in the last years of Charles II's reign, to give an idea of the amount spent on the mainland war on the Bourbon side. I will apply this scheme of analysis to the first phases of the conflict, from October 1703 to October 1704 – the moment corresponding to the first operational stage of the recently created *Tesorería Mayor de Guerra* (War Treasury) – and also the period running from 1705 to 1707 when the war was fully underway on mainland Spain.

The Institutions and the Men at the Head of Them

After the General Mobilisation Decree passed by Phillip V in March 1703, ordering the recruitment of troops in Spain, the new monarch's concern was to ensure regular income to meet the war demands. The first institutional response to this sabre-

²⁸⁹ The results of this work will come out as part of the research project entitled *Las finanzas de la Guerra de Sucesión Española* (BHA 2002-03660) which is being carried out under my direction and financed by the Ministry of Science and Technology.

rattling mood was the setting up on 2 October 1703 of a *Tesorería Mayor de Guerra*, namely a special treasury to husband the funds earmarked for military affairs²⁹⁰.

The idea was the brainchild of a person known in Madrid as a “business-minded” servant of the King of France in financial affairs, a boorish upstart with an obvious superiority complex who had already raised the hackles of the French aristocracy. Jean Orry (1652-1719) came to Madrid from Paris, expressly sent by Louis XIV to sort out the finances of the Spanish monarchy. After an initial fact-finding stage he decided it was necessary to set up a new mediation and control body that would be wedged into the higher administrative structure between the *Consejo de Hacienda* (Treasury Council) and the *asentistas* of armies, garrisons and fortresses, who had hitherto liaised directly with the main governing body of the Castilian *Real Hacienda* (Exchequer).

Recent Spanish history studies²⁹¹ have dealt with this important character of the first years of Philip V’s government. They tend to dwell on his role, together with Macanaz, as reformer of the *Consejos* (Royal Councils), his thoroughgoing overhaul of the makeup and organisation of the *Guardias Reales* and, above all, the new ideas he brought in to revitalise the rather creaky administrative-financial set-up inherited from the Hapsburgs. Little has been said, however, about how he originally picked up his knowledge of financial affairs. And the fact is that he cut his teeth as a businessman precisely in the army-victualling field, one of his jobs being that of a “*munitionnaire*” or contracted purveyor of the troops of Louis XIV in the north of Italy from 1690 to 1698²⁹².

Born in Paris on 4 September 1652, Orry settled in Madrid under the new and modest title of Seigneur de Vignory but with the backing of the all-powerful grandfather of Philip V. Among his treasury reforms the most noteworthy was his attempt to centralise the administration of provincial revenue in 1713. Other initiatives, however, betray him as the businessman he still was. For example in 1703 he mooted the creation of a completely French company to take charge of the

²⁹⁰ Kamen (1974), p. 225

²⁹¹ Martínez Shaw and Alfonso Mola (2001), p. 221

²⁹² Ozanam (1989), pp. 61-98.

exportation of Spanish wool²⁹³, to be closely based no doubt on the slave trading company called the *Compañía del Asiento de Negros*²⁹⁴ which had been set up a little earlier under a consortium of French merchants.

Despite the backing of Amelot and the Princesse des Ursins, his stay in Spain was not unbroken during the mainland conflict; on several occasions he was called to account by Louis XIV. The timetable of his stay in Spain was the following:

ARRIVAL	DEPARTURE	STAY
21 June 1702	September 1702	About 3 months
December 1702	June 1703	About 6 months
Late July 1703	Late August 1704	About 1 year
25 May 1705	July 1706	About 14 months
	7 years absent until 1713	
Early 1713	7 February 1715 due to dismissal	About 14 months

The opposition to his work came from many fronts: first and foremost from the aristocratic milieu of Versailles but also from the so called “*partido nacional*”, i.e., from the men who had worked from Madrid to bring Philip V to the throne, including Cardenal Portocarrero²⁹⁵. Some of the French authorities installed in the Spanish Court also began to criticise his administration and methods, for example Cardinal d’Estrées who declared in a 1704 report on Orry that he was a master of

²⁹³ Orry proposed that the members of the Company should pay 60 *reales de vellón* for each 25 pounds of fine wool. The French merchants refused to budge from a price of 48 *reales* and the plan came to naught. Kamen, p. 150.

²⁹⁴ For more information on the company in general see. Scelle (1906) vol. II, 339-450, and Fernández Duro (1895-1903), Vol. V, 291.294. According to the latter author Ducasse and Chateaunaut, two of the outstanding members of the company, operated as from 1701 under the title of *Capitanes Generales de las Armadas de Indias*. An account of the makeup of the company and its factor in Spain is given in Sanz Ayán (2002), 565-581.

²⁹⁵ Bacallar y Sanna (1957), p. 46. “Juan Orry undertook every thing he did in the same unscrupulous spirit, building up a despotic authority that eclipsed all others and even the Cardinal began to suffer his arrogance.”

intrigue who aimed to amass as much power as possible in the financial, political or military field, finally dubbing him as: “ *the most contemptible man in the world*”²⁹⁶.

Orry was conscious of his support, upon which he often preened himself, but was no less mindful of his enemies; in order to undertake the financial reforms he deemed to be necessary, therefore, he sought collaborators in Madrid who corresponded to his own socio-professional profile. He recruited his disciples from among a brand-new national nobility with links to the financial-mercantile world.

The person he chose to run the recently founded *Tesorería Mayor de Guerra* was Juan de Orcasitas²⁹⁷ (or Horcasitas), born in Biscay (Valle de las Encartaciones), Viscount and then Count of Moriana del Río as from 1698²⁹⁸. His father, Pascual de Orcasitas, was the head of an extensive family clan trading in the export of iron and wool and the leasing of revenue from fish²⁹⁹ and salt mines³⁰⁰ and especially the customs in the north of Spain³⁰¹.

In 1672, after the death of the elder brother³⁰², the main beneficiary of the testament was Juan, who quickly worked his way up the social ladder in the service of the king, on the strength of his traditional family activities in the world of finance³⁰³.

Knight of the Order of Alcántara, Alderman-for-Life of Guadalajara and Royal Governor of Campo de Calatrava, in 1681 he came to occupy the post of Senior Municipal Constable of the Council of Orders. In the reign of Philip V he attained his niche in the Court as Gentleman of the King’s Chamber. As an administrative servant of the monarchy his high point came with his appointments as *Tesorero Mayor de Guerra* (Chief War Treasurer) and member of the *Consejo de Hacienda*. This clutch of public offices did not prevent him from forging ahead in the private

²⁹⁶ Baudrillart (2001), p. 153

²⁹⁷ A.G.S. Quitaciones de Corte leg. 28

²⁹⁸ A.H.N. Consejos leg. 619 E fol. 11v.

²⁹⁹ A.G.S. C.M.C. 3ª ép. leg. 3002 nº 6 (1665-1668) and leg. 133 nº 11 (1669-1674)

³⁰⁰ A.G.S. C.M.C. 3ª ép. leg. 3479. 1671 Lease of salt mines of Galicia, 1671.

³⁰¹ A.H.N. Consejos leg. 38.197 nº 7 (1691). In 1691 Simón de Orcasitas filed a suit against the director of the House that had hitherto run the wholesale leasing of the Dry Ports and Diezmos de la Mar (Import Tithes), Bernardo de Paz y Castañeda, representative in turn of the company *Eminente*. In this suit it came to light that the Horcasita brothers were acting as sublessors of this house in the customs of Santoña and Castro Urdiales.

³⁰² Bravo Lozano (1986), pp. 497-521.

³⁰³ Sanz Ayán (1988), pp. 423-425

financial world. Some suits lodged against private parties in 1712 show that he received deposits against promises to pay annual interest, in other words that he acted as a private banker³⁰⁴ at the same time as he fulfilled his office as *Tesorero Mayor de Guerra*.

His way of building up his fortune, social prestige and career on the strength of private financial activities was very similar to the path previously taken by Orry himself in France. Orry also knew how to strike the right balance between his private business affairs and administrative posts as twin springboards for his social rise and ennoblement. The seigniorship of Vignory was passed on to his son Philibert who became Count of that same place and also, in line with the posts held by his father, held the post of *Contrôleur Général des Finances* under Louis XV.

This introduction of “business-minded” men into the financial affairs of the monarchy was not a new idea of the Bourbon administration. The appointments of members of the *Consejo de Hacienda* had often fallen on people belonging to influential financial clans in the seventeenth century, especially in the reign of Philip IV. This custom, maybe necessity, was maintained with hardly a break during the reign of Charles II. The only new feature of Orry’s approach was his seeking out of like-minded men whom the new administration could trust.

The *Tesorería Mayor de Guerra*, inspired on the Paris model, was set up by Orry and run by Juan de Orcasitas. The need for such a treasury was justified on the grounds of the “general disorder” that reigned in Spanish financial affairs. This ill-repute was wafted throughout the whole of Europe by the various diplomatic representations established in Madrid. For example in 1704 the Genovese ambassador to the Court expressed himself as follows in a report:

“As for the economic question, this is not an easy matter to predict. But it is obvious that a reform will be undertaken to put right past disorders, and that financial experts will quickly be dispatched from France with orders and remits to give diligent reports on the royal treasury and assets, to analyse it and free it from

³⁰⁴ “Claim made by Antonio de Lemos against the Conde de Moriana for the reimbursement of 14,109 *pesos* that he left deposited in June 1710 when he departed for *Nueva España*, plus the interest of 5 percent that the Count promised to pay.” In R.A.H. 14/11538(14)

the leeches that have sucked it to a lifeless corpse and to moderate therefore the glut of surplus ministers and over-generous salaries”³⁰⁵

But apart from the intention of tidying up the *Real Hacienda*, Orry was no less keen to wield a strict control over it. The new institution, the *Tesorería Mayor de Guerra*, would therefore serve as the bridge between the *Consejo de Hacienda* and the *asentistas* of the armies. In theory it should receive all the money earmarked by the *Real Hacienda* for waging the mainland war. In its first stage it was operational for 12 months; from October 1703 to October 1704. This coincided with Orry’s third stint in Spain, underlying just how much Louis XIV’s minister saw this undertaking as his “personal venture”.

Its creation meant that there was now an incipient revenue-collection set-up. Several *receptores* (revenue collectors) were appointed to take in all or part of the revenue of a kingdom and these in turn appointed a sufficient number of *arqueros* (cashiers) who saw to collecting the funds of the jurisdictional districts of each one of the main cities and made sure they got to the *receptores*.

The Resources of the Mainland War and How They were Spent

The document holdings of the *Tesorería Mayor de Guerra*, kept in the Archivo General de Simancas, give information on the money that found its way into this treasury, where it came from and what it was spent on.

In the period running from 1703 to 1704, the *Tesorería Mayor de Guerra* recorded total funds of 48,749,226 reales de vellón³⁰⁶ out of a total revenue estimated to be about 120,351,097 reales de vellón for the Castilian *Real Hacienda* as a whole. Of this sum, 96,730,447 reales de vellón came from the total Royal

³⁰⁵ This idea of the disorderliness of the Hacienda Real was wafted throughout Europe by the various diplomatic representations. In 1704, for example, the Genovese ambassador in Madrid said:

“Che, quanto all’economico, non sembra materia di semplice pronostico, ma di totale evidenza, di una general reforma destruttiva de passati disordini, quell’essersi subito spedito da Francia periti regolatori, con ordine e incarico di far diligente notoria di tutto il patrimonio ed azenda reale per vedes di liberarla da tante danguisughe, che l’han resa sin qui quasi un cadavere senza spirito; e di moderar perciò il numero de ministri superflui e la liberalità di salarri eccessive (..)” “Relazione del Magnifico Ambrosio Imperiale, Invitato straordinario alla Corte Católica dopo il ritorno a Madrid (28 August 1704)” In Morandi (1935), p. 168.

³⁰⁶ In the Treasury’s first year, Orry planned to swell its account by 65,378,224 *reales de vellón*. Kamen (1974) p. 235

Revenue, meaning that 40.5% of this revenue was earmarked for the war effort. This is a surprisingly small sum in light of the amount that Absolutist treasuries were wont to invest on war expenditure and hardly seems to be in keeping with a looming state of war.

Of the funds that ended up in the *Tesorería Mayor de Guerra*, 31% came from the Plata de Indias, specifically 14,934,012 reales de vellón. This new world silver came from the New Spain Fleet that entered the Vigo estuary on 23 September 1702. This unusual and irregular port of call had been chosen because Cadiz was at that moment under siege from the English navy³⁰⁷.

During the days that the fleet remained in the Galician port, before the Anglo-Dutch attack, representatives of the king commanded by Juan de Larrea, of the *Consejo de Indias* (Council of the Indies) supervised the unloading of the precious metal. Nonetheless a public denial of this unloading had to be given to head off protests from the consortium of merchants of Cádiz, involved at the same time in the *Carrera de Indias* and in contraband operations. That cargo of precious metal diverted to Vigo escaped the traditional “rake-off” that ships approaching Cadiz usually had to pay to the “*metedores*” (contraband runners who sailed out in small craft to meet the fleet).

One month after the docking of the ships in the Galician port, on 23 October, the Anglo-Dutch fleet fell upon the fleet and destroyed it in the Bahía de Rande. This destruction of the Indies fleet was a disaster for Spain, for it meant that France would now be responsible for the defence of the trade with the Americas. But it did furnish Philip V with a huge amount of silver previously unloaded from the galleons. The *Tesorería Mayor de Guerra* was to see very little of this windfall, however. Philip V, as well as rushing the unloading of the silver that belonged to him, took advantage of the imminent Anglo-Dutch attack to confiscate the silver that had arrived legally on the fleet as part of the merchandise belong to English and Dutch traders.

Although the complete cargo of silver that arrived in Spain was calculated at more than double, the actual figure that the Spanish Royal Treasury disposed of was 6,994,293 *pesos de plata*, tantamount to 104,914,395 *reales de vellón*. Of this sum,

³⁰⁷ It would seem that the French authorities had the intention of diverting the fleet from Cádiz from the start. The original alternative chosen was the port of Pasajes in Guipúzcoa. See Touron Yebra (1986).

32.4% was sent directly to Louis XIV, a total of 2,266,000 *pesos de plata* (33,990,000 *reales de vellón*). The French ambassador, Cardinal d'Estrées, pressurised Philip V to contribute towards Louis XIV's war in Europe.

This money could have been used for paying off the debt incurred by Philip V's grandfather on the Dutch and Italian fronts. It was at this moment that Samuel Bernad, Louis XIV's great banker during this period, made his entrance on the scene. In 1703 he loaned the king fifteen million French pounds³⁰⁸. The real value of this loan was even higher in light of the fact that the Anglo-Dutch embargo, initiated in June of that year, had choked off the trading of securities and bills through Amsterdam³⁰⁹. The present and future shipments from the Indies were obviously going to weigh heavily in the negotiations for that major transaction.

In April 1703, two convoys of 800,000 *pesos de plata* each one were sent in secret from Madrid to Bayonne and a third shipment was planned for the autumn. Louis XIV's warfronts in Europe called for all types of financial effort. The neediest was the Southern German front, where the Anglo-Dutch army, headed by the imperial forces, had mounted a fortified line along the Rhine to prevent the French from marching northwards through the Black Forest. This front fell in late 1702 after Maximilian II, elector of Bavaria, switched to the French side, but there must still have been an urgent need for money in 1703 to shore up the position; indeed, the Bourbon troops, divided into two Army corps, managed to reach Tyrol and Bavaria by January 1704, on the very edge of Southern Austria.

The rest of the Vigo windfall must have remained in the Royal Treasury. But we know that, from the consignments sent to Madrid and kept in the Alcázar of Segovia, additional sums were siphoned off as secret costs and sent to France to pay for armaments and other supplies. For example, at least 80,800 pesos of this sum sent to Madrid was diverted to France to pay for armaments while a further 50,000 was sent there from royal expenses. Cardinal Portocarrero, for his part, released sums for Milan and Bavaria that were likewise excluded from the original shipment³¹⁰. This was done to offset to some extent the crisis that began to hit some

³⁰⁸ Kindleberger (1988), p. 131

³⁰⁹ Lüthy (1959) Tomo I, p. 205-223

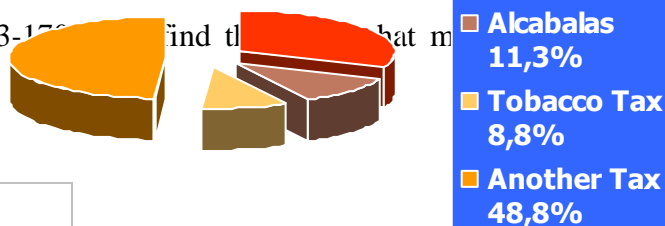
³¹⁰ Kamen (1974), p. 216 n. 48, 49 and 50.

Languedoc financiers in summer 1704, hitherto faithful collaborators of Louis XIV³¹¹.

Meanwhile, the money that the *Tesorería Mayor de Guerra* took in as bills on the Exchequer of France in the period 1703-1704, or, what comes to the same thing, the money effectively sent by France to meet the war needs in Spain, amounted to two consignments of 4,444,500 and 1,801,716 *reales de vellón*, representing **12.8%** of the total income of the *Tesorería Mayor de Guerra* for that year, a sum equivalent to only 18% of the money sent from Spain to France³¹².

The 14,934,612 *reales de vellón* from the Indies silver that ended up in the *Tesorería Mayor de Guerra* of the American silver officially accounted for 31% of the total income of the *Tesorería Mayor de Guerra* in the period 1703-1704. This silver covered 31% - nearly one third of the total income of the *Tesorería Mayor de Guerra* in the period 1703-1704.

Continuing with the analysis of the income of the *Tesorería Mayor* in this period 1703-1704, we find that the total income was covered by two taxes:



<i>Alcabalas</i> (sales tax)	5,494,685	of the total treasury income
Tobacco revenue	4,301,045	8,8% of the total treasury income

The *alcabalas* (sales tax) accounted for 11.3% of the capital deposited in the *Tesorería Mayor*. The nominal value of this tax in the Treasury added up to

³¹¹ “Sensible dans tout le royaume, principalement en Languedoc, ravagé para le guerre religieuse, la crise de l’été 1704 fut cruellement ressentie par les frères Sartre, dont la fortune commença alors à chanceler ». Chaussinand-Nogaret (1970), p. 45.

5,494,685 *reales de vellón* out of a total estimated annual value for this tax of 19,363,136 *reales de vellón*. In other words, from the total *alcabalas* revenue, a little over 28% (28.3%) went to cover centralised war costs from the Treasury. *Alcabalas*, as Bacallar y Sanna points out³¹³ were included in Orry's investigation of the financial system; all private individuals who collected them had to authentically verify their legal right to do so. This was considered to be a brave move by Orry, for it was well known that "*the usurpers of the alcabalas were men wielding the highest authority in the kingdom*".

As regards Tobacco Revenue, nearly 63% of the total revenue collected went to the war treasury³¹⁴. Together with his revision of the *alcabalas* system, it was his work with tobacco revenue that won Orry's reforms the far-fetched accolade of "revolutionary". For example, the Savoy ambassador sent to the Court of the pretender king Charles III gave an account of the financial reforms carried out by this "business-minded" man to gain more revenue. Tobacco revenue figured large in these reforms for he attributed him with having: *increased the price of tobacco rights and brought them under the direct administration of the king*³¹⁵.

The direct administration of tobacco revenue by the Real Hacienda had long been mooted as a possibility and even implemented in the times of Charles II³¹⁶. It was not therefore an *ex novo* measure brought in by Orry. Back in 1684 the revenue ceased to be collected by way of leasing and the bases of the administration system were laid down³¹⁷ although the initiative had petered out by the end of the last Hapsburg's reign. Although the administration system was once more formally set up in Castile – not in Navarre³¹⁸ – in 1701, after the advent of Philip V, the administration of tobacco revenue was not really reorganised until the 1730-1731 period³¹⁹.

³¹² All the data on the inputs and outputs of the *Tesorería Mayor de Guerra* in the period 1703-1704 are taken from A.G.S. T.M.C. leg. 1869.

³¹³ Bacallar y Sanna (1957), p. 46.

³¹⁴ The total tobacco revenue collected was 6,861,679 *reales de vellón*.

³¹⁵ Morandi (1935), p. 71

³¹⁶ Sanz Ayán (2004), p. 245 ff.

³¹⁷ Rodríguez Gordillo (2002), p. 62-64

³¹⁸ Hernández Escayola (1999), p. 353-389.

³¹⁹ Gallardo y Fernández (1808), Vol. VII, p. 74-78.

From what we have seen so far, 50% of the income of the *Tesorería Mayor de Guerra* in the initial period of the mainland war was covered by three items: Indies silver, *alcabalas* and tobacco revenue.

Another substantial percentage, 31%, was covered by the following taxation items:

Item	Input <i>Tesorería de Guerra</i> (1703-1704)	% of total deposits	Orry Report(1702)	% total revenue
Millones (royal sales tax)	3,063,499	6.3%	21,689,486 ³²⁰	14.1%
Funds of the militia service	2,419,108	5.0%		
Funds of the Remonta de Caballería (Councils)	2,419,108	5.0%		
Sundry items paid into the <i>Tesorería Mayor</i>	1,400,019	2.9%		
<i>Almojarifazgos</i> (customs duties)	979,722	2.0%	5,843,225	16.8%
Salt-mine revenue of Atienza, Espartinas, Cuenca, C..	949,409	1.9%	2,599	49.3%
Salt-mine revenue of Andalucía T.A. and Granada	622,928	1.3%	1,926,469	
Pasture rights of the military orders	805,372	1.7%		
Pardons of public scribes	692,858	1.4%		
Averaging out of the revenue of Toledo	635,837	1.3%		
Pardon of the mercury ships	551,669	1.1%		
<i>Media Anata de Mercedes</i> (Emoluments of civil and ecclesiastical offices)	534,824	1.1%		

In this bracket the most important tax revenues for the *Tesorería Mayor de Guerra* were therefore *Millones* (royal sales tax on such items as wine, vinegar, oil,

meat and tallow candles), salt mines and *Almojarifazgos* (customs duties). *Millones* weighed in with 11.3% (since the affairs of the militia service were also dealt with in the *Sala de Millones*), salt mines with 3.2%, and *Almojarifazgos* with 2%. In the case of the *Millones* 14.1% of the total revenue went to the Treasury while the percentage for *Almojarifazgos* was 16.8%.

