

‘The Bankers, the Paymaster and the Unwilling Investor: British Overseas Military Remittance 1705-14’

This paper offers a focussed test of the relative importance of institutions and partisanship in encouraging financial investment after 1688, by examining the remittance abroad of money for British troops during the War of the Spanish Succession. Operating at the interface between the fiscal and military halves of the state, the paymasters-general relied upon the credible commitment of short-term credit by the financial world in order to ‘smooth out’ gaps between remittances and thereby ensure a reliable stream of funds to the army. Although this process included an institutional component, its effectiveness ultimately rested upon personal and partisan-political linkages. Most of the actors were connected by a common tory outlook. These bonds cemented the trust between bankers and officials, encouraging the former to invest money in the cash advances necessary to keep the system in operation. Indeed, in some circumstances the paymasters-general were able to exploit these linkages to create the ‘unwilling investor’. Playing upon the bonds of trust created by common tory loyalties, they were able to browbeat bankers into accepting their bills and over-extending their credit for the discharge of the public service. This paper therefore supports the argument that political partisanship was an important precondition to truly credible commitment by bankers and financiers. Institutional changes were primarily important insofar as they increased the capacity of office-holders to maintain and deploy their political standing and partisan connections.

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