The remaining 20% of war revenue was covered by a host of small items, none of which accounted for over 1% of the total. A striking fact here is that in practically no case did the amount paid into the *Tesorería de Guerra* add up to one third of the total revenue for that item, the figure normally ranging from 10 to 20% thereof.

Item	Input <i>Tesorería de Guerra</i> (1703- 1704)	% of total deposi ts	C rry Repo rt(17 02)	of total reve nue
Diezmos de la Mar (import tithes)	462,764	0 .9%		
Wool revenue	454,054	0 .9%	2 ,823, 529	6%
Ordinary service	250,257	0 .5%		
Revenue from the salt mines of Galicia and Asturias	234,486	0 .5%	1 ,816, 470	2.9 %
Revenue from the Puertos Bajos (lower mountain pasturage)	222,653	0 .5%	6 47,05 8	4.4 %
Stamped paper	207,022	0 .4%	1 ,899,	0.8

³²⁰ Including the sum of the Militia Service

			718	%
Funds from the averaging out of revenue	187,599	.4%	0	
New tax of 1 real per pound of Cacao and Choco	93,893	.2%	0	4 48,52 9 %
<i>Asiento de Negros</i> (slave trading contract)	88,000	.2%	0	
High pasturage revenue	72,000	.1%	0	2 ,741, 013 .6%
<i>Renta del Servicio y Montazgo</i> (Transhumance pasturage toll)	64,916	.1%	0	3 9% 40,11 8
White paper revenue	56,490	.1%	0	2 05,88 7.4 2 %
Wool revenue and the extension thereof	55,886	.1%	0	7 94,11 % 8
General revenue from Portuguese ports	51,572	.1%	0	5 58,82 .2% 3
Soap tax	46,258	.1%	0	4 48,52 0.3 9 %
Averaging out of royal revenue from the Province of Valladolid	34,036	.1%	0	

Superintendent general of the militia service	30,000	0			
General revenue from Cacao and Chocolate	16,109	0	4	48,529	.6%
Funds from Portuguese ship seizures	13,389	0			
Playing card revenue	12,440	0	1	08,088	1.5%
Spirit revenue	11,264	0	2	57,353	.4%
Sundry businessmen	8,666	0			
Pardon of the residents of Rosmariñan (Portugal)	8,251	0			
Saltwort from the Kingdom of Murcia	7,937	0	9	1,082	.7%
<i>Alcabala</i> on snow and ice from Madrid	7,326	0			
Smithies revenue from Biscay	1,647	0	5	,353	0%

Now that we have analysed the income sources of the *Tesorería Mayor de Guerra* in this first stage, we can move on to analyse how it was spent:

Allocation	<i>Tesorería de Guerra</i> (1703-1704)	%
To the paymaster of the army of Extremadura	5,091,806	11.9%
To the purveyor general: Manuel López de Castro	4,542,102	10.6%
To the paymaster of the army of Andalusia	4,076,208	9.5%
To the paymaster of the army of Castilla la Vieja	2,972,790	7.0%
From payments made to the Master of the Royal Chamber	2,346,323	5.5%
Treasurer of the Queen Dowager	1,835,812	4.3%
To various Captains General and Governors of fortified towns	1,555,190	3.6%
Grain purchases	1,527,327	3.6%
Paymaster of the army of Galicia (Antonio del Río y Espinosa)	1,469,452	3.4%
Calvary and dragoon regiments	1,420,054	3.3%
Officers, generals and other soldiers	1,188,782	2.8%
Paymaster of the <i>Comisaría General</i>	1,180,241	2.8%
Paymaster of the army of Catalonia (Juan Jerónimo de Gachapai)	1,068,262	2.5%
Walloon guard infantry regiment	985,199	2.3%
Infantry regiments	914,999	2.1%
To Francisco Serbigni	833,154	1.9%
Calvary regiment of the king's guard	689,185	1.6%
Queen's exchequer.	656,862	1.5%

Officers and soldiers of the Musketeer Company of the Guard	643,420	1.5%
From payments made to the Quartermaster Sergeant and assistant of the Royal Stables	519,669	1.2%
Troops of France	485,794	1.1%
Kit for the regiment of Irish Dragoons	439,007	1.0%
Antonio Puche and Manuel López de Castro	438,720	1.0%
To the Duque de Alba	412,500	1.0%
To the Ambassador of the Court of Paris	412,500	1.0%
Spanish infantry regiment of the Guard	406,120	1.0%
Joseph de Soraburu	320,124	0.7%
From sums handed over to the three treasuries <i>Tesorería Mayor</i> , <i>Tesorería General</i> and <i>Tesorería de Alcances</i>	316,789	0.7%
To a store guard	286,399	0.7%
To Marqués de Canales	285,300	0.7%
To the King's War Secretary	285,300	0.7%
Guard companies and corps and cadets	285,040	0.7%
Paymaster of the arms factories of Plasencia	279,466	0.7%
Paymasters of Málaga and garrison of Ceuta	251,700	0.6%
Brigades of mules and oxen	248,139	0.6%
Marqués de Gibandier	204,000	0.5%
Clothing and other goods	201,399	0.5%
Paymaster of the Queen's	190,791	0.4%

Regiment		
For expenses belonging to the Royal Household	177,278	0.4%
Hospital purveyor of the army of Extremadura	131,916	0.3%
To Miguel de Allue	127,054	0.3%
Barley and hay for royal regiments and corps companies of the Guards	123,977	0.3%
Paymaster of the Soldiers of the Coast of Granada	95,747	0.2%
Salaries of the officers of the <i>Tesorería Mayor de Guerra</i>	87,290	0.2%
Tobacco purchases and rights	77,964	0.2%
From payments made to the <i>contralor ordinario de boca</i> (Culinary Inspector)	72,591	0.2%
Post horse expenses	70,390	0.2%
Tent parts, arms and other goods brought from Bayonne in France.	68,650	0.2%
Artillery assembly costs (wood, gun carriages, etc)	59,341	0.1%
Expenses of the War Secretariat	57,288	0.1%
Conveyance of clothes, arms, tents and other goods	55,036	0.1%
Officers of the War Secretariat	50,460	0.1%
Livery for servants of the Royal Stables	42,478	0.1%
Commissaries employed in the conveyance of prisoners	36,354	0.1%
Conveyance of iron fittings	33,785	0.1%
To the <i>comisarios de muestras</i> that have served or were to serve in the	31,540	0.1%

armies		
From clothing payments made to other troops	25,020	0.1%
Clothing costs	24,399	0.1%
Store inspectors and guards	18789	0.0%
Remittance to the <i>Tesorero General</i>	9984	0.0%
Sundry sailors and prisoners who came from the prison of Portugal	5,970	0.0%
	42,749,226	

It must first be pointed out that 14% of this money from the *Tesorería Mayor* was not spent on the war. Note particularly the sums allocated to cover the costs of the Master of the Royal Chamber and of the Treasury of the Queen Dowager, as well as other allocations such as the Paris embassy and the maintenance of the Royal Household. One of the main grounds upon which the *Tesorería Mayor de Guerra* was set up, therefore – exclusive and orderly allocation of the funds to cover war costs – was not in fact complied with.

As regards the allocations to cover war costs, the lion's share went to the maintenance of the army of Extremadura (11.9%) followed by Andalusia (9.5%) and Old Castile (7%). These three items between them accounted for nearly 30% of the budget. From March 1704 Archduke Charles had been in Lisbon ready to head the troops that were to fight for his ascension to the throne. The landing of 20,300 infantrymen and 7000 artillerymen marked the true start of the war on mainland Spain.

From this moment on the struggle concentrated on the Spanish-Portuguese border. Philip V's main goal was to conquer Lisbon and gain control of Portugal. Despite the early successes chalked up by his army, however, it soon became hampered by provisioning shortfalls and in July of this same year Philip V returned to Madrid without having achieved his object. The financing of this first part of the war was both insufficient and badly channelled.

As is well known, there was a "stalemate" in the mainland military actions in 1704 but the allied sea campaign notched up a notable success. In June and July the

allied forces were sailing off the Atlantic coast of the Strait of Gibraltar, planning to attack Cadiz anew. After some bootless skirmishes they decided to switch their attention to Gibraltar, provisioned at the time, like Ceuta, by the *asentista* Gabriel de Campos.

An additional consignment of 251,700 *reales de vellón* from the *Tesorería Mayor*, only 0.6% of the Treasury funds, was allocated to war costs in the area of Málaga and Ceuta. This proved, as we all know, to be insufficient: on 6 August the allied navy occupied the Rock in the name of Charles III.

The percentage allocated for the provisioning of cereal and other foodstuffs to the armies on the various warfronts was 11.6%. The man in charge of these provisioning arrangements was Manuel López de Castro, who signed an *asiento* on 31 October 1703, later confirmed on 23 December, whereby he took on the responsibility for supplying provisions to the armies of Andalusia, Extremadura, Old Castile and Galicia³²¹.

This businessman, whose full name was Manuel López de Castro Paz Coronel y Quirós, followed in his family's footsteps of trading in revenue leasing. Born in the archbishopric of Santiago (maybe Betanzos) in Galicia, he had settled in Madrid. He seems to have had some sort of relation with clans of businessmen of Jewish origin who had converted to Christianity (*judeoconversos*) such as the Montesinos and the Cardosos. This came to light later, in 1723, in an inquisition trial brought against *judeoconversos*, many of whom were creditors of the Real Hacienda so the process also had the serendipitous effect of saving the royal coffers a great deal of money. One of Manuel's brothers was sentenced to death and three of his sisters were also punished³²².

Manuel López de Castro's star was now on the wane. Soon after the start of Philip V's reign the *Tesorería Mayor* accused him of inefficiency and he was replaced in 1704 by other victuallers. Pride of place among them goes to Francisco Esteban Rodríguez de los Ríos, Marqués de Santiago, directly linked since 1706 with the "clan" from Navarre who provisioned the troops of Castile and Extremadura, Cristóbal de Aguerri, Marqués de Valdeolmos who provisioned the troops of Andalusia, Juan Antonio Gutierrez de Carriazo, Marqués de

³²¹ Kamen (1974) p. 81

³²² Caro Baroja (1978), Vol. III. p. 78-79 and p. 60

Campoflorido who did likewise for Galicia and José de Soraburu³²³ who took charge of Navarre.

Everything seems to indicate that the contract with Manuel López de Castro had only dragged on by inertia from the last years of the reign of Charles II, and it was soon swept away by the new-broom policy of the new financial rulers. Replacement *asentistas* were chosen from among the files of financiers of Navarre origin, who also had close business and background links with the *Tesorero Mayor de Guerra*.

Second Period: (1705-1707)

After 1705, with open war now waging on mainland Spain, the income of the *Tesorería de Guerra* multiplied practically fivefold. Royal revenue, including tobacco weighed in with over 40%. Taken together, the revenue items added up to 66,6170,029 *reales de vellón*, excluding tobacco, which the Treasury counted apart. The sum total with tobacco added back in was 86,733,484 *reales de vellón*, tobacco alone accounting for 9.3%.

It would seem that the *Tesorería de Guerra* began to replace the *Consejo de Hacienda* in the overall accounting of the revenue, for the allocation is not recorded of other possible items of this revenue. If this is so, the following table shows that income dropped sharply on the previous year not only in terms of Provincial revenue and *Millones* but also leasable revenue, especially if we bear in mind that this Treasury income lumps together the revenue values for two years (from 1 June 1705 to 1 June 1707) while Orry made his 1702 evaluation on an annual basis.

ITEM	Input <i>Tesorería de Guerra</i> (1705-1707) . <i>Reales de Vellón</i>	% of total income	Rev value in report (1705-1707)
Royal revenue and <i>Millones</i> ³²⁴	47,759,556	22.14%	56,1
Tobacco revenue	20,116,455	9.33%	6,8
Leasable and general revenue ³²⁵	18,857,473	8.74%	28,2

³²³ For an account of the activities of this family of *asentistas* see Hernández Escayola (2004).

³²⁴ Including *alcabalas*, *cientos*, ordinary and extraordinary service and *millones*

TOTAL REVENUE	ORDINARY	40.21%
Extraordinary funds	76,090,579	35.23%
Profits	15,355,274	7.11%
Ceded debts	14,372,170	6.66%
General donation of land, houses and livestock, 1705	8,365,423	3.87%
Sums drawn in Paris (advances)	7,970,537	3.70%
Ecclesiastical taxes	2,622,368	1.21%
Duty	1,981,362	0.91%
Funds from the royal treasury	1,706,596	0.79%
Revenue from Indian villages for the years 1704 to 1706	470,993	0.22%
TOTAL EXTRAORDINARY REVENUE		59.79%
TOTAL	215,668,786	

The fall was sharpest in leasable revenue. This stands to reason, for the trade and consumer habits upon which this revenue depended had been thrown into disarray by the war. This was the argument put forward by revenue leasers who managed to negotiate more favourable terms for their contracts with the Hacienda Real. Despite the slide, the revenue from salt mines, wool, and customs, made the biggest contribution under this heading.

³²⁵ This includes: wool revenue and the extension thereof; major *almojarifazgo* and of the Indies; revenue from tithes and dry ports; revenue from hillside pasturage and additional plots; transhumance pasturage toll; Canary Isles; *Alcabalas* pasturage rights of Calatrava, Alcántara and Serena including renewed “*cientos*” taxes; duty on snow and ice of the kingdom; mining royalties from Seville, mining royalties from Málaga; playing cards; saltwort; duty of one real per pound of Cacao and Chocolate; *Tercias* (third tithes) of the three military orders; *Tercias* of Teba and Ardales; Cacao and Chocolate; Málaga raisins; sugar of Granada, soap of the realm; sale of the *Millón* of the snow of the realm; fish; new fish tax, general spirit revenue, white paper of the realm, salt mines of Old Castile and Zamora; salt mines of Badajoz and Murcia; salt mines of Atienza, Espartinas and Cuenca; salt mines of inland Andalusia and coast of the sea and realm of Galicia;

The income of this second period shows new items that do not depend directly on the former fiscal concepts, accounting for practically 60% of the Treasury's disposable capital. The most important of these new items were the so-called *extraordinary funds* (35.23%). These took in income of various types including sales of jurisdiction and crown land³²⁶, but above all “gratis” donations by cities³²⁷, church authorities³²⁸, nobles³²⁹, businessmen – usually involving some sort of pardon for contraband or other illegal commercial act³³⁰ - and revenue lessors who handed over cash in the hope of being able to continue leasing revenue that, paradoxically, they were always claiming to produce such a low yield³³¹. Also

³²⁶ A.G.S. T.M.C. leg. 1871 (6) 23-9-1705. Manuel de Torres of His Majesty's Council of the *Real Audiencia* of Seville and Subdelegate of Luis Curiel undertakes to pay into the *Tesorería Mayor* sundry articles still pending by virtue of commissions he had had on the sale of land in that realm (Andalusia) and had sold to the College of the Company called “de las becas” three hundred and eleven *fanegas* of land in the district called Rinconada at a price of 3323 *ducados de vellón* as deposited by Pedro de Santiago, resident of said locality.

³²⁷ A case to the point in : A.G.S. T.M.C. leg. 1871 (8) of 7-12-1705: involving a transaction between La Villa de Madrid and in name thereof Miguel de Lequader (or Lequeder) and Gabalda as bondsman of Francisco Sánchez del Portal who is responsible for the leasing of the *sisas* (excise duties on foodstuffs) on the meat of the city. The abovementioned offered 8000 *escudos de oro* (450,000 *reales de vellón*) gratuitously for being able to continue with the leasing of the meat *sisas* to begin on 1 March 1705 and end in April 1709 and whose sum Madrid served His Majesty for covering war costs. In this case the entire sum of an advance on municipal revenue would end up in the *Tesorería Mayor*.

³²⁸ An example is registered in A.G.S. T.M.C. leg. 1871 (12) of 18-3-1806 in which the Archbishop of Granada sent the *Tesorería Mayor* the sum of 2800 *doblones de dos escudos de oro* (168,480 *reales de vellón*) by the hands of the governor of the Council of Castile in various bills dated in his favour which passed into the possession of Moriana for the same amount, serving as a donation from the ecclesiastical state of said city and its archbishop.

³²⁹ Witness the note of A.G.S. T.M.C. leg. 1871 (15) of 4-5-1706 in which Conde de Oñate offers 1000 *doblones* (60.000 *reales de vellón*) to cover urgent war costs.

³³⁰ A.G.S. T.M.C. leg. 1871 (15) On 3 May 1706 Cristobal Ezquerro, agent of the Consulate of Seville paid into the *Tesorería Mayor* the sum of 5000 *pesos* as part of the sum of 10,500 owed to his majesty for the pardon of the ship called *Ntra Señora del Rosario*, which arrived from the province of Buenos Aires under the captainship of Joseph de Ibarra and docked in the port of Pasajes pursuant to the dispatch issued for said pardon on 3-12-1704 plus another 25,000 *pesos* to serve as a donation to meet urgent war expenses.

³³¹ A.G.S. T.M.C. leg. 1871 (40) on 16 November 1706 Domingo Sánchez de Aguiar collector of the *alcabalas* and *cientos* of Cádiz and 4% of its customs duties since 1 January 1706 and of those of Baza and Guadix, and Almería for 1 January 1707 handed over 500 *doblones* (30,000 *reales de vellón*) for having awarded him such revenue and

included are the major loans from France (3.7%) or from important financiers who had been trading in Spain for some years, such as the Marqués de Francavila (2.4%) who kept up close contacts with Genovese capital. This section also includes the yield from property confiscated from various individuals who had declared their allegiance to Archduke Charles and the ministers who did not accompany Philip V on his withdrawal to Burgos, this considered to be sufficient grounds for considering them to be supporters of the House of the Hapsburgs. These confiscations, at least in this period, were meant to serve as exemplary punishment of those concerned but they represented only a token input into the Real Hacienda, adding up in all to only 0.18% of the total Treasury income. The appropriation of property of the ministers who remained in Madrid in June 1706 when the Archduke took up residence in the Court³³² produced only the negligible figure of 0.08%.

Another important category, albeit not so striking as the *extraordinary funds*, was the one called profits (*beneficios*), i.e. the capital gains from the sale of offices, posts and the perpetuation thereof, which accounted for 7.11% of the income. These sales were not confined to Spain itself but took in its whole empire.

Over 6% of the income came from ceded debts (*caudales retrocedidos*), i.e., money owed by the monarchy which the creditor, after negotiations, agreed to cede to the Real Hacienda in the hope of some future improvement or profit.

As regards the distribution of the expenditure³³³ among the treasury accounts, there is a deficit of about 5 million *reales de vellón*; the biggest expenditure item was the payments to the *asentistas* of the various armies, who gobbled up between them almost 17% of the resources; the most important by far were the Marqués de Santiago (12%) and the Marqués de Valdeolmos (3.4%). Both houses had a long track record in the financial affairs of the monarchy. Juan Esteban Rodríguez was one of the sons of a family that had been trading in revenue leases on the salt mines in Espartinas since 1664³³⁴. In the last part of the Philip IV's reign and that of Charles II, the house kept up a steady line of business with no great fluctuations, and

therefore offered to serve gratuitously His Majesty with 20,000 *reales de vellón* for the revenue of Cádiz and 10,000 *Reales de Vellón* for the remaining ones.

³³² More information on this event and its impact for the residents of the Court can be found in Huarte (1930), vol. VII, 299-305

³³³ Information from the period 1705-1707 A.G.S. T.M.C. leg. 1874

even managed to escape unscathed from the suspension of payments decreed by the Crown in 1662³³⁵. As from 1677 the head of the family clan was Francisco Esteban, born in 1648³³⁶. He extended his salt-mine revenue leasing business to those of Zamora and Old Castile and continued trading in this activity throughout the whole reign of Philip V, signing in 1707 a new *asiento* that assured him the revenue for ten more years³³⁷.

The Valdeolmos firm likewise boasted a long track record dating right back to the days of the Catalanian conflict in 1640, when Pedro de Aguerri, brother of Jose, the Marqués de Valdeolmos, took on the provisioning of the armies of Catalonia and Pamplona and some of the provisions in Flanders³³⁸. Its importance during the reign of the last of the Hapsburgs made it the most influential banking house of those considered to be native³³⁹ in the last quarter of the seventeenth century.

There was a marriage between the two families a few years later³⁴⁰. The Marqués de Santiago consolidated his social position on the strength of his army provisioning business during the war, Francisco Esteban Rodríguez de los Ríos being made a noble precisely in 1706. The effective financial and mercantile association between both firms had existed at least since 1712 when they founded a company together with another two partners; this link, however, did not become evident to the monarchy until the end of the thirties³⁴¹.

Other important expenditure items in this period were the establishment of the regiments of infantry (14.4%) and cavalry (11%). Officers' salaries represented 2.1% of treasury expenditure while payments to the rest of the soldiers accounted for 2.8%. Items such as the maintenance of field hospitals (0.8%) or the repair of

³³⁴ A.G.S. C.M.C. 3^a ép. leg. 1731. The head of the clan was Juan Rodríguez, married to Francisca Bernal de los Ríos; they had three children: Francisco Esteban, Juan and Manuel.

³³⁵ For the career of this family in the reign of Carlos II see Sanz Ayán, (1988), p. 386-387

³³⁶ For more on this character see Lasso De La Vega (1945) p. 381-435.

³³⁷ A.G.S. CC. GG. leg. 192 (Don Francisco Esteban Rodríguez de los Ríos. Traslado)

³³⁸ A.G.S. C.J.H. leg. 985. Business of 40,000 *escudos de Plata* set up in Flanders.

³³⁹ Detailed information on this family's career in the business world is given in Sanz Ayán (1996), p. 577-604, particularly 600 to 604.

³⁴⁰ In 1712 Felix de Salabert Aguerri, grandson of the *asentista* José de Aguerri and heir of the latter's title of Marqués de Valdeolmos, married the daughter of Francisco Esteban de los Ríos, Marqués de Santiago since 1706. See Hernández (1995), p. 176

³⁴¹ Aquerreta (2001a), pp. 235-251

fortifications (0.9%) did not add up to 1%. As regards the Treasury's non-war expenditure, the most noteworthy item was the 0.9% allocation to the Queen's Treasury. There is also a rather disquieting item in the accountancy register, accounting for 13.3% of expenditure, called *funds paid to sundry persons for different extraordinary effects*, an item that will have to be investigated more fully elsewhere. For now, however, with the conflict fully underway, the funds of the *Tesorería Mayor de Guerra* were allocated predominantly to covering war costs.

Provisional Conclusions

In light of our analysis so far, the *Tesorería Mayor de Guerra* did not succeed in substituting the *Consejo de Hacienda* in the overall management of Castilian royal revenue in the period 1703-1704. Its accounts records show that war expenditure was not the main allocation of royal revenue. In the first stages of the war the defence of mainland Spain was not even seen as a priority issue, judging from the state of the accounts of the *Tesorería Mayor de Guerra*. By contrast the Spanish resources allocated to the war outside Spain, managed by France directly, were much more significant.

The *Tesorería Mayor de Guerra* was set up as part of the overall objective of rationalising and centralising the monarchy's financial resources. Despite these aims, the conclusions that can be drawn from our account so far are the following:

- The Treasury was not used only for handling war expenditure.
- Not enough money was sent to the mainland war fronts.
- No forethought was given to the importance of coastal defences, which received hardly any additional funds for reinforcement purposes.
- The budget allocated to the provisioning of the mainland armies was also insufficient.

On the contrary the resources of the Castilian *Real Hacienda*, particularly the silver from the Americas, largely went to defray the costs of the war outside Spain, run by France to suit its own interests as a continuation of the underlying conflict ostensibly brought to a halt by the Treaty of Rijswijk. This worked to the detriment of the war in Spain itself.

Many of Orry's contemporary compatriots criticised his financial reforms on the grounds that he started everything and finished nothing or even that his reforms

were merely eye-catching gimmicks with no real substance behind them. This would seem to be borne by the results obtained from some of these first reforms.

Another factor that must have hindered Orry's reforms was the poor fit of the new structure of war finances with the old systems and their agents. Nonetheless, this first failed attempt did at least bring about a shake-up in the army provisioning system, catapulting the Navarre businessmen and their associates to the head of war finances. These were businessmen with a social profile similar to Orry's who had built up their experience in the previous reign and were now to take off definitively in the first years of the reign of Philip V.

In the second period analysed (1705-1707) the *Tesorería Mayor de Guerra* seems to replace the traditional management of the *Consejo de Hacienda*. The makeup of the Treasury's income changed substantially. Extraordinary income (sale of offices, of pardons for various offences and "donations" of an obvious fiscal nature) now came into its own, while the normal revenue from trade and consumption fell in both relative and absolute terms as the activities they depended on were severely hit by the war. As regards the distribution of expenditure, over 50% of the funds were spent directly on setting up and maintaining the army. The *asentistas*, all of them at this moment from inland Spain and especially from Navarre, show a socio-professional profile very similar to the rest of the businessmen carrying out similar activities in the rest of Europe, particularly in France. They directly absorbed almost 20% of Treasury funds.

Spain's Mobilisation of Resources for the War with Portugal in 1762

Agustín González Enciso

"In the era of military revolution", writes Parker, "the ability of governments and generals to sustain war became the axis around which the whole result of armed conflicts turned"³⁴². It is obvious that an important factor in this staying power was the provisioning capacity, and it is no less clear that before starting a war the governments had to have clear that they were capable of sustaining it. Could states improvise armies? Could they successfully provision them without previous planning? These are all moot points in the case of Spain in 1762. The operation we are referring to here involved the deployment of 40,000 soldiers along the Spanish-Portuguese border so that they were ready for a rapid invasion. This operation was without doubt the greatest mobilisation of troops on mainland Spain throughout the whole eighteenth century³⁴³, and the figures themselves bear witness to the government's interest in the operation. It was also a notable effort because the forces represented a very large proportion of those available³⁴⁴, and meant leaving the rest of mainland Spain largely unguarded; no doubt this risk could be taken because of the alliance with France, which also sent along a detachment to help in the invasion³⁴⁵.

³⁴² Parker (1989), 1,III.

³⁴³ By way of comparison, the Battle of Almansa of 1707, one of the decisive battles of the War of the Spanish Succession, involved a Spanish-French army of over 25,000 men (Kamen, 2000, 79) while the famous attack on Algiers in 1775 involved a mobilisation of little more than 19,000 infantry and cavalry men, as well as the ships and sailors (Fernán Núñez, 1988, Parte II, p. 81).

³⁴⁴ According to available data, Spain's forces in 1751 were made up by about 88,000 infantry and cavalry soldiers or 56,000 in 1759. Enciso Recio (1991), p. 443, Corvisier (1976), p.126. For an account of the difficulty of estimating army numbers in general, see Black (1994), p.9-10.

³⁴⁵ On the battlefield of Almeida there were 8000 French soldiers, according to Fernán Núñez (1988), Parte I, p.173.

To place this action within a general military history context, we must remember that the central years of the eighteenth century were a crucial time in the worldwide development of arms and armies. In his discussion of the military revolution J. Black stresses that it was not only in the final decades of the seventeenth century that momentous changes occurred; throughout the whole eighteenth century too there was an ongoing development of armies, their resources and tactics. Black says in particular that "the years after the War of the Austrian Succession were not without significance in terms of tactical developments, but changes in the military-fiscal context were of greater importance"³⁴⁶. These changes were not only of a fiscal nature³⁴⁷. The capacity of the administrative and financial systems to withstand the increase in military expenditure became one of the crucial factors in a state's ability to maintain itself as a first-rate power³⁴⁸. The problem therefore ranges beyond the purely military field. As has recently been written, "by the second half of the eighteenth century a new all-embracing type of warfare was evolving which drew whole societies and economies, as well as armies and navies, into the conflict between the great powers"³⁴⁹.

What was the situation of Spain before 1762? A policy of neutrality followed the peace treaty of Aquisgran in 1748. No military action was taken at all during fourteen years. Nevertheless, in spite of the military inactivity, there had been far-reaching reforms in Spanish state's finances, and in the army and navy during the ministry of Ensenada (1743-1754)³⁵⁰; between 1751 and 1754, for example, 27 ships were built. But then a slowdown came³⁵¹ when Ensenada fell in disgrace in 1754. That interrupted fiscal and naval reform. The new king of Spain, Charles III (1759-88), decided to enter the war against Britain, with a lack of fortune. It is true that "the Seven Year's War

³⁴⁶ Black (1994), p. 129.

³⁴⁷ "From the Glorious Revolution to the French Revolution, Britain's taxation system operated to provide its navy and army with the indispensable monetary means required to combat the kingdom's foes and to maintain the military forces and the credit of the central government in conditions of readiness for the next war". O'Brien (1988), p.1. See also Browning (1971), Morineau (1980), Merino (1981).

³⁴⁸ Black (1994), p.132.

³⁴⁹ Bowen (1998), p. 7.

³⁵⁰ Enciso Recio (1991), p. 442-43, Merino Navarro (1981).

³⁵¹ Molas Ribalta (1988), p. 475, Merino Navarro (1981), p. 357-58.

showed the importance of mastering the new strategic conceptions"³⁵², but, to judge by the results of Spain's intervention in that conflict, this realisation came a little too late³⁵³.

Spain signed an alliance with France (the Third Family Compact, August 1761), hoping to counterbalance Britain's increasing military advantage. Save for a pre-emptive dispatch of ships to the Americas, actual fighting did not start until 1762 with the invasion of Portugal. The action was thought as an attempt to put pressure on Britain and to control Atlantic Portuguese ports to prevent further actions of the Royal Navy in that area. Spain's return to the fray was in fact a test of Spain's preparedness for waging successful war and it raised anew the question of whether this was the right moment to take up the cudgels again.

It was not a great campaign, with four months of preparation and seven months of battles, and it was neither intense nor especially decisive. It was, however, a logistic operation of the utmost interest in terms of the mobilisation of armed forces and the preparations that were necessary for the troops to take the field at the right moment, so it provides a very telling example of how resources for war are mobilised. This paper is not dealing with details of the war itself, but rather with Spain's manner of solving logistical problems at short hand, since there was not much time to act.

To achieve the invasion it was necessary to move the troops from their normal billets to their new posting, sometimes a considerable journey. Most of the troops were stationed in the territories of the Crown of Aragon, especially in Barcelona and Valencia. In the wake of the War of Succession and the institutional changes brought about in Aragón by means of the centralisation and reorganisation decrees known as the "*Decretos de Nueva Planta*", these territories were now considered for all practical purposes to be conquered areas. In the new institutional organisation the king's representative, together with the civil institutions, was a Captain General, "successor of the old viceroy, military and also political head, joining the duties of governor general to those of military commandant"³⁵⁴. Given the circumstances, the troops moved there for the War of Succession had been kept there afterwards. Other troops were stationed somewhere else in Spain, but most of them were a long way from Portugal, so the

³⁵² Enciso Recio (1991), p. 444.

³⁵³ As Liss points out, neutralist politics during the reign of Ferdinand VI paid too little attention to maintaining the power balance in the Americas and perhaps the Spanish ministers "took too little alarm when England and France went to war, until it was too late". Liss (1983), p. 58.

³⁵⁴ Molas Ribalta (1988), p. 375.

operation was an unprecedented massive movement of troops within mainland Spain, from one part to another.

As well as making all due arrangements for moving the troops to the Portuguese border, the state also had to ensure the provisioning of food at the places along the border where the troops were to be stationed. Finally it was necessary to procure the transport for conveying the artillery to the battle front, also from Barcelona, although artillery was also later on brought in from Seville. All this obviously meant the spending of money, which also had to be raised beforehand. Time was also an important factor: the operation was urgent, for once the political decision to invade had been taken, this had to go ahead as soon as possible to take the advantage of surprise.

What interests us here is finding out whether the Spanish state was capable of carrying out the above operation efficiently. In other words, could an army of trained and equipped men be moved to the right spot at the right time and receive the necessary support in terms of transport and provisions, especially after years of inactivity? Conde de Fernán Núñez, who was one of the officers of this war, wrote a brief commentary on it, bearing witness to the fact that neither the Spanish nor the Portuguese army was ready for the conflict. This contrasted with the situation in Prussia and Austria, comments this author, where the armies "were kept on a war footing even in times of peace and could take to the field on a day's notice"³⁵⁵.

As we have already pointed out, consideration had to be given to the warfare capacity of the society as a whole. Esquilache, Charles III's Treasury Minister and the all-powerful figure in his government, certainly saw it that way: hence the breakneck reform activity at the start of this king's reign³⁵⁶. These changes had very varied ends in view but many of them, especially the financial and tax changes, were geared towards shoring up society for withstanding the weight of a war that was seen as inevitable from the very start of the reign. In spite of everything, these preparations seem to have had little influence on the army sent to Portugal, apart from the fact that it was now

³⁵⁵ Fernán Núñez (1988), Parte. I, p. 168-69.

³⁵⁶ For information on Esquilache's reformist activity, see the recent study by J. Andrés-Gallego (2003).

organised on the basis of the rules laid down in the reform of December 1760³⁵⁷, an administrative organisation that would be put through its paces for the first time in the Portuguese conflict.

If we concentrate on the operation as a whole, we find there are two more specific factors that are worthy of mention. One relates to the political sense of realism in planning a war, for it obviously makes no sense to aim for the impossible. The other relates to the state's real operational capacity, its efficiency in getting the resources to the right place at the right time. How could it do so? What bureaucratic and economic mechanisms had to be engaged? How was the decision-making chain organised and what results were obtained?

It should be stressed here that we are dealing with an unexplored question in Spanish historical studies of the eighteenth-century because there is no any major study analysing the efficiency of the solutions found for logistic problems and their relation to economic life; there is therefore little scope for any comparisons within eighteenth-century Spain³⁵⁸. Despite this historical lacuna, however, the sources available are excellent, for the accounts of the invasion army's treasurer and bookkeeper have survived, including details of income and expenditure. There is also abundant information in the correspondence between the Intendent General of the army and the Treasury Minister. To this can be added the brief but telling comments of Conde de Fernán Núñez. All this documentation allows us to reconstruct the logistic process with a good deal of accuracy.

1. An Uncertain Political Scenario

To understand the problem properly we need first to look at the political background to the invasion of 1762. Ferdinand VI died in August 1759, but he had been gravely ill and unable to govern for about two years, so his successor, his half-brother Charles, at that time king of Naples, had already been dealing with Spain's most

³⁵⁷ Gómez Ruiz and Alonso Juanola (1991), T. II, p. 61 and ff.. These authors also point out that some bodies of light troops were created in Aragón and Catalonia for the Portuguese war, under a particular regulation of February 1762, and they were not wound up afterwards (*idem*, 63).

³⁵⁸ There are however some recent studies dealing with similar questions for the seventeenth century, such as the one by Ribot García (2002).

important affairs, particularly its foreign policy. In particular, Charles tried to be a mediator for a peace settlement with favourable conditions for France, but the remoteness of that and the upper hand gained by Great Britain over France, especially in 1759, had persuaded the still king of Naples of the need of intervening. The tipping of the balance of power in the Americas was particularly worrying, because France had lost its foothold in the Antilles, with a consequent increase in contraband activity in Spanish colonies since 1760. Spain was therefore faced with a twofold political and economic threat, which had grown significantly during the war³⁵⁹. Once on the Spanish throne, Charles III and his government seemed bent on entering the conflict without more hesitation.

The Spanish government had already been preparing for war for quite some time as the diplomatic events tell us. In fact, the rupture with Britain was more or less forced and finally formalised on 25 December 1761 when the Spanish ambassador was recalled from London³⁶⁰. By this time, the Spanish government had come to the decision that a good way of putting pressure on Great Britain would be to seize military control of the Portuguese ports to hinder the manoeuvres of the British navy³⁶¹. It is difficult to pinpoint the precise moment at which this decision was taken. Great Britain's manifest superiority on the sea and the fact that most of Spain's ships had already been sent to the Americas ruled out naval action, so the end in view could be obtained only by a land invasion of Portugal. This operation promised to be fairly simple given the weakness of Portugal's army³⁶².

The invasion had to be total, so it was planned to deploy troops along the whole Portuguese border, albeit clustered in four nerve centres: Galicia (province of Tuy), Castile (provinces of Salamanca and Zamora), Extremadura (around Badajoz) and western Andalusia (especially in the county of Niebla). The main army would be the

³⁵⁹ Liss (1983), p. 17, 30, 79, Stein and Stein (2003), Chap. 1.

³⁶⁰ Palacio Atard (1946), p. 201.

³⁶¹ Some authors have suggested that Portugal promised to be a soft target that could be easily invaded and then used as a trade off against other losses in any forthcoming peace treaty. Witness Black (1994, 138). It may have been so, but later on, since when Portugal was invaded Spain had not as yet lost any territory.

³⁶² A note drawn up by Spanish diplomats calculated that the total of Portuguese troops amounted to about 23,000 infantry, artillery and cavalry soldiers, although it was claimed that the truly usable total was only 17,000, few of them battle-hardened. Palacio Atard (1946, 218). Other sources of information show similar figures, citing the Portuguese army in 1761 as 31,000 strong, but for practical purposes there were only 16,500 (Black, 1994, 9).

one gathered in Castile, and it was from any place in Castile where the invasion would be launched.

The operation was faced with sizeable political problems. Up to that moment Portugal had been a friendly country since the marriage in 1728 between Ferdinand, then Prince of Asturias, and the Portuguese princess Barbara, following the pro-British line then been pursued by the Spanish court,³⁶³ and relations had become even friendlier when both came to the throne of Madrid. This trend was further strengthened with Ensenada's downfall in 1754 and the advent of Ricardo Wall³⁶⁴. But the tide had now turned since the Family Compact put the seal on the clearly pro-French attitude of the new government of Charles III³⁶⁵ and any attempt to foil Great Britain meant neutralising Portugal first. A spurious pretext for breaking off relations with Portugal therefore had to be conjured up³⁶⁶. Invasion had to be a surprise so the diplomatic rupture had to be timed carefully to coincide with the moment the army was in the borderline. And thus, this posed the added problem of coordinating the diplomatic and logistic actions, and meant that the troops had to be ready for action at the moment diplomatic relations were broken off. The first thing that had to be done was to move the troops.

2. Moving Spanish Soldiers through Spain

The order for troop mobilisation was given on 19 December 1761³⁶⁷, i.e., a few days before the diplomatic rupture with Great Britain. This shows just how much the Spanish government was forcing the pace of events to keep the advantage of surprise on its side, for the action was considered, at that moment, to be secret. The order was given on the one hand to the military intendents of the regions where the troops were stationed and on the other to Francisco Mendinueta, who was then the army's general grain purveyor³⁶⁸. The military planners were faced with a tricky and unprecedented problem,

³⁶³ Kamen (2000), p. 200, 205.

³⁶⁴ Stein and Stein (2000), p. 253.

³⁶⁵ Ozanam (2001), p. 29.

³⁶⁶ The details in Palacio Atard (1946), p. 216 and ff.

³⁶⁷ A.G.S., S.S.H., 983, orders to diverse intendents.

³⁶⁸ For more information on Mendinueta see Aquerreta (2002), especially the paper by R. Torres (p. 101 ff.), dealing with the army victualling business.

in view of the sheer size of mainland Spain. Those who received the mobilisation order began to ponder the logistical problem involved, and "logistics", in the words of Black, "was like recruitment and finance, a sphere in which frequent attempts to ensure improvement testified to the intractability as well as the importance of the problem"³⁶⁹.

A troop movement had to be ordered and executed by the military intendents of each region and a grain supply had to be laid on. As well as the troops, the artillery had to be sent from Barcelona, and this was a much slower affair. During the journey, and at the main stopover points, the necessary grain (wheat and barley), had to be found for both men and horses, and it was the Purveyor General who had to make sure that this provision was on hand. While the intendents saw to the physical movement of the troops, therefore, the Purveyor General had to work flat out to ensure that his collaborators and partners in the various provinces of Spain were capable of providing the necessary products.

We have no information on this frenetic activity. The costs must have charged to the individual units before they became dependent on the Intendent General³⁷⁰ and so they are not included in the latter's records. But we do know more or less the route taken by each one of the army corps. We know, for example, that the troops came together at different meeting points before moving on to their positions at the Portuguese border. The following table shows the sites they started from (where the troops were quartered), some of the the meeting points and the date of arriving at these intermediate gathering points³⁷¹:

³⁶⁹ Black (1994), p. 37.

³⁷⁰ In fact the troops did not come to depend on the Intendent General, whose documentation we are using here, until they had reached the Portuguese border, or rather, until the war actually broke out.

³⁷¹ In the troops column "b" stands for battalion and "s" for squadron.

REGION	STARTING POINT		DESTINATION	
	CITY	TROOPS	PROVINCE/ CITY	DATE OF ARRIVAL
Catalonia		18b/4s ³⁷²	Zaragoza/Calatayud	10 February
Aragón		2b/2s	Zaragoza/Daroca	10 February
Navarre		2s	Soria/Almazán	10 February
Valencia		4b	Toledo	15 February
Valencia		1b	Toledo/Ocaña	15 February
Valencia		2s	Toledo/Mocejón	15 February
Valencia		2s	Toledo/Olías	15 February
Murcia	Cartagena	1b	Toledo/Ocaña	15 February
Murcia		2s	Toledo/Villanueva	15 February
Andalusia	Cádiz	2b	Toledo/Oropesa	15 February
Andalusia	Málaga	2b	Toledo/Talavera	15 February
Andalusia		2s	Toledo/Consuegra	15 February
Andalusia		2s	Toledo/Orgaz	15 February

As the table shows, the move involved at least 30 infantry battalions and 18 cavalry squadrons. Of these, 23 infantry battalions and 8 cavalry squadrons came from

³⁷² The letters b and s mean infantry battalions and cavalry squadrons, respectively.

Barcelona and Valencia. There were also troops that made for the County of Niebla in Huelva and are unlikely to be included in these figures because they were moved directly from nearby Seville; and there were also troops from Castile that headed for Galicia, and are also not included in these figures. In any case, these omissions accounted for few of the contingents. To appreciate the effort involved in these troop movements we need to have as accurate an idea as possible of the distances they had to cover. This is shown in the following table³⁷³:

Distances from the starting points to the concentration points	Distances from the main concentration points to the nearest border destinations
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		Toledo-Salamanca	234 kms.
Barcelona-Calatayud	382 kms.		
		Soria-Zamora	306 "
Pamplona-Soria	176 "		
Valencia-Toledo	372 "		
Murcia-Toledo	390 "		
Cádiz-Toledo	583 "		

The first thing these two tables show is the dispersion of the troops used for the Portuguese invasion. They were scattered about the whole of Spain and this called for a well controlled command chain to ensure that the soldiers coming from all the different areas arrived on time at the designated site. The second noteworthy point is the greater

³⁷³ The distances have been calculated from current road maps. The distances would in fact have been rather longer in the past because modern roads have straightened out many curves and meanders of the former paths they were based on.

number of troops from Catalonia (22 army corps out of the total of 48 mobilised, according to the data shown here), accounting for nearly half of all the mobilised troops; together with those from Valencia they made up over 64% of the total. This tallies with the fact that Catalonia was regarded as a conquered territory after the War of Succession and many troop contingents were stationed there.

The third point to be made about the mobilisation information relates to the rendezvous time. The tables show that the arrival date at the concentration points was practically the same (10 to 15 February) for journeys of very varied distances, ranging from the 176 kilometre journey for the troops leaving Navarre up to the 583 kilometres for the troops that had to start from Cádiz. It seems perfectly reasonable that the troops should endeavour to get to the meeting point at more or less the same time, but how was this date calculated, given the huge differences in the distances involved? We do not really know but we can make a guess if we bear in mind both the mobilisation order date and the winter marching speed of armies at that time³⁷⁴. The most likely conclusion, therefore, is that the meeting date decided upon was the one most reasonable for the most distant troops.

3. Political, Diplomatic and Military Timeframes

Organisational efficiency of the movement of troops would count for little without a realistic appreciation of what could and could not be tackled in the action. While existing a political urgency, the whole operation involved juggling with at least three different timeframes: the diplomatic time, the time needed for the troops to arrive to Portugal, and the one for the transport of the artillery. The three of them have to converge into a single date for the invasion, and it seems that it took some time for those running the operation to get things into a proper perspective. The diplomatic timeframe was twofold, it implied the rupture with Great Britain and the rupture with Portugal. Whereas the first was concluded in December 1761, the appropriate instructions sent to the Spanish ambassador in Lisbon are not dated. In addition, we

³⁷⁴ The period running from 19 December to 15 February adds up to 58 days. The marching speed is reckoned by specialists to have been between 7 and 10 kilometres a day. If we take the top marching speed, then the 58 days would have been necessary for the most distant troops to arrive, namely those 580 kilometres away at Cádiz. It must also be borne in mind that the order issued on 19 December by the government would have taken a few days to arrive.

know that on 26 January Richard Wall, the Spanish Minister of State, still had qualms about the procedure³⁷⁵. We also know that the Spanish and French diplomats in Lisbon should hand in their Memorandum of Intentions to the Portuguese government between 24 and 28 February, giving them four days to reply. Since the Portuguese were surely bound to refuse to collaborate with Spain and France, the invasion could be launched immediately³⁷⁶. All this put the ideal invasion date by 5 March.

This is where the military timeframe came in. For politicians in Madrid, a mobilisation order given on 19 December 1761 could bring about an effective invasion at the latest by 5 March 1762, but a simple calculation shows that it was materially impossible for the troops to do it when they had been given a concentration date for only twenty days earlier than that date at points that were almost 300 kilometres from the front. We have already seen that the troop-concentration date was set in view of realistic marching speeds, so it would seem that either the mobilisation order was given too late or the timeframe given to the diplomats was unsuitable.

The diplomatic side of the error was immediately put right by telling the diplomats to wait to hand in their Memorandum³⁷⁷ when the troops could be prepared, but there was yet another miscalculation, this time about the artillery. According to Palacio Atard, on 22 February Wall explained to Grimaldi, then ambassador in France, that the artillery had not yet arrived at its destination so it would "take them a little longer" to go into action³⁷⁸. This disappointed comment shows that Wall's thoughts were running more along political than military lines, a surprising mistake in a minister who was also responsible for warfare at the time. We no longer have any way of finding out the reason for this mistiming.

Moreover, Palacio Atard interpreted this fact as evidence of the army's lack of preparation. Regardless of this preparation, which could hardly have been well-oiled after so many years of inactivity³⁷⁹, the fact that artillery was not in place by 22

³⁷⁵ Palacio Atard (1946), p. 217, n. 27. 26 January would also seem to be the date on which the instructions were sent, already written earlier, though we do not know whether before or after the mobilisation order of 19 December.

³⁷⁶ *Ibid.*, p. 219.

³⁷⁷ The Spanish ambassador was finally ordered to hand in the Memorandum on 11 March. The Portuguese answer did wait until the 20 March. *Ibid.* Nevertheless, the invasion was not initiated until May.

³⁷⁸ *Ibid.*

³⁷⁹ The invasion of Portugal itself was proof that the Spanish army's fighting efficiency was below par.

February was a simple transport problem caused by the basic organisational difficulties of moving the cannons and all their munitions and equipment³⁸⁰: in short, it was a problem of time. If it was impossible for the troops to be on the border by early March, given the date of the mobilisation order, then it was even less realistic to expect the artillery to be there earlier when it needed to make a much longer journey. What actually happened was that the last troops got to the border by early April and the last artillery component left Barcelona at about the same time. It seems clear that there was a first order given to begin the invasion on 6 April³⁸¹. But, as Fernán Núñez points out, the army did not begin to leave Zamora for the border until 28 April³⁸². The invasion did not begin until 5 May. These timing difficulties and the ignorance shown by the military planners of the basic logistical needs of the operation gave an impression of inefficiency. In fact the military authorities proved to be very efficient in successfully moving troops and cannons to a positions almost 800 kilometres from their starting point³⁸³ in only four months and a few days.

4. Victualling: modus operandi

The troops had to be properly victualled. This involved mainly grain (wheat and barley) as the staple ingredients of their diet, plus a variety of foodstuffs such as meat, vegetables, pulses, rice and also the firewood for cooking it³⁸⁴. The victualling systems varied according to the foodstuff in question: grains depended on the Purveyor General, who acted with a fair amount of leeway; vegetables and pulses depended on the Intendent General of the army, aided by the *Comisarios de Guerra* (War Commissioners), who had to buy their wares in the operations zone, while the meat was the responsibility of the *vivanderos*, civil victuallers who were assigned to the regiments. This system was hence very varied, differing markedly from the system

³⁸⁰ For an account of the greater difficulty of moving the artillery see Black (1994), p. 35-36, and also Meyer (2000), p. 116-17.

³⁸¹ Wall to Esquilache, 27 March 1762. A.G.S., S.S.H., 983.

³⁸² Fernán Núñez (1988), p. 168.

³⁸³ This is the approximate distance from Barcelona to Zamora, the city from which the invasion was finally launched.

³⁸⁴ The soldiers' diet was similar to that of other places and times. Cf. Parker (1989), 2, IV.

employed by the English navy, for example, where all victualling matters were centralised under the Victualling Board³⁸⁵.

While the troops were marching across Spain towards the Portuguese border, the Purveyor General has to assure the provision of grain along the way, the rest of the provisions was the responsibility of each unit. Anyway, the crucial problem was the need to store up a sufficient amount of food in the camps near the front before the campaign went ahead. The chosen solution was to set up stockpiles from which the armies in action could then be supplied³⁸⁶, although it still proved necessary to find some supplies in the local area of fighting, especially the horse's fodder³⁸⁷; therefore, there was a parallel operation of stockpiling victuals in the chosen spots along this border. This meant that the *Cuerpo de Intendencia* (the corps responsible for the victualling) of the army corps that was to take the field had to be in place even before the troops got there. Strangely enough, the appointments to the *Cuerpo de Intendencia* were not made until the end of January 1762³⁸⁸ and although the appointed victuallers made their way immediately to their destinations, this still entailed a certain delay in beginning work and some last-minute urgency in finding food.

The appointments were organised in terms of the army corps that were to form up on the border: Castile, Galicia, Extremadura and Andalusia. At the head of the command set-up, and the most important figure of the whole operation, was an Intendent General (Juan Felipe Castaños³⁸⁹), who held the same position in the army of Castile; below him came the next line of command in the administrative echelon, called *Comisarios Ordenadores*, one for each of the aforementioned armies, and below them came the next rung down called *Comisarios de Guerra*³⁹⁰. There was also a Comptroller

³⁸⁵ Buchet (1999), p. 37 and ff.

³⁸⁶ The normal practice was for two systems to be used: stockpiling or "living off the land". The effectiveness of this dual arrangement was often called into question . Borreguero Beltrán (2000), p. 11.

³⁸⁷ Fernán Núñez tells us that the operations of Sarria, an army general, were hampered by a shortage of provisions in the Portuguese zone near Zamora, since it had first been planned to make Ciudad Rodrigo the centre of operations. The province was poor so he was apparently hard put to make any headway. Fernán Núñez (1988), ParteI, p. 172.

³⁸⁸ The appointments are recorded in A.G.S., S.S.H., 981.

³⁸⁹ Father of the then famous General Castaños, victor over the Napoleonic troops in the Battle of Bailén

³⁹⁰ For more information on "*Comisarios de Guerra*" see F. Andújar Castillo (1996), p.131 and ff.

and a Treasurer³⁹¹. The headquarters was initially sited in Salamanca and then later moved to Zamora.

Two particular factors of this mobilisation suggested that the victualling arrangements would need to be centralised in order to cope with the situation: firstly the fact that the stockpiling sites were several and far-flung; and secondly, the need to provision a number of soldiers that was higher than the usual population of the areas where they were stationed, meaning that it would probably be necessary to make purchases in several different places. Esquilache, the Treasury Minister, certainly saw it in those terms and took charge of the arrangements himself from Madrid. Once informed of the needs, Esquilache then contacted either the Purveyor General, Mendinueta, for the supply of grain, or the army intendants of the various regions of Spain where the other products were to be bought. He also of course contacted the Intendent General of the army, Castaños, to ensure that the supplies were arriving in good order and time.

With regards to the items acquired directly by the army, Castaños deployed his *Comisarios de Guerra* to buy such goods that were needed in the vicinity of the quarters. The organisation is summed up in the following table:

Product	Place of Purchase	of Immediately responsible person	Local Control	Madrid Control
Grain	Bought locally	Mendinueta	Castaños	Esquilache
	Bought elsewhere	Mendinueta	Castaños	Esquilache
Vegetables and pulses	Bought locally	Comisarios de Guerra	Castaños	Esquilache
	Bought elsewhere	Regional Military	Castaños	Esquilache
Meat		Intendants	Castaños	Esquilache

³⁹¹ The Treasurer was Miguel Ventades. His accounts are one of the fundamental sources for this paper.

Bought locally Vivanderos

The situation was therefore as follows: the military intendents of the different purchase regions tried to procure the products required in order to send them on to the Portuguese front. The whole operation was overseen by Esquilache, who was kept abreast of how things were going by direct and ongoing liaison with Castaños (who informed him of the arrival of the goods) and with the military intendents of the regions, who also received continuous orders of the goods that were assumed to be purchasable in their province. Esquilache was continually on top of Mendinueta to ensure there were no delays in the grain purchases. Thus, in default of a specialised central corps, it was the Treasury Minister in person who saw to the management of the whole operation, a practice that would hardly seem to be normal.

5. The Most Necessary Victual: Grain

As has already been mentioned, the crucial provision of grain depended on the Purveyor General, Francisco Mendinueta. In view of the sheer importance of this product, the supply system in this case was organised and centralised, albeit with a single *asentista* (contracted purveyor). Mendinueta's task was twofold in the period running from January to May 1762. He first had to ensure that the troops marching through Spain had the necessary grain on the various stages of their journey; and this obliged him to liaise with the military intendents who were coordinating the move. But apart from this, and even more crucially for the immediate future, Mendinueta had also to make the due arrangements for ensuring the provision of grain in the spots chosen as base camps for the various armies that were to take up their stations along the Portuguese border.

It is worth taking a closer look at the figure of the Purveyor General to gain a better understanding of the Spanish state's arrangements for providing the army with grain. Traditionally, Spain had resorted to private financiers to deal with the matter, and these men were given enormous powers to carry out their work. We need to go back only to the beginning of the eighteenth century to find that the army sought to ensure

basic supplies by contracting persons capable of providing the necessary merchandise thanks to their economic wherewithal and also their relations with other financiers in different territories³⁹². Some people obtained *asientos* (purveyance contracts) for a set time and area; and these *asientos* would then be renewed if no better offer was forthcoming.

One of these companies was formed in 1712-1717 by Goyeneche and Valdeolmos for the provision of bread and barley to the armies of Aragón, Valencia, Catalonia, Extremadura and Castile. Its activity coincided with the last years of the War of Succession and then continued sometime afterwards³⁹³. Its powers extended over the whole war-affected area at that time, reflecting the high level of trust deposited in the company. Its business was initially strict provisioning of the troops but then took on another form in the aftermath of the war as the state tried to compensate financiers for their alleged losses with the concession of leases on the revenue of some Castilian provinces. Later on the company received a new *asiento* including the provision of bread and barley for the army in the whole of Spain³⁹⁴.

Heir to this victualling business was Francisco Mendinueta, a relative of the Goyeneches. Obviously it was by no means an inheritance in the strict sense. In fact during the 1730's the crown had tried to rid itself of the *asentistas* and supply the army from the military administration itself. But the attempt failed and from 1739 on, the crown once more had to fall back on concessions to private *asentistas*. This time the government saw a preference for working with a single Purveyor General rather than several regional purveyors³⁹⁵. It was in the jostling for the new concession that Mendinueta, apart from his personal capacities (credit, relations, experience, solvency), made his family tradition of service to the king count. All that made him the ideal candidate for the single general purveyance contract. He was then able to hang onto the concession from 1744 to 1763³⁹⁶. Mendinueta was thus the Purveyor General when the war with Portugal broke out. However, since the Treaty of Aquisgran in 1748, his experience was to provision an army that was stationary in mainland Spain. The single purveyor system was a two edged blade. This made it easier for the government to negotiate the contract and also to control the situation at any time. The firm also had all

³⁹² See, for instance, Castro (2004), p. 88 and ff.

³⁹³ Aquerreta (2001 b), p. 116-17.

³⁹⁴ Ibid., p. 119-20, 126.

³⁹⁵ Torres (2002 b), p. 492-95.

the advantages and privileges needed, but it had as well all the responsibility. The war with Portugal gives a clear idea of the problem showing a cast-iron control wielded by Esquilache over Mendinueta, even driving him to ruin afterwards.

Meanwhile, however, the Purveyor General came up with the goods. Mendinueta received the order to start stockpiling at the same time as the military intendents were informed of the start of the mobilisation; he might even have been told earlier³⁹⁷, giving a good idea of just how urgent Esquilache regarded the problem³⁹⁸. The notice given to Mendinueta also included an indication of the places where the stockpiling was to occur and the amount of each good (in fanegas)³⁹⁹ that was to be stored, as shown below:

	Wheat	Barley
Salamanca and Ciudad Rodrigo	50,000	50,000
Tuy	25,000	15,000
Badajoz	20,000	15,000
Seville and Lucena	15,000	15,000

These were the amounts that were thought to be necessary for starting the campaign, but they were as yet rough-and-ready figures. Witness the vague reference to Salamanca and Ciudad Rodrigo, cities that are 88 kilometres apart. By January 1762 the plan had been fleshed out and the purveyor was told to increase the amount of wheat

³⁹⁶ Torres in Aquerreta (2002), p. 109-11, 118 and ff.

³⁹⁷ Esquilache claimed on 26 December 1761 that he had told Mendinueta "over ten or twelve days ago", meaning that this notice had been given before the general order of 19 December. Moreover, Mendinueta was in Madrid and could have received the notification immediately. A.G.S., S.S.H., 986.

³⁹⁸ As is well known, Esquilache had been an *asentista* in Italy, so he was well versed in the details of the work.

and barley in Castile to 70,000 fanegas and 80,000 fanegas respectively, substantial increases on the initial figure. As for the cost of that, when these calculations were being made, the appointment had not yet been made of the heads of the *Cuerpo de Intendencia* of each particular army that was to consume and pay the procured goods. Once these appointments had been made, Mendinueta received in February a first procurement advance of four million reals⁴⁰⁰. Under these circumstances, the grain was arriving at a reasonable pace time, the action being closely controlled by Esquilache from Madrid⁴⁰¹. The following table shows the speed with which the purchases were being made in Castile (the amounts in fanegas):

Wheat Barley Total

6 January	25,541	15,419	40,960
13 January	36,999	23,572	60,571
13 February	57,877	47,712	105,589
20 February	58,595	56,514	115,109

These figures show that Mendinueta's employees had done their work well. At first the rate of purchases was fairly swift, about 60,571 fanegas of both products in the first two weeks of January (perhaps including a few days of the preceding December). The pace dropped in the following month, however, when only 54,538 fanegas were purchased, meaning a fortnightly rate of 27,000 fanegas, only half the purchasing speed of the previous month. One of the employees of Mendinueta, Michelena y Goyeneche, remarked on 10 February that they had run into some snags because "the sellers are dragging their feet". The purchases had a clearly observable impact on the local markets: at first there were no problems because the supply was abundant; as levels

³⁹⁹ One *fanega* equals 22.5 litres.

⁴⁰⁰ Out of a total invoice of 10.9 million reals, according to the accounts of the army treasurer.

dropped thereafter the sellers, seeing the army's pressing need, began to bide their time in the hope of higher prices.

Nevertheless the provisioning work continued unabated. The figures show that by the end of February the stockpiles in Castile were on schedule to achieve the final amount hoped for by the end of March. In Extremadura and Andalusia the operation was even more successful because the scheduled total had already been reached. In Galicia there were more problems due to the sea-transport factor. The purchases made in inner Castile had to be sent by sea through the ports of Santander and Bilbao, but the operation was put back nearly a month by poor weather, and English corsairs operating just off the coast of Asturias managed to seize some ships. While waiting for the Castilian grain, Galicia received 7800 fanegas that Mendinueta had managed to buy in Amsterdam, showing his ability to overcome problems in local markets by turning to international markets. Despite all these endeavours and probably due to the stock problems on local markets, there was still a shortage of provisions in Castile when battle was joined. By the end of April Ciudad Rodrigo and Zamora had stockpiled between them 142,727 fanegas.

A further problem arose with the siting of the supplies. Under the first plan of attack most of them (97,652 fanegas) had been stockpiled near Ciudad Rodrigo and Salamanca, supposed to be the centre of the action. But a change of plans happened, being a further proof of the small yet significant uncertainties the government still had about the invasion. In the end the invasion started out from Zamora (62 kilometres to the north of Salamanca), and this decision created a serious shortfall of provisions in this place that became the centre of the action. At a particular moment arrangements had to be quickly made to shuttle the food northwards.

It is obvious that this indecisiveness was political or military in nature and makes no reflection on the real capacity of organising and provisioning the army. Fernán Núñez explains the problem quite simply. The initial intention was to concentrate the attack on Almeida and then advance on Lisbon afterwards. Ciudad Rodrigo and Salamanca were therefore the ideal sites for setting up the centre of operations. Soon afterwards, however, a Catalan engineer called Gaber appeared on the

⁴⁰¹ The minister urged all the necessary actions "for it is a question of the subsistence of an army that can brook no delay or laxness", he said.

scene⁴⁰², claiming to know Portugal well and recommending an attack further to the north, in the provinces of Miranda and Braganza, which would then open the gates for an attack on Oporto. Since this second plan was finally adopted, it meant transferring the main action to Zamora, producing delays and supply problems⁴⁰³.

6. Other Victuals or How to Fill the Soldiers' Knapsacks

The supply of other provisions worked in a different way. Orders were not made from a single purveyor; the army made the purchases itself or resorted to *asentistas* on an ad hoc basis. The provisions in question here are vegetables, pulses, rice, meat and firewood, all very different products but contributing towards the same end of feeding the troops. We do not know exactly how much was needed of these products but it was certainly more than the local area could provide and purchases had to be made elsewhere. In order to do so Esquilache mobilised the military intendants of the whole of Spain to obtain all sorts of pulses and vegetables in their local areas. Esquilache's correspondence gives an impression of feverish activity as he wrote to the intendants urging them to send to the front, as quickly as possible, all the produce they could get their hands on. It is half-comical, half-pathetic, to see how the intendants were forced to "go shopping" and quiz their underlings about prices and the chances of getting hold of given quantities of chickpeas or lentils. At the same time Esquilache was continually pressing Castaños to keep him abreast of how the provisioning arrangements were going. Many products were certainly sought in local areas, such as the inner provinces of Castile and Andalusia but others had to be sought further afield, such as rice, which was brought in from Valencia. Castaños himself was in the border area mobilising his *Comisarios de Guerra* of the *Cuerpo de Intendencia* to rustle up the necessary goods. The search was so intense that it even extended to Portugal, despite the war footing. There was really nothing very strange in this, given the longstanding tradition of private trading between the inhabitants on both sides of the border, both legal and illegal⁴⁰⁴.

Meat raised different problems because it could not be stored for long. The normal practice, as laid down in Military Ordinances, was for the army to buy animals

⁴⁰² Unfortunately we do not know whos this person was nor why the authorities did hear him.

⁴⁰³ Fernán Núñez (1988), Parte I, p. 165-66.

in the surrounding area. This task was delegated to the *vivanderos*, specialist civil victuallers who normally accompanied the regiments and were assigned to them. As the army arrived on the Portuguese border, however, it turned out that most regiments had no assigned *vivanderos*. The Intendent General then decided to take on the task of meat purchases himself through the *Cuerpo de Intendencia*. Although Esquilache reminded him that this was not the practice laid down in the ordinances, he had no choice in the end but to give way and accept what Castaños had done, firstly because it was not easy to come up with any other solution and secondly because the Intendent General had secured better prices even than those that were on offer in the city of Zamora.

The supply of meat was no easy task, as can be seen from examples of the problems that were encountered. The Intendent of Ciudad Rodrigo declared that the stockpiling of beef in his district would be easy whereas salt pork and lamb would be trickier because Madrid had stolen a march on them by purchasing 18,000 lambs. He also doubted whether he would be able to find suppliers capable of taking the livestock to the Portuguese border. The Intendent of Palencia had difficulty in finding mutton; there had been a high rate of sheep deaths locally because of a lack of pasture. The intendents of both Palencia and Toro said that beef was being brought in from Galicia, and that it would be difficult thereafter to find it in their own districts. The Intendent of Valladolid, finally, states that his province was entirely lacking in meat; it might be possible to find mutton in some villages but it would be in short supply and expensive, again due to the lack of pasture⁴⁰⁵. In short, war was to be waged at a time when the countryside was not exactly bountiful in food supplies.

7. Mules and Carts for the King: Makeshift Arrangements for Transporting Artillery and other Wherewithal

Laying on transport arrangements was no easy task for the army. The accounts of the army treasury tell us that no less than 7864 draught mules were hired for this campaign. The services of another 1332 carts were also hired with their corresponding

⁴⁰⁴ For information on the trading relations between Spain and Portugal, see Melón Jiménez (1999).

⁴⁰⁵ "Extracto de lo que contestan los intendentes...". Salamanca, 24 March 1762, signed by Castaños. A.G.S., S.S.H., 983.

draught animals. The figures are striking. Why was exactly this amount needed and, above all, how were these carts procured at such short notice?

From the transport point of view the most difficult and crucial task was the conveyance of the artillery from the foundry of Barcelona to the Portuguese border. The use of artillery meant that another link was added to the supply command chain. Earlier on in this same invasion year of 1762 the monarch had appointed the Conde de Gazola as Director General of Artillery. Gazola was a Neapolitan military engineer whom the king called upon to help him in the task of structuring this fundamental army corps⁴⁰⁶. Esquilache could therefore acquire the artillery only indirectly through the offices of Gazola. To phase the artillery logistical needs into the whole set of transport and supply arrangements, Esquilache had to make sure that Gazola had fulfilled his task, but Gazola came under Wall rather than Esquilache.

The decision-making chain was twofold. From one part were Wall, Gazola and the artillery director at Barcelona, from the other part were Esquilache and the Intendent of Catalonia. In the end, the Intendent should ask for his needs to the artillery director at Barcelone, but the director had to wait for his orders. Normally the command chain worked because Esquilache first passed on his needs to Gazola; but sometimes Esquilache had to remind Gazola to give the due orders. Judging by the evidence, it seems that Esquilache moved more quickly than Gazola and Wall.

Surely Barcelona was chosen as the site for making the two artillery batteries⁴⁰⁷ because it was the best stocked foundry at the start of the war. Nonetheless it could hardly be expected to meet the whole demand immediately. In fact, in January 1762, the Intendent reported that the foundry lacked many components for completing the barrage guns, although attempts were to be made to step up the work⁴⁰⁸. The two artillery batteries sent out from Barcelona for the war ended up in Zamora. Later on more artillery would be called up, this time sent from Seville to Ciudad Rodrigo. The situation was similar in terms of carts and wagons and the Intendent of Barcelona said they would have to be sought in other provinces. Others were made expressly for the

⁴⁰⁶ Gazola ended up establishing the Segovia Academy and is hence a key figure in the history of Spanish artillery in this period. Borreguero Beltrán (2000), p. 157.

⁴⁰⁷ The Barcelona artillery foundry was one of the two in Spain that made bronze cannons in the traditional way. It would be overhauled after the Seven Year's War to bring it into line with the new techniques in artillery casting. Helguera Quijada (1987). The other military foundry that made bronze cannons was Seville. It also ended up sending cannons to the Portuguese front, but after Barcelona.

purpose. It is obvious that these transport arrangements were by no means straightforward.

We do not really know what these artillery batteries consisted of⁴⁰⁹. There were probably different ways of organising them. In any case a typical battery included 12 pounders, 8 pounders and 4 pounders⁴¹⁰ and howitzers with their corresponding carriages called *cureñas*, munitions carts and carts of all types of equipment and tools for organising and setting up the artillery. According to Morla⁴¹¹ the conveyance of an artillery battery called for 675 carriages and 3072 mules⁴¹²; these are impressive figures that tally perfectly with the transport resources used by the army sent to Portugal.

The first step taken in the transport arrangements was the signing of an *asiento* by the Intendent of Barcelona with the merchant Forn y Milans on 11 January 1762 for the supply of 3000 draught mules for pulling the cannon limbers and carts for carrying other munitions and equipment. Shortly afterwards, specifically ten days later, another *asiento* was signed with Carlos Costa for supplying another 750 draught mules for pulling the cannons⁴¹³. In other words the cart and mules problem had not yet been solved; there was no general *asentista* to see to these matters as there was with the supply of grain. Nonetheless there were established channels, which were set working immediately.

The signing of these *asientos* is another indication that the invasion timeframe had been calculated with little sense of real possibilities. The signing of an *asiento* contract involved a public auction procedure that would inevitably take some time. The arrangements were rushed through as much as possible, however, for the orders to begin the procedure were not given until 29 December and we have already seen when the first *asiento* was signed. But the problem did not end with the signing of the contract; the *asentistas* then had to be capable of getting hold of the animals. The contract with Forn y Milans, for example, laid down that the first 1000 mules would not be ready until early February and the remaining 2000 by early March. Costa, for his part, undertook to supply the first 400 mules within one month and the remaining 350 in the

⁴⁰⁸ A.G.S., S.S.H., 982,1.

⁴⁰⁹ The documentation offers details on the number and type of cannons sent but we do not know if these figures represent the total figure or only part thereof.

⁴¹⁰ The numbers indicate the calibre.

⁴¹¹ Morla was the author of a *Tratado de artillería* (Artillery Treatise) that was highly regarded in its time, published in 1786.

⁴¹² Gómez Ruiz and Alonso Juanola (1991), vol. II, pp. 178-79.

next month, giving a deadline of the end of March. Taking these dates into account it is clear, once more, that the initial invasion date was marked without a proper estimate of what exactly were the needs.

We have mentioned these two *asentistas* by way of example but they were not the only ones who participated in the transport arrangements. The operation was much more complex. Overall there were 31 contractors of various types for supplying mules and carriages. Some were *asentistas*, i.e., businessmen trading in various activities for whom this operation was one of the very varied range they could carry out. These included the abovementioned *asentistas* plus others such as Ramón Casellas (1000 mules) or Juan Alonso and co. (500 mules). In all there were 19 *asentistas* of different levels supplying a grand total of 7394 mules. Another 470 mules were obtained by means of the garnering system (*sistema de acopio*), whereby it was the army employees themselves who went round the local villages and towns in search of the animals. This method usually involved direct procurement from the owners of the mules or from go-betweens who pooled animals from several localities. There were 12 of these owners and go-betweens in total.

As well as the mules, there was the problem of the carts and carriages, that were obtained in different places, both near to and far from the battle front. There is evidence that some of the carriages made the journey already loaded up while others simply made their way to the Portuguese front to meet the immediate transport needs of the campaign army. Be that as it may, the treasury accounts record the hiring of 1332 carriages, carts, covered and uncovered wagons of various types hired in the eastern zone of Spain (Catalonia, Valencia and Murcia) and above all in Soria (nearly 800) plus a few in diverse places along the border. The formulae used for obtaining the carts were just as varied as the solutions for obtaining the mules. On the one hand the requisitioning system, forcing the owners to make over their carts, and, on the other, the contract with professionals, such as the most typical case of the carts from Soria, belonging to one of the biggest and most important Carters' Associations (*Real Cabaña de Carreteros*) in Spain. In total there were 32 contracts of this type.

8. Finally, the Funds

⁴¹³ These can be consulted in A.G.S., T.M.C., 4571 and 4572.

How much did all these preparations cost and how were the funds raised to pay for them? First of all, the costs. The treasury accounts of the army sent to Portugal refer to three main expenditure items: firstly the wages of the campaign troops; secondly, minor costs related to the military campaign and unspecified extraordinary costs and, finally, the payments made to *asentistas* for the diverse provisioning services. These accounts did not include the costs of uniforms, weapons or munitions because these items did not come under the treasury's responsibility⁴¹⁴.

Two of the expenditure items – salaries and other campaign costs – refer strictly to the warfare action itself, i.e., the costs incurred from the moment the troops went into action (5 May) until the war ended and the soldiers returned to Spain, in December⁴¹⁵. The third type of expenditure is the one that refers to the payment of *asentistas* and contractors of victualling services in general. These costs were incurred from the moment in which the service began (that is, in January 1762) until the end of the campaign, for although the supplies were stockpiled before the action started they were still sought in the ensuing months⁴¹⁶.

The main expenditure items were the following⁴¹⁷:

1- Wages		27.8	million	reals
2- Other minor costs	2.6	"	"	
3- Extraordinary costs	7.0	"	"	
4- Provisions by the army itself	1.5	"	"	
5- Provisions by <i>asiento</i>	35.4	"	"	
TOTAL EXPENDITURE	74.3	"	"	

⁴¹⁴ A more detailed study of the costs can be found in González Enciso (2004).

⁴¹⁵ In fact the Spanish began to withdraw in November, not because "nothing could be gained from the peace negotiations" (Black, 1994, 138) but precisely because the preliminary peace agreement had been signed (Palacio Atard, 1946, 244). Certainly the fiercer than expected Portuguese resistance and the bad weather had already blunted the Spanish army's resolve when news came of the preliminary peace agreement. The war was over.

⁴¹⁶ In this paper we have referred only to the preparations (January to May), but the provisioning activity continued until the war ended and payments to the *asentistas* went on throughout this whole period.

The item of interest to us here is the fifth, referring to the expenditure on the provisioning services that we have already examined. The above table shows that this item was the largest of the whole budget, accounting for up to 47.6% of the total expenditure. The next largest item was wages of the whole military personnel, accounting for 37.4% of the expenditure.

The figure of 35.4 million reals for payments to the various provisioning services showed the following breakdown:

1- Payments to Mendinueta	10.9 million reals		
2- Payments to transport contractors (including mules and carts in general)	21.8	"	"
3- Payments to the hospital <i>asentista</i>	2.7	"	"
TOTAL ⁴¹⁸	35.4	"	"

Note that the payment for transport services is the largest item among all those referring to contracts with persons outside the army. This payment represented 29.3% of the total expenditure. If this figure is broken down into *asientos* of mules and *asientos* of carts, the payments to mule *asentistas* comes out as 14.7 million reals while the cart payments add up to 5.2 million reals. To this must be added a further figure of almost 2 million reals spent on diverse complementary transport services. The total expenditure figure was therefore significant for a service that involved a variety of persons of different levels scattered about the whole of Spain.

The other significant expenditure figure corresponded to grain provisions. The grain victualling business, with a single purveyor, was obviously an appreciable business since the total sum paid for it, 10.9 million reals, went to a single firm, the house of Mendinueta. This gives a good idea of the spending power needed by this firm and other merchants of its level, and of their possible benefices. But the risk was also

⁴¹⁷ All the accounts are kept in A.G.S., T.M.C., 4562.

⁴¹⁸ There are other minor costs adding up to a few hundred reals, which do not alter the overall figures shown to one decimal place.

high. Although they did receive some advance payments⁴¹⁹, they always had to pay out more themselves, and what might seem in principle to be a good deal might turn out not to be so advantageous. In practice two years after the end of the war, in November 1764, Mendinueta was still writing to Esquilache pleading him to make the final settlements, for his business was threatened "by the debts run up in providing the campaign victuals"⁴²⁰. This example shows the risk of long-term downside to companies and individuals of a type of business that became overly dependent on state demand⁴²¹.

The second question we asked at the start of this section referred to how the money was raised to defray this expenditure. The answer seems to be straight forward in this case. Esquilache was lucky enough to inherit a healthy treasury on his arrival in Spain. The reforms carried out by Ensenada had increased revenue, while the years of peace had certainly cut down royal expenditure⁴²². The result, strange as it might seem, meant the possibility of saving money. Some nineteenth-century authors had already made this point. Ferrer del Río, for example, pointed out that Esquilache "found a store of two hundred million reals on his arrival in Spain", with which he defrayed, among other things, "a war short on duration and long on ruinous accidents"⁴²³.

What we find in the treasury accounts of the Portugal army is that its expenditure was covered by a "reserved deposit", a veritable treasury, a room full of gold and silver coins of varying types and values. Access thereto was controlled by the Treasurer General and another two high-ups from the Treasury General⁴²⁴. The only references ever made to this deposit seem to be those made by Barbier and Pieper⁴²⁵. The latter indicates that the deposit was funded from revenue recorded as extraordinary Treasury expenditure. In other words a sum regarded as surplus to requirements was

⁴¹⁹ For information on the importance of advance payments in this business, see Torres Sánchez (1999), p. 104-06.

⁴²⁰ A.G.S., S.S.H., 981.

⁴²¹ R. Torres Sánchez comes to a similar conclusion in analysing various navy provisioning businesses. Torres Sánchez (2000), p. 131.

⁴²² For general information see González Enciso (2003), chap. 7.3. For expenditure in particular, also R. Pieper (1992), p. 161.

⁴²³ Quoted by Andrés-Gallego (2003), p. 162. The war referred to is obviously the Portugal campaign of 1762. This comment clearly shows Ferrer del Río's opinion of the military aspects of this war.

⁴²⁴ The explicit mentions of this deposit serving as treasury to the Portugal army are made in A.G.S., S.S.H., 981,2.

⁴²⁵ Barbier (1984), Pieper (1992).

assigned for some time to the deposit so that it could cover unforeseen or extraordinary costs in the future. Pieper records the funds in the deposit in 1761 as exactly 200 million reals⁴²⁶, the same figure quoted by Ferrer del Río. Given that the war expenditure in Portugal amounted to slightly under 75 million reals, this deposit easily covered the costs incurred.

The total amount handed over to the Army Treasurer, Miguel Ventades, was 74.9 million reals and he spent all of it⁴²⁷. Of this sum Ventades received little more than 74 million reals in cash from the hand of the Treasurer General, taken from the deposit during 1762 and 1763. The rest he received in the form of small financial bills. The first handovers of money were received in March 1762 (40 million at that time); from that moment on, therefore, he could defray the costs of the provisioning arrangements. Between March and December 1762 he received 71.8 million reals in several remittances; this meant that before the end of the war he had received most of the money he needed to cover his costs. He received another 2.2 million reals in 1763, i.e., with a reasonable delay. He was able to close the accounts in 1764.

As we have seen a very high percentage of the money needed for making his payments was received by the treasurer in cash. This must have been useful for paying the soldiers' wages and also for progressively paying off the small-scale provisions. We have no detailed information on how the various *asentistas* were paid, although we suppose that cash payments were made to their representatives, who were responsible for making the grain purchases in situ. Neither do we know whether the mule *asentistas* were paid in Barcelona or on the Portuguese border; we can say only that the sums owing were noted down in the accounts of the Portugal army treasury, and that the latter only had cash to make its payments. This is somewhat surprising, for the sums noted down in the accounts are sometimes large. There must have therefore been a busy shuttling of cash to and fro to make all the payments.

A curious thing about this war, apart from its apparent uselessness, is that it was paid for without drawing on the treasury's ordinary revenue. All the expenditure was funded by means of money expressly saved up to meet unforeseen and extraordinary costs; consequently, this is then one of the very rare cases in which a conflict was

⁴²⁶ Pieper (1992), pp. 164-65.

⁴²⁷ There are small differences between this figure and the total expenditure figure, already given, and also the army treasury revenue, as we have accounted for it. These

waged without impinging at all on the ordinary budget. It is the case that we are not counting the cost of arms and munitions, and the overall Spanish intervention in the Seven Year's War did have a big impact on the Treasury, for the navy budget soared in a few years. The Portuguese conflict, however, did impinge only on the reserved deposit. This war and other extraordinary costs whittled the deposit away in a few years. Afterwards it seems that there was no money left for continuing with this particular system of emergency aid.

Conclusions: How well did they cope?

The study of the mobilisation of the troops to form the Portugal-invasion army in 1762 poses two important efficiency questions: firstly, whether the troops, suitably victualled, could be got to the right place at the right time to start the action and, secondly, whether they were properly trained and equipped to triumph on the battlefield. It is the second military question that historical research has tended to dwell on, always giving a negative judgement. The Spanish army's battlefield effectiveness in the years around 1760 was poor, either due to the long period of inactivity or because not enough attention had been paid to its organisation⁴²⁸. The purport of the first question, however, which we have tried to deal with here, is quite different: how efficient were the pre-battle preparations?

The moot question here is how far any military inefficiency was bound up with the state's capacity of mobilising army resources. This mobilisation depended on varied actions in different fields. As we have tried to point out, it seems fairly clear that there was a high degree of inefficiency in terms of the political decision taking. It should be remembered that there were initial doubts about whether to wage the war or try to mediate in a peace treaty between France and Great Britain. Once it was decided the war, the Portuguese campaign seems to have been somewhat hasty. Given the logistical

differences, negligible in any case, are due to small items that we have been unable to track down.

⁴²⁸ Charles III began to reorganise the various army corps in late 1760, starting with the infantry. The last reform was made in 1749, since when no important conflict had been engaged in. The war with Portugal therefore came right in the middle of an organisational change.

complications of the operation, the invasion of Portugal could never have been a surprise campaign. The politicians miscalculated the military timeframe, thus giving Portugal time to organise its defence and receive reinforcements from Great Britain. The resistance of the Portuguese people was also badly underestimated.

From the logistical point of view, however, the initial spadework could be regarded as fairly successful, especially in view of the sheer scale of the operation. Spain had money at that time and could therefore pay for the campaign. The troops were moved at a normal speed for those times and arrived at their destination points in the shortest time possible. The grain victualling system had already been organised through the Purveyor General, whose arrangements worked well. The system for finding *asentistas* and other contractors for preparing the transport services was also a fairly well drilled affair. Everything seems to suggest that these services worked satisfactorily. In sum, once the orders had become clear, the country's bureaucracy – both civil and military – coped efficiently with the logistic organisational function.

Public Finances and Tobacco in Spain for the American War Of Independence

Rafael Torres Sánchez

Introduction

Some historians have stressed the causal link between a state's political system and its capacity of raising war funds.⁴²⁹ According to this theory, the main difference between European States in the Early Modern Era in terms of mobilising war resources resided in their constitutional systems. Parliamentary monarchies and republics were more efficient at raising taxation levels and guaranteeing payment of the public debt. Absolutist states, on the contrary, were balked from increasing taxes by a host of intermediate powers and would therefore be more prone to resort to arbitrary and imprecise funding policies. This limited their capacity of mobilising economic resources for warfare.

In fact this link between the constitutional system and the mobilisation of war funds may not be quite as straightforward as it seems. In the opinion of David Stasavage the existence of a given constitutional system is not in itself a sufficient condition for ascertaining a state's capacity of meeting its war expenditure needs; a study must also be made of how the institutions of each political system were harnessed for this purpose and what was the level of commitment and participation of the political and economic elites in the mechanisms set up for mobilising the money to finance war.⁴³⁰ Parliamentary constitutional systems were in fact no guarantee of efficacy and neither were absolutist governments of failure. There are more factors at work here than the mere existence of certain institutions, and a more complex interplay between them.

This paper aims to contribute some reflections to this debate, based on the case of Spain and its efforts to finance warfare in the years running from 1774 to

⁴²⁹ North and Weingast (1989).

1783. The eighteenth century debate has traditionally centred on the cases of Great Britain and France. The Spanish monarchy in theory would slot into the model of French absolutist monarchy and should therefore share the limitations of the French constitutional system in raising funds for the American War of Independence. Viewed in this light Spain would appear as an absolute state without backup or control from a national representative body, exercising an executive and presumably arbitrary fund-raising policy. This policy would in theory have sparked off fierce opposition from taxpayers and a marked uncertainty on capital markets, duly reflected in high interest rates on public debt. This would all limit the Spanish absolute monarchy's efficiency in raising resources and waging war. In fact, a detailed analysis of the warfare financing process in Spain shows quite a different picture. From 1774 to 1783 Spain had to confront a series of large-scale wars, even more extensive than those taken on by France and also carried out on a world stage. At the end of this bellicose period, however, Spain was not lumbered with an ungovernable public debt and had not raised taxation levels to the point of provoking taxpayer revolts. Unlike the French and English monarchies, the Spanish monarch proved able to mobilise the necessary funds without running up crippling debts after the war. One of the reasons for this efficiency lay in the policy pursued in the fiscal and financial use of the revenue from tobacco consumption. Far from being incommensurate or arbitrary, this policy was presided over by a sense of prudence and the creation of sure and stable legislative frameworks, i.e., a political situation much more complex than the mere existence of institutions.

The Spanish Exchequer (“Real Hacienda”). Indirect Taxes and Budgetary Equilibrium.

In what sort of state was the Spanish Exchequer, the “Real Hacienda”, before the start of this war? The public finances of the 1770s were very different from the dire image of the Spanish “Real Hacienda” of the seventeenth century: heavily indebted, out of control, constantly flirting with bankruptcy and with most of its revenue mortgaged and run by private financiers, mainly foreign. Throughout the eighteenth century the successive Spanish governments had managed to whittle down these mortgages and increase the state's control over public finances.

⁴³⁰ Stasavage (2003), p. 173.

Unlike France, the Spanish crown had already succeeded in ousting private financiers from the management of public revenue by about 1770.⁴³¹ In Spain, from the mid eighteenth century onwards, the main taxes and fiscal contributions were run directly by servants of the state. The ousting of these private financiers from the management of public revenue deprived these individuals of a channel of economic, social and even political promotion but also meant that state could no longer turn to them for loans⁴³². The Spanish state therefore took on responsibility for organising and running tax collection and the expenditure thereof, also transferring most taxes to the royal coffers. This whole public management set-up was controlled by a national accountancy system and by taxes.⁴³³ The Exchequer Secretary was hence given a reasonable degree of control, knowledge and working capacity over the “Real Hacienda”. All this favoured the development of balanced-budget policies, avoiding public-spending deficits and indebtedness, especially in times of peace. In fact, at the beginning of the 1770s, the situation of the “Real Hacienda” was quite different from that of Great Britain and France, which were faced with a high level of public debt. But neither did it have an organised market of public debt and a general public used to participating in the buying and selling of securities, and this was to prove an even graver handicap in the future.⁴³⁴

Furthermore, the reduction of Spain’s imperial world strategy after the Treaty of Utrecht removed the costly problem of Flanders and trimmed military expenditure to a more national and colonial dimension. The main fronts of international conflict were the Mediterranean and, above all, the Americas. The latter theatre was the most intense and also the most profitable, for Spain’s war effort in its American colonies bore a direct proportion to the degree of control over the colonial economy and trade and the revenue obtained therefrom. The growing colonial dimension of Spain’s international conflicts in the eighteenth century was the main driving force behind its military

⁴³¹ Velde (1992), p.

⁴³² In our opinion these financiers have all too often been unjustly written off as parasites of the state, their businesses being represented as a pillaging of public goods. This negative image plays down their worth in offering possibilities and opportunities, both for public finances and the development of national capitalism. Seventeenth-century Spain is an example of what might happen if a state had to hand no private financiers ready to provide such services and funds as it demanded. Resort then had to be made to the international capital markets or foreign financiers, with a concomitant increase in transaction costs.

⁴³³ González Enciso (2003 c).

rearmament, mainly naval and the crown's keenness to boost colonial tax revenue. The years running up to the American War of Independence were especially important here. After Spain's defeat in the Seven Year's War the crown carried out a thoroughgoing reform of colonial taxation, allowing it to increase colonial tax transfers to the "Real Hacienda".⁴³⁵

But this trend of whittling down mortgages and increasing the crown's control over the "Real Hacienda" was not all plain sailing. The most important snag was the crown's inability to thoroughly overhaul the taxation structure and widen the taxation base. An increase was obtained in the taxation contribution from the territories of the old Crown of Aragón, by reducing their previous taxation privileges, but Spanish ministers, just like their opposite numbers in Great Britain, proved incapable of setting up a direct taxation system or of amending the land tax.⁴³⁶ In the middle of the century the Spanish government made a considerable effort to assess the wealth and income of the spaniards and set up a more proportional taxation system, the so called "Catastro de Ensenada" but these attempts came to naught. The increase of the taxation revenue of the "Real Hacienda" therefore continued to depend more on consumption and trade taxation than any tax pressure on ownership, wealth and production. A glance at the accounts of Spain's General Treasurer several years before the conflict shows the importance of the revenue from consumption and trade. See Table 1.

The Spanish Real Hacienda enjoyed a notable structural stability and budgetary equilibrium. This was one of the outstanding characteristics of Spain's public finances from the end of Philip V's reign.⁴³⁷ Spain's lower-key participation in wars made it easier to balance the books, but this was also aided by the existence of extraordinary revenue in the form of precious metals from the American colonies, which was "set aside" for extraordinary expenditure. This precious metal was literally kept in a

⁴³⁴ Wright (1999).

⁴³⁵ Marichal (1997).

⁴³⁶ O'Brien (1988). Great Britain managed to reap a healthy dividend from direct land taxes only at the beginning and end of the eighteenth century. For most of the century the governments were unable to modify or increase land taxation (Ibid., p. 3).

⁴³⁷ The Spanish Real Hacienda frequently failed to balance the books during Philip V's reign. The main reason for this was the greater number of conflicts in those years, but another important factor was a treasury controlled less by the state and more by private entrepreneurs, who acted as rentiers and financiers, even with some political say, in a model similar to France's.

“Deposit” in the Madrid court, building up a considerable capital, tantamount to about one year’s budget.⁴³⁸ Its function was to give the state some liquidity when it stood in urgent need of funds, as was the case in Spain’s participation in the Seven Years’ War.⁴³⁹

The Spanish Real Hacienda, with increasing state control and more balanced budgets, was easier to keep on an even keel. The levels of receipts and expenditure remained practically unchanged in the decades of the 1750s and 1770s, and its structure changed little as a result. Trade revenue, at home and abroad, was the source most often tapped into to boost tax revenue, including taxes on wool exports and also the extension of the “*estancos*”, i.e., crown monopolies on the sale of certain products, such as tobacco, salt, playing cards, gunpowder and stamped paper; a model exported with notable success to the colonies.⁴⁴⁰

This structure ensured the state a stable and solvent Real Hacienda based on minimum and strict levels of revenue and expenditure. Any tipping of this delicate balance either way, towards the receipt or expenditure side, could seriously jeopardise these two characteristics (stability and solvency); in fact, in the years immediately preceding the American War of Independence the Spanish Real Hacienda was always on the verge of instability and imbalance. The main problem was that there were no more reserves, and hence little reaction capacity, apart from the reserves available in the “*Depósito*”, which in any case were gradually eaten away during the 1760s. In any fiscal-military European state the change from peace to a war footing was always a strain on its treasury, but for the Spanish Real Hacienda the challenge was going to be huge. Many financing possibilities were closed off: it had no chance of setting up a direct taxation system or turning to private financiers; it was completely dependant on consumption and trade taxes (precisely those most affected by war) and had no public debt market. For all these reasons its financing of this great conflict, a true clash of empires, was bound to be a stiff test of the Spanish monarchy’s efficiency in raising the economic wherewithal to wage the war.

Smoking as a new “Eldorado”.

⁴³⁸ Pieper (1992).

⁴³⁹ According to the research being carried out by Agustín González Enciso on this important war, the “*Depósito*” was one of its main funding sources.

⁴⁴⁰ Marichal (1999), pp. 76-77.

One of the Real Hacienda's main revenue sources in the eighteenth century was tobacco. It contributed even more to the royal coffers than the revenue received from the American colonies; in other words tobacco was a true "Eldorado". Its sheer economic importance prompted the monarchy to pay special attention to its organisation and control and to jealously guard control over its distribution and sale as a crown prerogative.⁴⁴¹ But this very prerogative gave the crown *carte blanche* for applying an aggressive fiscal policy to tobacco, to meet the urgent needs of the Real Hacienda.

The First Secretary of State, Conde de Floridablanca, in his *Escritos Políticos* (Political Writings) of 1787 referred to the Tobacco Revenue as the revenue "calling for most care and attention", for the simple reason, in the Spanish Secretary of State's judgement, that without this revenue "it would be impossible to cover the high expenditure of this monarchy".⁴⁴² The importance of tobacco revenue for crown finances was based on several reasons, not only economic ones.

In the first place the crown could use this revenue on an unbridled monopoly basis, justifying this privilege on the grounds that it had been legally granted by the realm and was to be justly used in the public interest. As a jurist himself, and a contemporary witness of an American Revolution sparked off precisely by a tax and legal controversy, Floridablanca thought it crucial to define the state's sphere of action on this revenue. According to Floridablanca, the crown was empowered to modify the fiscal use of tobacco because it was a crown "regalia" or privilege, offered voluntarily by the realm, assembled in parliament, and also because the crown used it as a depository of the realm's will. The kings were therefore free to husband it "without any covenant whatsoever that might hinder its power of setting and increasing prices".⁴⁴³ But these principles of legality and justice were not all; smoking was an act of voluntary consumption, even a "vice", so tobacco revenue was the perfect expedient for a government in urgent need of economic and financial resources.

Secondly, the sale and consumption of tobacco was the main source of revenue for the Spanish monarchy in the period running from 1768 to 1786, furnishing 17% of the revenue received by the General Treasury. See Graph 1 (Main Royal Revenue. Percentage of the Total Revenue of the General Treasury). Most of this revenue came from the sale of tobacco in Spain. The colonies sent the yield from tobacco sales more

⁴⁴¹ González Enciso (1988), (1989), (2000 b).

⁴⁴² Ruiz Alemán (1982), p. 200.

⁴⁴³ *Ibid.*, p. 201.

sporadically, mainly because this revenue was earmarked for the monarchy's expenditure in the Americas, but when it was sent, it could increase the revenue of the General Treasury by more than 35%. The biggest drawback of colonial tobacco's input to the Real Hacienda was that it faltered precisely in the years when it was most needed, the war years. The brusque interruption of tobacco revenue, both in the Americas and France, in the years 1780 to 1783 was bound up with the transport difficulties caused by the war against Great Britain and the urgent need of financing the war on the diverse fronts of the Gulf of Mexico. Nonetheless some evidence does suggest that the colonies were able to carry on sending cash from tobacco sales during the war years, though we have not taken it into account because it was not recorded by the General Treasurer in Madrid⁴⁴⁴. In any case the bulk of the revenue from tobacco sales in the Americas must have been used in the colonies, as is evidenced by the tiny contribution from tobacco sales in the years following the peace treaty. In other commodities there would be a backlog during the war and then a rush of funds to Spain when peace opened the floodgates. This did not happen with tobacco. As is well known, war expenditure does not stop with the peace treaty; the demobilisation of the troops could even be just as expensive as the mobilisation. In fact it was not until 1786 that the colonies were once more sending large sums, on this occasion 40 million reals, nearly half the net yield of Spanish *estancos* in that year.

Tobacco could also be sold directly to France. According to the General Treasurer's accounts, the sale of tobacco to France was limited to the years 1777 and 1779 and raked in a total revenue for the Real Hacienda of nearly 13 million reals. The sale of tobacco to France seems to have been tied up with the capital transfers between the Bourbon monarchies to help the insurgent American colonies during the first years of their confrontation with Great Britain.⁴⁴⁵ See Table 2.

⁴⁴⁴ Witness the offer made to Miguel Múzquiz by Francisco Cabarrús, in late 1780, to advance pesos sencillos in Spain in exchange for receiving the tobacco tax revenue of Nueva España, Mexico, in pesos fuertes: "the 3 million pesos fuertes sailing towards these realms come from the tobacco revenue of Nueva España, which was applied from the word go to the treasury over here (Real hacienda of Spain), so this method is nothing new, for it has been enjoyed in times of peace, gleaning much praise for the indefatigable endeavours of José de Galvez to increase the proceeds" Madrid, 19-12-1780, AGS, SSH, lg. 997.

⁴⁴⁵ Dull (1975), 48. Several accounts entries of the General Treasurer show us that the Spanish crown had a contract with the *asentistas generales* (purveyors) of France whereby Spain directly sold them tobacco in Cuba. France's payments were made in Cádiz, through a merchant, Arnaldo Fornier, and the money was directly paid into the

This pole position of tobacco as the main revenue source of the Real Hacienda was reinforced in the years running up to the war. From 1768 to 1775 the tobacco revenue input to the Real Hacienda rose by almost 60% and its share of crown revenue rose by over 5 percentage points, peaking in 1775 at 24.6% of the total revenue of the Spanish crown. See graph 2. Tobacco's outstanding position as a money spinner and the ever upward trend in the pre-war years helped to stoke up an almost unlimited and even euphoric sense among Spanish governors of its huge fiscal and financial possibilities.

Thirdly, tobacco revenue was important to public finances due to the efficiency and speed with which the tax made its way into the royal coffers. Over 80% of the tax receipts in one year came from sales made in that same year. See Graph 3. This liquidity and rapidity was matched by no other royal revenue. The reason for this efficiency lay in the wide-ranging tobacco sales and distribution network, organised and controlled by the tobacco-revenue functionaries. This ensured that tobacco could be sold throughout Spain but also offered ready-made channels for receiving the tax and sending it on to the main revenue treasuries. The tobacco-sales administration itself both allowed and demanded a strict control of tax receipts, thus ensuring that the taxes found their way into the coffers much quicker than with other commodities. The problem was the high cost of keeping up a vast and complex public administration, the expense of which represented 30% of the revenue received for this commodity.⁴⁴⁶ See Table 4.

Tobacco hence furnished the Real Hacienda with huge revenues, which were also received much quicker than other revenues, albeit at the expense of keeping up a vast administration and an army of public functionaries. But all this made tobacco

Depositaria de Indias of Cádiz, as was the revenue from the tobacco sold in the Americas. "leaf tobacco from the Isle of Havana and a contract of the Real Hacienda with the *asentistas generales* of the same revenue in the Kingdom of France". AGS, DGT, Inv. 16 Guión 19, lg. 38.

⁴⁴⁶ According to a 1760 report sent by the English embassy in Madrid to the English government on the revenue of the Spanish crown, the tobacco tax-collection expense was 34.9% of the revenue, while the cost for provincial revenue was 3.8% and for general revenue it was 4.1%. According to the figures of this source, tobacco revenue for this year was 1,232,296 pounds sterling, (110,906,640 reales vellón), representing 19.8% of the total revenue of the Real Hacienda, a higher share than the tax input of the American colonies, which accounted for 14.2%. On the other hand the tax-collection expense was also the highest, 430,911 pounds (38,781,990 reales). According to the figures of the English embassy, a total of 20,357 people were employed on this task. The functionaries and employees of the Tobacco Revenue made up a veritable army, at least as compared with those in charge of collecting other taxes. The Provincial

revenue an authentic “crown jewel”, which could be used by the crown with unfettered freedom. The question now is how the Spanish crown did in fact choose to use this important source of income.

The “Military Encumbrance” of Tobacco

The question of what use the revenue was put to is a moot point, for the previous history of Spanish public finances had shown a marked tendency to encumber public revenue, to assign fixed expenditure allocations to it or even use it to secure loans, thereby practically ruling out its application to any other type of expenditure. In the case of tobacco everything seems to indicate that, at least during the reign of Charles III, the revenue from tobacco taxes was earmarked almost permanently for financing military expenditure.

So vital was the setting up and maintenance of armed forces to Charles III that a strong link was established between tobacco and the army; this also tended to preserve the revenue from the temptation of loading it up with allocations (fixed sums to cover given expenses) and other encumbrances.

At least from 1760 onwards we find specific orders from the treasury secretariat to the tobacco-revenue administrators for the money received to be paid over directly to the army. Stress is placed on the following factors: a continual flow of information should be sent on the flow of funds in each administration; all the treasuries of the tobacco administrations should draw up a final balance of the money in hand by the end of each month and send it on routinely and without delay to the treasuries of the army, where it would be noted down as handed over to the General Treasurer.⁴⁴⁷ On its return to the royal coffers the money would end up in the military treasuries. This is important, because this permanent liaison between the tobacco treasuries and the army treasuries helped to convert the transfer channel for tobacco revenue to the Real Hacienda into a long-standing and solid arrangement. The army needed this contribution for its monthly subsistence and would brook no delay.

Revenue employed 553 functionaries and the General Revenue, 644. British Library, Add. 36.806, ff. 124-128.

⁴⁴⁷ Real Instrucción (Royal Instruction) 10-11-1760, “a balance be struck at the end of each month and any such funds as may exist be sent without delay to the corresponding army treasury”. Gallardo (1808), p.96. On 27-2-1768, Miguel Múzquiz insisted on the importance of continuing to abide strictly by the instruction of 1760, ordering all end-of-month funds to be set to the army treasuries.

This system for controlling accounts and sending the money to the military treasuries was maintained and even stepped up in war years. In 1780 the administrators of the territorial districts were ordered to hand over this information to the administrators of each province by the 15th day of each month.⁴⁴⁸ This system of control and monthly dispatch was altered only in moments of the utmost wartime urgency, as in late 1781. Then the Exchequer Secretary, Miguel Muzquiz, ordered the revenue administrators and treasurers to continue complying with the order of sending to the army treasuries all the funds received “on a monthly or even weekly basis, all the proceeds thereof in the same kind it be received in, without leaving in the treasuries any funds except to cover essential administration costs,”⁴⁴⁹.

The military encumbrance of tobacco tended to pre-empt its being overly charged with other allocations. Such a healthy source of income might be thought likely to be loaded up with a growing number of ordinary and extraordinary expenses. Although the matter has been little studied yet, there is enough information to suggest that the annual allocations on the tobacco revenue were not excessive. See Table 5.

Table 5 pools those years in which the documentation explicitly indicates the reductions imposed on the collected revenue. What interests us for our purposes here is not so much the reduction from gross to liquid, mainly the result of administration and salary costs and overheads, but rather from liquid to net, for this is where the allocations came in. This expense, the encumbrances, was a maximum, for inclusion was also made here of administration costs such as the wages of the factories, the customs receipt of Vitoria or even the purchase of tobacco. All in all, there seems to be a clear downward trend during the first decades of administrative control of the revenue by the crown. At the end of the 1730s the liquid-to-net reduction entailed a 21% loss in available funds, whereas two decades later the reduction was only 12%. The same goes for the *juros* (pensions on public revenue) in relation to tobacco revenue. Figures to hand show that *juros* made very little impact on the liquid amount, only about 0.5% and even with a tendency to fall further.

According to all the evidence, therefore, the incidence of allocations on tobacco revenue was low. This situation did change somewhat in the last third of the eighteenth century, when the state's urgent needs prompted it to set up debt with this revenue as collateral. But even then the charge imposed on this income did not seem to

⁴⁴⁸ Real Orden (Royal Order) 29-4-1780, Gallardo (1808), p.134.

be excessive, less than 8% of the liquid figure. The numerous charges built up throughout the century, with annual allocations in hospitals or academies, added up to only 1% of the total of these annual payments deducted from the revenue. The most important part was the mortgaging of public debt, which reached the figure of almost 7%. In this item the *juros* were still a small charge on the revenue.

It can therefore be safely claimed that the strong link between the tobacco revenue and the army treasury, a “military encumbrance”, helped to free the revenue from an accumulation of charges and allocations to which it would otherwise have very likely been prone. The military priority was far more pressing for the monarchy than any other consideration of public service. This situation changed only at the end of the century, prompted by the need to expand the public debt. Nonetheless the change was never so drastic as to invalidate or jeopardise the economic contribution of tobacco revenue.

The Dilemma of Whether to Increase Taxation or Conserve the Tobacco Revenue

Just as there was an evident danger of loading up the revenue with fixed payments or allocations, thus undermining its utility, there was also an even greater danger, namely the temptation to continually increase the taxation load on tobacco. The crown was free to increase or create taxes at will, with no legal or political restraints to cramp its style. Furthermore, its Real Hacienda had ended up financing itself on the basis of indirect rather than direct taxes. As if that were not enough, tobacco was the favourite target of most political writers who advocated a price mark-up policy, on the grounds that it was not only a staple consumer product but was also to some extent a vice. In this context, placing a heavy tax load on tobacco seemed to be a more than reasonable option. Nonetheless, the fiscal policy on tobacco before the American War of Independence was by no means as aggressive as might be expected; the observed trend is actually for tobacco taxation to be held steady.

What we actually find is that tobacco prices remained unchanged from 1740 to 1779.⁴⁵⁰ This long price freeze – lasting almost 40 years! – does not seem to tally with

⁴⁴⁹ Real Orden, 3-11-1781, Gallardo (1808), p.252.

⁴⁵⁰ In 1779 the order was given for the wholesale price to be increased from 32 reals a pound to 40 reals and the retail price from 30 to 39 reals, i.e., an increase of 25% on wholesale prices and 30% on retail prices. But if we distribute the 1779 rise over this whole period, it comes out as an annual rise of 0.64% in wholesale prices and 0.76% in retail prices.

the importance of this revenue to the Real Hacienda or the money needs of these years (military rearmament, wars and far-reaching economic reform projects); neither does it seem to chime in with the persistent chorus of political writers crying out for increases in tobacco taxation. Once more the argument of the “military encumbrance” can be brought in here as a possible counterweight to a policy of increased taxation. One of the top priorities for the monarchy was the day-to-day maintenance of its armed forces; this could be jeopardised if tobacco was overly taxed, forcing consumers to fall back on illegal markets. This is only a hypothesis, but we do believe that, faced with the dilemma of increasing taxation or maintaining tobacco revenue, the monarchy chose to keep it the same, at least up to 1779, and the reason lurking behind this choice was its armed forces.

In that case why did this tax freeze come to an end in 1779? The answer is simple: the Real Hacienda was by now on its last legs. Expenses had soared between 1774 and 1778 making it completely impossible to balance the books; the budgetary strains were even greater than those produced during the years of the American War of Independence. In fact the true cause was not so much that war had been declared against Great Britain but rather that Spain had by now been waging open war on several fronts for five years. The Spanish monarchy had been fighting a costly war with Morocco and Algeria since 1774 and with Portugal since 1775; it had sent the biggest fleet in its history to Buenos Aires (1775-1776) and had also been sending sizeable aid to the insurgents of North America. Since 1774 the traditional budgetary balance had been upset. The General Treasury in Madrid began to receive less than it spent; in 1775 the deficit was 4.4%, in 1776 it was 10.7% and by 1777 it was 19.51%. This glaring gap was something new for Spanish public finances and it was hard to rein in the situation; it should be borne in mind here that the average gap from 1779 to 1783 was 4.65%. The increase in expenditure before the war against Great Britain was especially notable in the main military resources. The navy expenditure, for example added up to 152 million reals in 1778, when the average figure in the years of war against Great Britain was 191 million. Likewise, the army expenditure added up to 271 million in 1777, while in the war against Great Britain the average was 243 million. In some of the wars before the conflict with Great Britain the military expenditure was especially high. The cost in provisions of the mobilisation against Morocco, for example, was 40.6 million in 1774, whereas the annual average figure was only 35.6 million when waging all-out war against Great Britain. The cost of making the clothing for the sailors and troops sent to

Buenos Aires in 1775 was 18.2 million, while the annual average during the American War of Independence was 13.7 million reals.

These are only some examples but they do give a good idea of the extraordinary scale of expenditure in the five years running up to the war with Great Britain. Despite the pressure the Real Hacienda was under, tobacco taxation did not change. By 1779, however, the situation was desperate and the likelihood that war against Great Britain would cut off trade with the Americas made prospects even more dire. All these factors must have weighed heavily when deciding whether or not to alter the crown's policy hitherto of conserving the tobacco revenue.

Apart from this situation of back-to-the-wall urgency, there is also the possibility that this rise was meant to palliate the effects of a continuing rise in the costs of acquiring the raw material and the costs of manufacture, administration and management. We know that the price paid for Havana tobacco rose steadily on the Amsterdam market throughout the second half of the eighteenth century, and this must have represented a certain rise in purchase prices for Spain. Similarly, the price of Virginia tobacco soared on international markets in the years immediately preceding 1779. See graph 3.

It follows from all the above that the Spanish crown, an absolute monarchy subject to no parliamentary control, did not exploit its absolute power for increasing tobacco taxation at will and incommensurately, despite being urged to do so by political writers and being further prompted in that direction by the woeful trend of the Real Hacienda and the hardships of the General Treasury. There were other considerations that weighed as heavily as the former, especially the maintenance of the monarchy's forces, the principal undertaking of a military-fiscal state. Ironically this policy tended to preserve tobacco as a source of fiscal and, above all, financial resources and even increase the value of this source.

From the fiscal point of view, the increase in tobacco taxation after 1779 did not give the desired results. Gross tobacco revenue fell by 5% from 1780 to 1783 and net revenue by 1%, while the total available sum for the General Treasurer in Madrid fell by 21%, given the additional loss of the tobacco sold in the Americas. This vouched for the shrewdness of the previous policy of not increasing tobacco taxation, to avoid diverting consumption to the illegal market. The continued increase in tobacco consumption under the price-freeze policy had drawn in an increasing supply of funds for the Real Hacienda in the previous forty year period, thus allowing large-scale

rearmament, while the sudden rise in tobacco prices put a brake on the legal consumption of tobacco. Nonetheless, the assured-revenue character of tobacco in this forty-year period proved extraordinarily useful to the crown in its project of creating public debt.

Tobacco and Public Debt in Spain.

In 1770 the Virrey (Viceroy) of Nueva España (Mexico), Marqués de Croix, wrote to Julian Arriaga, Secretario de Marina e Indias (Minister for the Navy and the Colonies) to moot the setting up of a Life Fund like the one he had created in 1769 in Spain, run by the private company of the Cinco Gremios Mayores (Five Major Guilds). To back up his case he offered information on the revenue values making up the Real Hacienda in Nueva España. The proposal was important because it entailed setting up a permanent public debt system in the country. The Secretary decided that the proposal should be studied in various government councils by the governors of the main revenues in Spain, before being sent up to the Consejo de Indias (Council of the Indies), who would have the last word on the matter. When all the documentation was finally sent to the Council, the Treasury Secretary, Miguel Múzquiz, made only one caveat, that they should make any suitable declaration “about the need not to tamper with tobacco revenue and that the interest should be paid from the sector of the Real Hacienda that be deemed most fitting for that purpose”.⁴⁵¹

The stance of Spain’s highest official in economic policy could hardly be clearer: this form of public debt could indeed be set up in Spain or the Americas but without involving tobacco revenue. Once more tobacco’s strategic importance to the monarchy safeguarded it from any attempt to encumber it, in this case to secure the public debt. Confirmation of this unwillingness to encumber the tobacco revenue, albeit in the Americas, serves to underline how new and awkward the idea of setting up a public debt system was at the time. It was eventually set up in 1780 with tobacco as security.

If in 1770 the Exchequer Secretary declared his outright opposition to the use of tobacco revenue in the Americas as security for setting up a Life Fund there, by 1780 he had overcome his qualms and accepted the use of tobacco revenue to secure the

⁴⁵¹ AGS, SSH, lg. 485, Miguel Múzquiz, Madrid, 27-10-1770.

monarchy's public debt on a larger and unlimited scale.⁴⁵² The reason for his volte face is clearly linked to the urgencies piling up against him at the time: the prospect of the American trade being cut off and the evidence that the only public debt arrangement, the Life Fund, had probably reached its ceiling and was in any case quite clearly insufficient for the purposes of financing a war.

In 1769 the crown had given its permission for capital to be received until building up a fund of 44 million reals (Matilla Tascón, 1980, 7). The interest, set at 9%, was paid by mortgaging the *juros* surplus. Although it was run by the Cinco Gremios Mayores, some of the capital in the Fund was made available to the Real Hacienda in 1772. It was asked for on a drawback basis and its purpose was to offer liquidity to the General Treasury. In October 1776 the Cinco Gremios Mayores informed the Treasury Secretary that the public had by now deposited 34 million in the fund but that only 103,567 reals remained, the rest already having been already forwarded to the Real Hacienda.⁴⁵³ Notification was given in early 1779 that the fund had reached its ceiling of 44 million, practically all of which had already been handed over to the Real Hacienda, which was bound to pay annual interest of 4 million. The only way of accepting fresh capital into the fund was to create new shareholders as the original ones died off. Although any increase brought about in this way would be small, the General Treasury was by now so strapped for cash that it agreed to admit the new capital in March 1779, now with the mortgage of the “main revenue treasury”. This public debt instrument had by now just about been wrung dry and the Five Guilds harboured serious qualms about accompanying the state on new financial ventures. Other methods of public debt would therefore have to be looked into.

It was in this back-to-the-wall situation that the crown finally agreed to use tobacco revenue as security for raising the economic wherewithal needed for the war. As an absolute monarchy the crown might have been expected to act with a certain arbitrariness when it finally decided to set up a public debt system, but it actually did so with great caution, trying to avoid creating any unease or uncertainty. For the Spanish governors there was no problem at all in considering the public debt as a “national

⁴⁵² Real Cédula (Edict personally signed by the king) of 19-3-1780, printed copy of AGS, SSH, lg. 488.

⁴⁵³ AGS, SSH, lg. 485, Cinco Gremios to Múzquiz, Madrid, 24-10-1776.

debt”, as they did on several occasions.⁴⁵⁴ Neither were they slow in offering guarantees to investors of the political will to pay back the loan.

The main difference in the Spanish public debt in the 1780s was that it was considered by Spanish governors to be a stopgap measure to bide over difficult times, with the express desire of returning as soon as possible to the traditional system of balancing the books. This policy of minimum and controlled indebtedness hindered the development of a formal and stable public debt market, on which the securities could be transferred and sold. The government’s aim was not so much to set up a stable public debt system but rather to pave the way for raising capital as quickly as possible, together with the firm will of paying it back as quickly as possible too. The die of this Spanish public debt system was cast not so much by the “arbitrariness” of the monarch, who was in fact keen on setting it up on a legal and well-organised basis, but rather by the external agents, the functionaries responsible for creating and running the debt and the owners of the capital, whose outlook and interests did not always concur with those of the crown. The crown’s tobacco policy would now serve to facilitate its objective of setting up a system of limited and secured public debt, but the sheer success thereof meant there was no inducement to create a formal and open public debt market.⁴⁵⁵

Tobacco served to raise over 20% of the capital loaned with interest⁴⁵⁶ to the Spanish monarchy for financing the war against Great Britain, a source of income exceeded only by the issue of *vales reales* (interest-bearing government bonds). See Table 6. “Spanish Public Debt during the American War of Independence”. The capital loaned to the state against tobacco security also turned out to be cheaper, as the Real

⁴⁵⁴ “so that the necessary funds will always be forthcoming for extinguishing the national debt, and paying the interest under the security of which I have opened said loan.” Real Cédula 17-12-1782, AGS, SSH, lg.489, “I hereby order this Council to recognise this obligation as national debt, as it is recognised by me and in the name of my successors”. ... “that it be issued as national debt in favour of the obligation taken on hereunder, in this my Cedula” Real Cédula 10-10-1782, AGS, SSH, lg.997.

⁴⁵⁵ Torres (2004).

⁴⁵⁶ Spain’s funding sources in the American War of Independence were very varied. We have taken into consideration only the loans to the Real Hacienda with interest, but there were also many donations and interest-free advances made by institutions. Between 1779 and 1785, for instance, the church offered the crown donations totalling 6,241,637 reals and advances on ecclesiastical revenues to the value of 35,314,994 reals. AGS, DGT, Inv. 16 Guión 24, lg.49; and AHN, Hacienda, lg. 3472.

Hacienda paid interest of only 3%, while loans taken up elsewhere, especially in the Dutch markets, were more expensive⁴⁵⁷.

The solvency of tobacco revenue as a safe and guaranteed source of income was crucial in attracting capital towards public debt. The state turned to tobacco twice during the war to create public debt, albeit in a different way each time. In March 1780 the crown decided to accept a capital loan as a *censo redimible* (redeemable “*censo*”: the “*censo*” was a long-standing system of collateral loan or lien credit in Spain), i.e., the Real Hacienda undertook to pay interest until such time as it returned the loan principal. The annual interest rate was set at 3%, a low percentage in comparison to the going rates in the commercial world, but according to the government it was the highest rate allowed by law and slightly higher than the rate existing at that time on the loan market⁴⁵⁸. The payment security was linked to a “special mortgage” set up by the government on tobacco revenue. For the lenders’ even greater ease of mind the state undertook not to link this mortgage to any other national debt and ensured that the treasury of the tobacco revenue would keep a separate account of the interest to be paid annually. The state’s aim with this exclusivity of the tobacco revenue was to assure payment of the interest and to woo the general public over to the idea.

The biggest innovation in this state loan was that it was geared towards existing capital already held in public deposits, mainly in ecclesiastical or charity institutions set up to fulfil the will of their founders. The crown presented the creation of this public debt as a means of mobilising retained capital. According to the Hacienda this decision was based on the results of research initiated in 1766 and conducted by the Consejo de Castilla (Council of Castile) to assess the mortmain capital held in deposits, the results thereof suggesting that this capital could be mobilised. Urgency was probably the final spur that led to the implementation of a measure long called for by

⁴⁵⁷ According to a report sent by Francisco Montes, General Treasurer, to Miguel Múzquiz, the 5% interest rate obtained in the Dutch market was a good deal, “for the normal rate among merchants of these realms is 6%; although in view of the fact that the legal and current interest rate on the Amsterdam Stockmarket is 4% a year, the lenders obtain a real advantage”. Montes to Múzquiz, Madrid 10-1-1783. AGS, SSH, lg.997.

⁴⁵⁸ The law referred to here is the Real Pragmática (Pragmatic Sanction) of 12-11-1705 ordering the legal redeemable loan interest rate to be reduced to 3% in Castilla. This reduction was then extended to the old realms of Aragón in 1750. Novísima Recopilación, libro 10, título XIV, leyes 12 and 13. On the interest of the market referred to: “loans between private individuals accrue interest at two point five, or even lower”, in Real Decreto (Royal Decree) 15-3-1780, printed copy in AGS, SSH, lg.488.

the Spanish political writers of the time. They considered that the paralisation of capital in public deposits ran counter to an economic system in which these political writers placed a growing trust: a circulatory system in which the circulating money – continually changing hands, satisfying needs and creating opportunities – was the true source of wealth.⁴⁵⁹

This type of public debt gave rise to a grave problem of legality, for it involved modifying the will of those who had deposited the capital, altering the particular purpose chosen for each deposit, translating them physically to the Real Hacienda and assigning them to the public debt. The crown passed a series of orders to justify the legality of this action. The argument put forward was the public and private interest of avoiding the stagnation of deposited capital. It claimed that the will of the founders was not in fact altered and was even enhanced, for the state guaranteed that its use would go hand in hand with the establishment of a “sure mortgage and proportionate interest”. The final catch-all argument was that the king was legality and that the king’s authority sufficed for granting the power of modifying the will of those founders and testators who had confided their capital to certain institutions or private individuals.⁴⁶⁰ What was in fact being ushered in with all these arguments was a capital disentailment process. Given that its investment in public debt was voluntary, there was a grave danger of the freed capital flowing towards the market instead of the public debt. To pre-empt this capital drain, which would undermine the main aim of the whole operation, it was laid down that the state would “be preferred” when making any new investments of the retained capital.

Strictly speaking, the king was in fact moving the goalposts and establishing a new legal framework for the former private contracts. His last allusion to the unquestionable authority of the monarch might be bound up with a luke-warm response to the first decrees on the *censo* market or simply the aim to head off an avalanche of

⁴⁵⁹ A very beloved image of these writers on economic policy was the simile between money and the blood of the human body. In the words of Campomanes, political writer and member of the Consejo de Castilla in the years of research into capital held in public deposits: “money in the civil body, if there is too much of it or if it stagnates in the state, causes a political apoplexy: just as excessive blood in the natural body, unable to circulate, bursts the veins and unless the victim is bled, takes away his life...” (Llombart, 1992, 259)

⁴⁶⁰ The king’s words left no room for doubt: “by my own will and certain science and absolute royal power, which I hereby use as king and natural lord, recognising no higher

legal appeals against this obvious sleight of hand. What might seem to be an act of arbitrary authority was in fact a means of setting up a safe and stable framework to stimulate the *censo* market and head off the legal appeals. This arbitrariness should therefore not be construed as a factor increasing the risk or uncertainty for the potential *censo* market, as was notoriously the case in the French model of public debt, but quite the opposite: the political constitution was used to establish a much safer framework for a capital offer that was voluntary.

The reception of this public debt offer is quantified in Table 7 “Tobacco and Public Debt, 1780-1786”. Between 1780 and 1782 the crown managed to attract 84,868,989 reals towards this public debt, representing a net increase of 3.9% in the General Treasury revenue of these years, peaking in 1780 at 6.3%. The flow of deposit capital towards the royal coffers was extraordinarily quick in the first months, slacking off thereafter. We do not know if this speed went hand in hand with efficiency, since we lack figures on the total deposit capital existing in Spain. What does seem to be clear is that the state administrative machinery took a very active part in the process.

In an administration where the promotion of its functionaries depended largely on the merits obtained in the service of the king, any chance to show off their dedication was to be leapt at, especially in moments of urgency such as the state was living through at that time. Many high ups were keen to show off their zeal to serve the king, wielding all their clout over local societies to succeed in mobilising the deposit capital. Sometimes they got carried away and there were cases of strong-arm tactics and even outright violence. The reaction of the Treasury Secretary was to try to curb this excessive zeal, including the chiding of functionaries who showed themselves to be especially belligerent in “stimulating” the investment of capital in tobacco revenue. By dint of solving these extreme cases the crown gradually fleshed out a policy based on the maxim – oft repeated by the Exchequer Secretary and the Council of Castile – of “uniformity and legality”⁴⁶¹. In other words it was the crown itself that imposed order, legality and uniformity on its own functionaries.

Another factor that helped to mobilise deposited capital was that the treasuries of the tobacco revenue were to pay out interest and it was left up to the *censualistas*

authority here on earth, I hereby concede licence and empowerment to all those possessors of any sum..” Real Cédula 23-3-1780, printed copy in AGS, SSH, lg.488.

⁴⁶¹ Report of the Council of Castile on some excesses committed by its functionaries, Madrid, 8-5-1780, AGS, SSH, lg.488.

(*censo* holders or lenders) to choose the place of payment. The crown insisted on the idea of furnishing the terms to the *censualistas*. As well as taking on the capital transfer costs, therefore, the crown allowed the administrators or proprietors of deposited capital to reach an agreement on the payment of interest directly with the tobacco treasuries of the district where they wished the interest to be paid. The whole tobacco-revenue administrative structure was involved in this public credit operation, thus improving management flexibility and increasing the potential number of state creditors. This was particularly valuable because it ensured that the arrangements would not be confined to the major urban and commercial centres but could range further afield to the rural world. It should not be forgotten here that many of the public deposits might be pious legacies and the coffers of religious communities. This was later shown to be a shrewd move, for it considerably increased the number of deposits involved and made the management thereof much easier and also cheaper, by cutting down the need to travel to Madrid or provincial capitals to receive the interest.

Despite the initial success and the liquidity it afforded the General Treasurer, the investment rate began to fall away in 1782, plunging by 68% on the previous year's figure. Although this public debt model seemed to be exhausted, the Real Hacienda had a grave liquidity problem and it was also chary of depreciating the public debt already created, especially by the emission of royal bonds. The crown outrightly rejected new bond issues – the last had been in May 1782 – because this would speed up depreciation even further.⁴⁶² Furthermore, the recently created Banco de San Carlos, set up mainly to reduce those bonds, could not yet act with full efficacy in its desired foundational object of re-establishing the balance between money and the bonds. It was hence necessary to create new public debt to solve the financing problems and shore up the credibility of existing debt.

Once more it was tobacco that was chosen antidote to these problems of financing and the credibility of existing debt. But this time the guarantee of tobacco was reinforced even further by the express incorporation of the tobacco of the colonies⁴⁶³.

⁴⁶² The Treasury Secretary himself acknowledged that “the high number of Treasury Bonds issued to meet these needs means that this resource can be extended no further” AGS, SSH, lg 488, Madrid, 17-12-1782.

⁴⁶³ Express encumbrance was made of the “Tobacco revenue of Europe and the American Colonies, whose products are very superior, to this new levy and the others under its charge, to ensure that by no mishap or impairment the faith in the state might be undermined”. AGS, SSH, lg. 488, Madrid, 17-12-1782.

Unlike in the previous loan, this time the amount thereof was limited, to 180 million. The most important feature is that the origin of the investment capital was not restricted; it was even extended significantly. Any national or foreign capital could now be invested. For foreign capital the crown even undertook not to withhold it in the event of war. To meet the ultimate aim of sustaining the existing debt, any cash, credit or royal bond held against the king would be accepted as investment capital. Express inclusion was made of royal bonds “everything being regulated by cash”. This was the best way of shoring up confidence in the state’s main public debt. Credits from the reign of Philip V were also accepted, up to one third of the investment capital, representing a debt of 60 million and the confidence that this old debt would be extinguished.

The loan arrangements were the well-known ones of redeemable loan at 3% and life annuity at 7% if it was for two lifetimes and at 8% if for one lifetime. The life annuity option opened up a much longer term than the redeemable loan, so the crown expressly declared that the commitment it took on “as supreme state administrator”, to encumber Spanish and colonial tobacco would be maintained by him and his successors, otherwise it would be a grave error against “the credit of the state”.⁴⁶⁴

There is therefore no doubt that it was, effectively, new public debt, but its main objective was to refinance existing debt and reinforce its credibility. Although it was controlled by no legislative body, the Spanish crown continued to tread carefully to avoid disarranging its financial system and precipitating a headlong devaluation of its public debt. With the end of war now looming on the horizon, American tobacco and trade seemed to be sufficient guarantees for ensuring the viability of the operation. All this, together with crown’s express pledge not to jeopardise the “credit of the state”, with suspensions of payments or private seizures, meant that it did not act with the arbitrariness and high-handedness that might be theoretically expected of an absolutist government in raising its war funds.

Less capital than expected was raised, partly because the return of peace meant that private investors could now find more profitable outlets for their money and partly because the state itself endeavoured to dissuade more lenders from coming forward. From June 1783 the high ups in the Treasury Secretary were in a quandary over whether

⁴⁶⁴ The crown considered that successive kings could not fall down on this commitment “for insofar as such errors cast the credit of the State into disrepute, which credit, being permanent shall be perennially subject to such liabilities as may be taken on in its name

or not to accept new loans, since the war was now over. The crown's first response was yes, but as the months went by, and in view of the lack of liquidity in the General Treasury, new loans were admitted but only in strict compliance with the provisions laid down in the order, whereby two thirds of the capital had to be in cash. In the following year the green light was even given to applications by some *censualistas* for redemption of the principal. The response from then on was always the same, acceptance of the applications because "this will free the Real Hacienda from the payment of the interest ... saving will be made on the payment of interest".⁴⁶⁵ Other applicants directly requested return of the invested capital to switch it to other more profitable activities, like the resident of Valencia who asked for his capital back to use it for buying irrigated land⁴⁶⁶. This set of interests reduced the importance of this loan arrangement. Of the 180 million initially envisaged only 50 million reals was raised, 92% of which was forthcoming in the first two years. In the last two years there was an input of only 4 million reals and in 1786 the crown decided not to accept any more capital. The return to the keenly desired budgetary balance was being achieved by fiscal methods and the crown was once more loath to carry on increasing the national debt, an undertaking in which the public finance system of the Spanish absolutist monarch Charles III still felt awkward and callow. The Spanish crown showed a certain efficacy in raising its war funds and its debt did not depreciate irreversibly and drag the rest of the public finances down with it. In fact it managed to keep the capital markets in high esteem until the Napoleonic Wars, both inside and outside the country, and also preserve an equal respect for the Spanish crown's payment capacity⁴⁶⁷.

by the legislative authority that represents it, they are unseemly to the Majesty and the sovereign authority it continually wields" AGS, SSH, lg. 488, Madrid, 17-12-1782.

⁴⁶⁵ Several applications in 1784 and 1785, AGS, SSH, lg.489.

⁴⁶⁶ Gaspar Ferrer y Pinos, "we hereby deign to redeem him said *censo* on the grounds that he can invest it elsewhere to greater advantage ... lacking the greater advantages such capital would yield if invested in the purchase of fruitful irrigated land" Valencia, 23-2-1786, AGS, SSH, lg.489.

⁴⁶⁷ As an example of his high esteem of Spanish public debt witness the price of royal bonds, which began to sell above par after the end of the war (Herr, 1978) or the significant rejection by Dutch lenders of the Spanish proposal of the early redemption (in 1784) of a ten-year loan paid to the Spanish crown in 1782. The response of the Dutch lenders to the proposal of the Conde de Gausa of 28-2-1784 was that "those finance houses, seeing no other fruit of such endeavours as might be made to persuade the Capitalists to accept the reimbursement than to reinforce the confidence with which they originally made the loan, saw fit not to accept the proposal of discharging the terms and conditions laid down in Real Cédula 10-10-1782", AGS, SSH, lg.997.

Conclusion.

In sum, then, the Spanish crown proved itself to be reasonably efficient in raising its war funds and did not pursue an arbitrary policy in the fiscal and financial use of tobacco consumption for financing military activity and warfare. Although it had sufficient leeway to do so, the Spanish monarchy preferred to pursue a policy of conserving the revenue. It safeguarded this revenue from any excessive encumbrance of taxes or mortgages that might have undermined its main objective: the financing of military activity in times of both peace and war. This policy of fiscal conservation of the revenue was borne out with time and enabled it to notably increase its income. The contribution of tobacco revenue was especially notable for the Real Hacienda during the five years of war before Spain entered the fray in the America War of Independence. The problems started precisely during the latter conflict, due to the rise in prices caused partly by more expensive purchase costs, cutting short the growth in revenue. This slump hit even harder due to the loss of tax revenue from the sale of colonial tobacco, whose proceeds were spent directly on the American war front.

The crown's policy of conservation and prudence in the taxation of tobacco was also carried over into the financial use of the revenue. Until Spain's entry into the America War of Independence, the crown managed to resist the temptation to use it as public security. When it at last did so, the crown was reluctant to set up a formal market; it preferred to fall back on the makeshift measure of calling up deposited capital. To be able to mobilise this capital the crown changed the legal framework while also setting up safe and risk-free arrangements for the *censualistas*. In its keenness to avoid irregular procedures the crown imposed a policy of uniformity and legality, occasionally even reprimanding any functionaries who stepped over the line. Before the end of the war the crown again turned to tobacco but this was not the result of an upward spiral of public debt. Quite on the contrary tobacco was used to finance existing public debt and shore up its solvency and credibility. Its main concern was not to assure a market of existing public debt but to work towards its extinction. The Spanish absolute monarchy of Charles III dreaded budgetary imbalance and was chary of public debt, and tobacco helped greatly to keep them both at arm's length.

Table 1

MAIN SPANISH TAXES FOR 1770 -1774			
		% of Net	
		Income	Type of tax
		General	
		Treasurer	
Consumption		41.	
		46	
<i>Consumption.</i>		22.	
		53	
Castilla.	“Rentas	15.	Excise/Direct
Provinciales”		32	
Salt		5.5	Excise/Direct
		3	
Lead		0.1	Excise
		8	
Snow		0.0	Excise
		8	
Madrid		1.4	Excise
		2	
<i>Consumption</i>	<i>tobacco</i>	18.	
<i>and alcohol</i>		93	
Tobacco		17.	Excise
		74	
Liquor		1.1	Excise
		4	
Beer		0.0	Excise
		5	

Commerce		28.	
	11		
Colonial commerce		13.	Customs
	61		
Customs	Spanish	11.	Customs
Harbours		72	
Wool		2.7	Customs
	4		
Sevilla		0.0	Customs
	2		
“Sosa y Barrilla”		0.0	Customs
	2		
Church		7.7	Excise/Direct
	6		
Region		5.8	
	7		
Cataluña		3.5	Excise/Direct
Valencia		1.9	Excise/Direct
	9		
Mallorca		0.3	Excise/Direct
	5		
Aragón		0.0	Excise/Direct
	3		
Financial	and	1.7	
Monetary Services	2		
Bills of exchange		1.6	Stamp
	9		
Mint		0.0	Stamp
	3		

Administrative and judicial taxes	3	1.1	
Administrative	8	0.9	Stamp
Judicial	5	0.1	Stamp
Gaming duties	7	0.8	
Lottery	4	0.8	Stamp
Cards	3	0.0	Excise
Nobility	4	0.6	Stamp
Average annual yield 1770-1774	,680	444,810	Reals
	41	4,942,3	Pounds
Type of tax			
excise/direct		34.48	
customs		28.11	
excise		20.64	
stamp		4.33	

Table 2

TOBACCO TAX AND TOBACCO SALES

Year	Tobacco tax	General Treas- merica	Tobacco sal- es A- nce	Tobacco sal- es Fr s	Treasury and ease Sale	% incr
		65,99	10,		75,9	1
768	7,259	000,000		97,259	5.2	
		70,32			70,3	0
769	5,894			25,894	.0	
		74,53	30,		104,	4
770	9,336	000,000		539,336	0.2	
		77,17	1,4		78,6	1
771	6,697	51,348		28,045	.9	
		80,10	11,		91,4	1
772	7,825	378,236		86,061	4.2	
		81,24			81,2	0
773	6,841			46,841	.0	
		80,69	40,		120,	4
774	9,436	000,000		699,436	9.6	
		79,80	30,		110,	3
775	0,683	475,063		275,746	8.2	
		81,40	30,		111,	3
776	9,409	000,000		409,409	6.9	
		85,12		1,6	86,7	1
777	5,834		40,000	65,834	.9	
		111,4	20,	8,2	111,	0

778	82,568	000,000	16,882	482,568	.0	
	107,8		20,	3,0	107,	0
779	81,541	000,000	76,918	881,541	.0	
	82,69				82,6	0
780	1,009			91,009	.0	
	86,97				86,9	0
781	5,316			75,316	.0	
	84,03				84,0	0
782	0,642			30,642	.0	
	87,47				87,4	0
783	7,551			77,551	.0	
	89,57	3,1			92,7	3
784	3,508	28,155		01,663	.5	
	87,15	67			87,8	0
785	3,730	6,666		30,396	.8	
	80,81	40,			120,	4
786	1,947	000,000		811,947	9.5	
	1,594	23	12,		1,79	1
768-86	,507,026	7,109,468	933,800	3,256,494	0.6	
	995,7	16	12,		1,12	1
768-79	93,323	3,304,647	933,800	0,737,970	2.5	

Source: AGS, DGT, Inv. 16, Guión 24, legajo 49.

Table 3.-

SPEED IN TRANSFERRING TAXES TO THE EXCHEQUER

1762	Tot	Inc	Inc	Inc
al	ome	ome	ome	ome
	62	17	Pre	17
		vious	62	
			yea	%
		rs		
Tobacco	70,	60,	9,0	8
	023,641	993,224	30,417	7.10
Customs	32,	25,	7,2	7
	721,982	423,943	98,039	7.70
Wool	16,	12,	4,5	7
	625,001	105,076	19,925	2.81
Salt	22,	12,	9,1	5
	022,764	859,124	63,640	8.39
Consumption	75,	38,	36,	5
Castilla	574,480	642,247	932,233	1.13
Church	22,	7,6	14,	3
	028,934	91,445	337,489	4.92

1772	Tot	Inc	Inc	Inc
al	ome	ome	ome	
	72	17	Pre	17
		vious	72	
			yea	%
		rs		
Tobacco	80,	71,	8,7	8
	107,825	394,117	13,708	9.12
Customs	52,	43,	9,1	8
	888,523	733,729	54,794	2.69
Wool	15,	11,	3,3	7
	144,249	785,448	58,801	7.82
Salt	24,	12,	12,	4
	986,569	271,791	714,778	9.11
Consumption	71,	29,	41,	4
Castilla	086,488	998,418	088,070	2.20
Church	22,	7,6	7,2	3
	028,934	91,445	98,039	4.92

1782	Tot	Inc	Inc	Inc
al	ome	ome	ome	
	82	17	Pre	17
		vious	82	
			yea	%
		rs		
Wool	8,5	8,5	25,	9
	44,402	19,329	073	9.71
Tobacco	84,	70,	13,	8
	030,642	183,154	847,488	3.52
Customs	55,	45,	9,8	8

	750,460	880,294	70,166	2.30	
Church	17,	7,3	9,8		4
	173,555	56,911	16,644	2.84	
Salt	29,	11,	18,		3
	677,252	374,206	303,046	8.33	
Consumption	83,	19,	63,		2
Castilla	037,987	294,606	743,381	3.24	

Table 4

COST OF ADMINISTRATION AND MANAGEMENT OF THE TOBACCO TAX							
	GR	LI	NE				REAL
	OSS	QUID	T				NET
	Appr	Less	Less				
	oximate						
	Reve	Salar	Assi				
	nue	ies	gned				
		and	And				
		admi	consi	iquid	et	N	(Spain, Sa
		nistration	gned			and America)	
17	100	80,	65,	{	6		75,997,
68	,394,228	897,652	997,259	0.6	5.7	259	
17	102	83,	70,	{	6		70,325,
69	,711,535	360,675	325,894	1.2	8.5	894	
17	108	89,	74,	{	6		104,53
70	,508,128	418,147	539,336	2.4	8.7	9,336	
17	110	90,	77,	{	7		78,628,
71	,198,906	939,114	176,697	2.5	0.0	045	
17	113	94,	80,	{	7		91,486,
72	,409,126	054,314	107,825	2.9	0.6	061	
17	113	94,	81,	{	7		81,246,
73	,628,683	146,355	246,841	2.9	1.5	841	
17	113	93,	80,	{	7		120,69
74	,176,904	149,882	699,436	2.3	1.3	9,436	
17	112	93,	79,	{	7		110,27

75	,954,083	508,750	800,683	2.8	0.6	5,746	
	17	114	95,	81,	{	7	111,40
76	,902,559	538,508	409,409	3.1	0.9	9,409	
	17	117	98,	85,	{	7	86,765,
77	,369,943	013,548	125,834	3.5	2.5	834	
	17	115	95,	83,	{	7	111,48
78	,071,962	354,965	265,686	2.9	2.4	2,568	
	17	127	106	84,	{	6	107,88
79	,890,102	,499,408	804,622	3.3	6.3	1,541	
	17	119	96,	82,	{	6	82,691,
80	,559,957	925,228	691,009	1.1	9.2	009	
	17	120	98,	86,	{	7	86,975,
81	,449,714	138,972	975,316	1.5	2.2	316	
	17	120	98,	84,	{	6	84,030,
82	,189,818	235,090	030,642	1.7	9.9	642	
	17	126	103	87,	{	6	87,477,
83	,077,266	,945,089	477,551	2.4	9.4	551	
	17	130	108	89,	{	6	92,701,
84	,621,759	,156,589	573,508	2.8	8.6	663	
	17	123	100	87,	{	7	87,830,
85	,825,278	,735,391	153,730	1.4	0.4	396	
	17	126	104	80,	{	6	120,81
86	,961,305	,059,968	811,947	2.0	3.7	1,947	
	17	2,217	1,82	1,54	{	6	1,793,2
68-	,901,256	5,077,645	3,213,225	2.3	9.6	56,494	
	17						
86							

 Regard to Gross

-17.7

-30.4

-1.7

Income

Source: Valores Entero y Líquidos: AGS,DGR, II, 4636

Valor Util y Util real: AGS, DGT, Inv. 16, Guión 24, legajo 49.

Table 5.

ALLOCATIONS ON TOBACCO TAX

	LI	NE	ffected	J	Ju	Source
QUID	T	ET	/ uros	ros/liquid		
		LIQUI		(
		D	DEBT)			
	61,	48,		4	0.	AGS,DGR,
739	712,116	604,313	1.2	80000	78	II, 4636
	65,	55,		4	0.	AGS,DGR,
742	558,623	134,970	5.9	80000	73	II, 4636
	75,	62,		3	0.	AGS, SH,
755	302,172	961,389	6.4	14544	42	2353 (Agustin, 276, 2000, 27)
	77,	67,		4	0.	Pinilla,
757	810,920	000,000	3.9	03426	52	tomo I, 158
	78,	68,				Pinilla,
758	009,103	423,561	2.3			tomo I, 158

ALLOCATIONS ON TOBACCO TAX (1801)

School. Real Seminario de Nobles de	159	0.
Madrid	,382	15
Charity. Real Monte de Piedad	87,	0.
	000	08
School. Real Colegio de Niñas del	20,	0.
Amparo	601	02
Academic. Real Academia Española	60,	0.
	000	06
Hospital. Real Hospital de la Misericordia	6,0	0.
de Zaragoza	98	01
Hospital. Reales Hospicios de Madrid y	347	0.
San Fernando	,216	33
Hospital. Reales Hospitales General y	182	0.
Pasion	,072	17
		862
	,369	81
Public Debt. Juros on Tobacco Tax	510	0.
	,008	48
Public Debt. Impositions on Tobacco Tax	6,6	6.
	27,623	24
		7,1
	37,631	71
Total Allocations	8,0	7.
	00,000	53
Net Income (1798)	106	1
	,295,182	00
Gross Income (1798)	130	
	,804,553	

Source: Gallardo (1808, VII, 81)

Table 6

**SPANISH PUBLIC DEBT
DURING THE AMERICAN WAR OF INDEPENDENCE**

	l	Capita ate	%
Bonds. "Vales Reales"			
(1780-1782)			
30-8-1780		149,0	2
	82,352		3.66
20-3-1781		79,81	1
	1,764		2.67
22-5-1782		222,8	3
	69,082		5.37
Total		451,7	7
	63,198		1.69
Tobacco (1780-1786)			
Deposit		95,58	1
	0,281		5.17
Life Annuity		23,42	3
	6,808	.5	.72
Investment		16,56	2
	7,934		.63
		135,5	2

	75,023		1.52	
Holland Loan (1782)	22,80			3
	0,000		.62	
“Cinco Gremios Mayores” Loan (1779)	20,00			3
	0,000	.5	.17	
Total Public Debt	630,1			1
	38,221		00	

Source: AGS, SSH, lg.997; AGS, DGT, Inv. 16 Guión 24, lg.49

Table 7

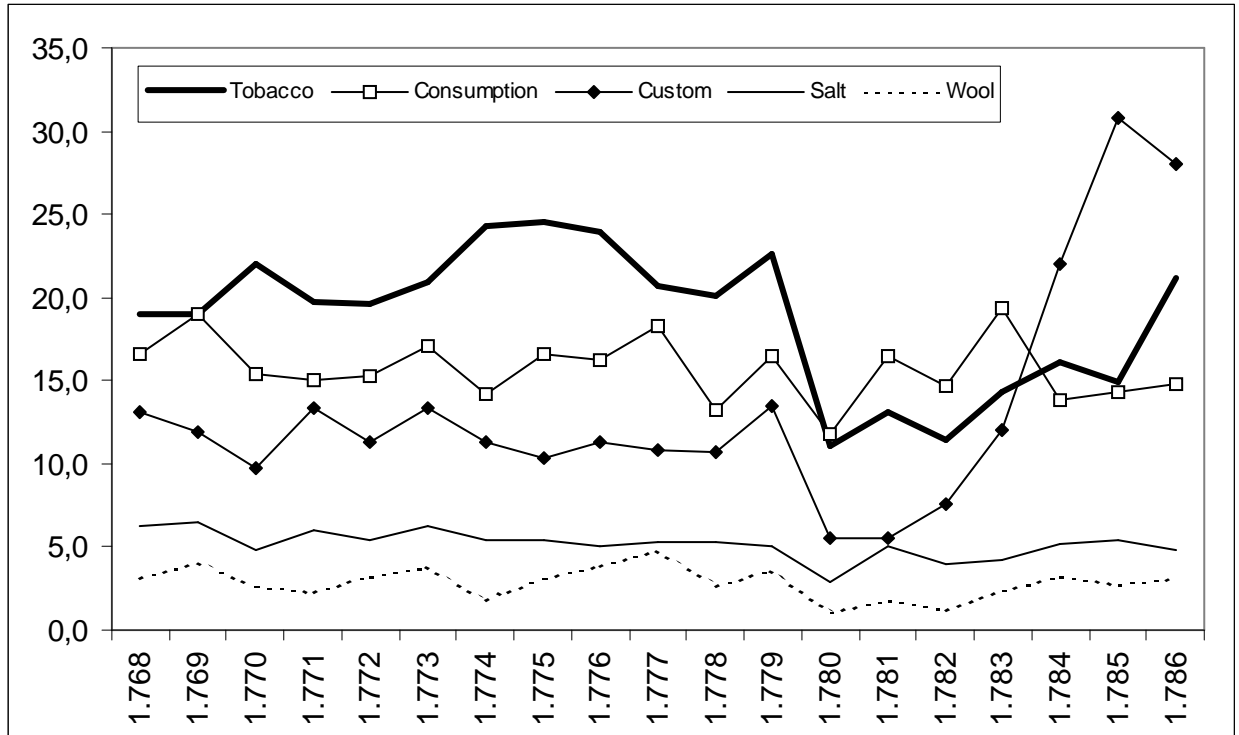
TOBACCO AND PUBLIC DEBT						
	178	178	178	178	178	178
	0	1	2	3	4	5
Total Investment capital	47,430,963	22,213,763	15,224,263	17,894,298	28,712,426	33,169,938
DEPOSIT						
From Madrid	17,480,194					
From Spain	29,950,769	22,213,763	15,224,263	7,160,049	2,752,013	,938
Total	47,430,963	22,213,763	15,224,263	7,160,049	2,752,013	,938
Rate (3%)	1,422,929	2,089,342	2,546,070	2,760,871	2,843,432	2,860,920
LIFE ANNUITY						
Total				5,690,035	16,056,883	74,190,000
Rate (7,5%)				,753	1,631,019	56,583,000
INVESTMENT						
Total				5,044,214	9,903,530	,041
Rate (3%)				151	448	

				,326	,432	,714
Add rates	1,4	2,0	2,5	3,3	4,9	
	22,929	89,342	46,070	38,950	22,883	95,216
Tobacco tax. Net	82,	86,	84,	87,	92,	
	691,009	975,316	030,642	477,551	701,663	830,39
% Tobacco on Debt	1.7	2.4	3.0	3.8	5.3	
Net income General	749	662	738	609	575	
Treasury	,561,545	,947,746	,957,681	,006,200	,836,175	,486,0
% increase Exchequer	6.3	3.4	2.1	2.9	5.0	

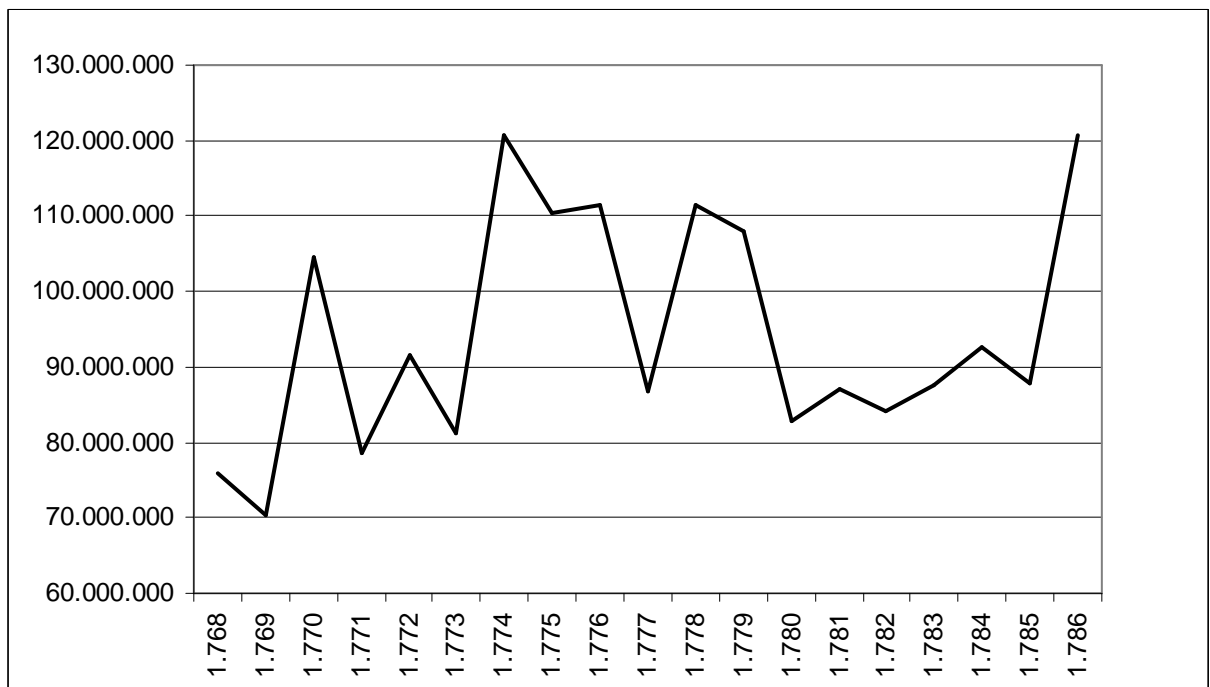
Source: AGS, DGT, Inv.16, Guión 24, lg. 49 and AHN, Hacienda, lg. 3472.

Depósitos sobre la Renta del Tabaco,

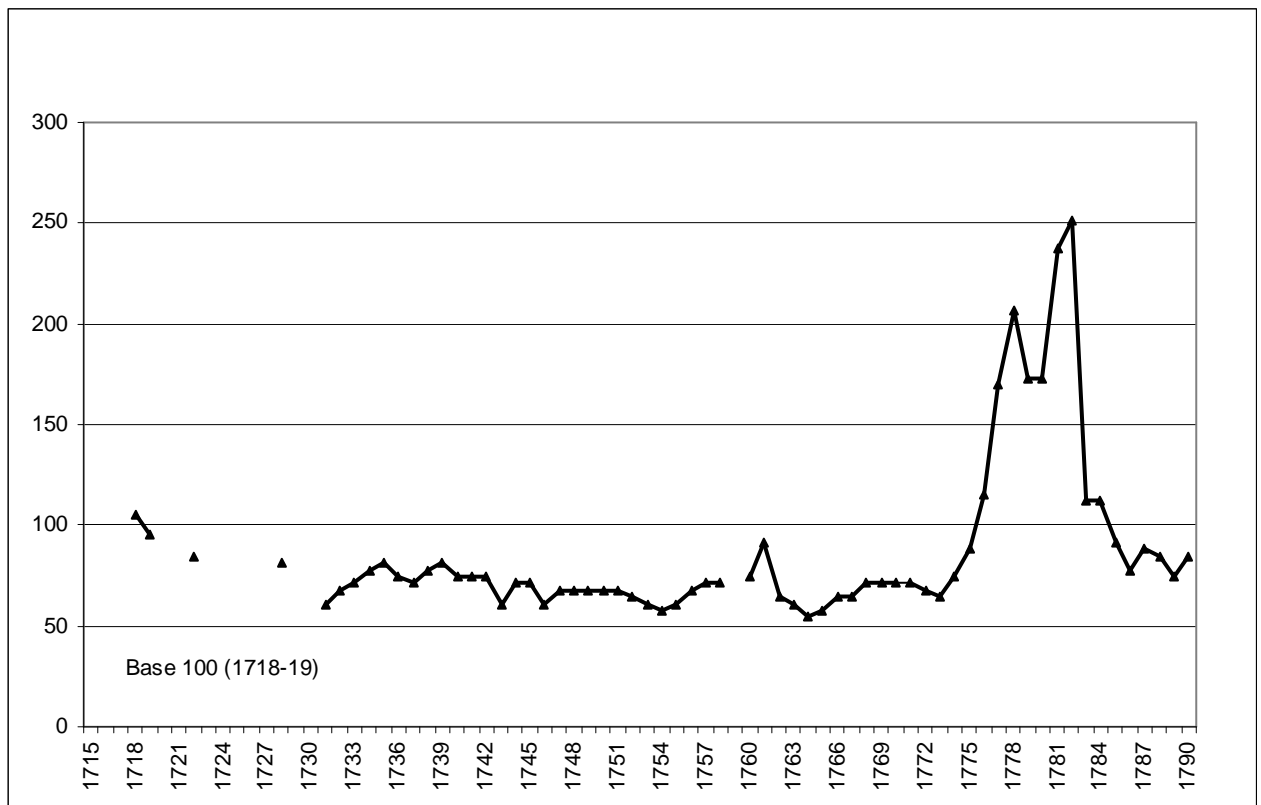
Graph 1.- MAIN SPANISH ROYAL REVENUES (1768-1786)
(% of General Treasury net income)



Graph 2.- SPANISH EXCHEQUER TOBACCO INCOME
(TAX AND SALES)



Graph 3.- VIRGINIA AND TOBACCO PRICE
 AMSTERDAM MARKET
 (average annual, Pound / Guilder)



Source: Posthumus, N.W. (1946): *Inquiry into the History of Prices in Holland*, Publications of the International Scientific Committee on Price History, Leiden., vol I. Pp.199-204

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