

To what extent does a fiscal-military analysis reveal the challenges Britain faced during the American War of Independence?

Pleading with the Senate, Cicero, in 43 BCE, cautioned against ceding Outer Gaul to Mark Antony, as it would present an enemy of Rome with ‘the sinews of war, a limitless supply of money’. Here, Cicero identifies the vital means for sustaining warfare: the mobilisation of wealth. Some two thousand years later, John Brewer would draw upon Cicero’s dictum in his 1989 work, *The Sinews of Power: War, Money and the English State 1688-1783*. At the heart of his book is what he dubs the fiscal-military state, which he describes as ‘the most important transformation in English government between the domestic reforms of the Tudors and the major administrative changes in the first half of the nineteenth century.’<sup>1</sup> Brewer organises the concept of the fiscal-military state around the necessity to raise the wherewithal for war, whereby the state allocates much of its revenue to the naval and military departments or on interest payments on debt incurred from wartime expenses. The British state became increasingly reliant on customs, excise, and public credit to withstand the increasingly heavy burden of its military commitments.<sup>2</sup> To manage ballooning public debt, the extractive apparatus of the British state grew both in its scope and degree of rationalisation, with the number of full-time employees in the various fiscal-related departments tripling between 1690 and 1783.<sup>3</sup> According to Brewer, the upshot of this was that the state ‘cut a substantial figure’ as it became the ‘largest single actor in the economy’.<sup>4</sup>

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<sup>1</sup> John Brewer, *The Sinews of Power: War, Money and the English State, 1688-1783* (London Boston Sydney: Unwin Hyman, 1989), XIII-XIV.

<sup>2</sup> Aaron Graham and Patrick Walsh, “Introduction,” in *The British Fiscal-Military States, 1660-c.1783*, ed. Aaron Graham and Patrick Walsh (Routledge, 2016), 1.

<sup>3</sup> John Brewer, “The English State and Fiscal Appropriation, 1688-1789,” *Politics & Society* 16, no. 2–3 (June 1988): 352, <https://doi.org/10.1177/003232928801600206>.

<sup>4</sup> Brewer, *The Sinews of Power*, XIII.

While the present characterisation neatly bounds the descriptive borders of the fiscal-military state, the term should be used, as Brewer himself recommends, as a heuristic tool, offering a degree of creative licence, allowing the historian to explore the connections between government, military activity, revenue, expenditure, the economy, and society in various configurations.<sup>5</sup> The object of this essay is to chart the manners in which the American War of Independence put pressure on these connections. Specifically, it outlines how the war stretched the British fiscal-military state, stressing its economy and bureaucracy. It finds that between 1775 and 1783, the British fiscal-military state showed signs of wear. It felt the strain of an ever-more ponderous national debt as creditor confidence fell, making it difficult for the government to secure the low-interest loans it needed to finance its war abroad. In its efforts to acquire the requisite funds, the British fiscal-military state also faced the difficulty of both recapturing lost revenue and sourcing new and dependable revenue streams, compelling it to cast an increasingly expansive net in pursuit of greater financial inflows. Additionally, the state repeatedly found itself encumbered by a bureaucracy unfamiliar with the logistical requirements for fighting a war some five thousand kilometres away from the British Isles. This essay provides a three-fold response. Section 1 details the extent and effects of the growing national debt. Section 2 maps the British state's efforts to recover defrauded income and its search for new sources of revenue. Section 3 concludes with a discussion of the bureaucratic inefficiencies plaguing the British war machine.

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<sup>5</sup> John Brewer, "Revisiting the Sinews of Power," in *The British Fiscal-Military States, 1660-c.1783*, ed. Aaron Graham and Patrick Walsh (New York, 2016), 28.

Before beginning my analysis, it is incumbent on me to, in greater detail, sketch the specific attributes of the fiscal-military state more precisely, as the current broad characterisation lends itself to being misapplied to any state that dedicates much of its revenue to waging war. While it is true that this remains a defining feature, fiscal-military states share several characteristics beyond just high expenditure on warfare. The state should be, in some capacity, involved in an active conflict, with war serving as a locomotive for administrative change, contributing to a growth in the state's extractive apparatus. The expansion of its fiscal infrastructure allows the state to impose a higher tax burden on its population. However, as tax revenue is often insufficient to cover wartime expenses, the state, therefore, accrues a public or national debt while employing public deficit financing to defray this extra expenditure. To service the national debt, the state experiences a high degree of bureaucratic rationalisation, usually along Weberian lines, centralising authority within state institutions. It also relies on agents outside the government to procure certain goods and services.<sup>6</sup>

I note that the provided description conflates aspects of what the literature refers to as the contractor state with the fiscal-military state, with the former referring to situations where the state works with the private sector to achieve state, and in this case, military-related objectives. Agustín Enciso provides a two-tiered system of the functioning state: first, the raising of revenue (fiscal-military); second, the financing of the military and procurement of certain goods and services, relying on the private sector to accomplish these goals (contractor).<sup>7</sup> Within this framework, the contractor state is not distinct from the fiscal-military state but is its natural

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<sup>6</sup> Agustín González Enciso, *War, Power and the Economy: Mercantilism and State Formation in 18th-Century Europe*, 1 Edition (London ; New York, 2017), 187.

<sup>7</sup> Enciso, *War, Power and the Economy*, 189.

corollary. This paper adopts Enciso's bifurcated state, finding it an appropriate description of Britain's reliance on contractors during the American War.

While *Sinews of Power* remains a touchstone for the fiscal-military field, recent scholarship challenges Brewer's depiction of Britain as a fiscal-military state. While the fiscal-military state may be appropriate for continental states, dedicating most of their resources to fielding substantial land armies, Patrick O'Brien and Anthony Page argue that given the Royal Navy's strategic importance, sprawling organisational structure, centrality to the imperial economy, high upkeep costs, and need for regular investment, Britain is best described as a 'fiscal-naval state'.<sup>8</sup> Figure 1 compiles data on total government expenditure on army and navy services to gauge the relative importance of each to the state. As depicted in the table, during the American War of Independence, spending on navy services only outstripped army spending in 1782 and 1783, indicating the army's dominant role within the British state.<sup>9</sup>

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<sup>8</sup> Anthony Page, "The Seventy Years War, 1744–1815, and Britain's Fiscal-Naval State," *War & Society* 34, no. 3 (August 2015): 167, <https://doi.org/10.1179/0729247315Z.00000000053>.

<sup>9</sup> "Accounts of Net Public Income and Expenditure of Great Britain and Ireland, 1688-1800; Receipts and Issues from Exchequer; Accounts of Gross Public Income and Expenditure, 1801-69" (House of Commons, 29 July 1869).

Figure 1: Government Expenditure on Army and Navy Services

| Year | Spending Army Services (£) | Spending on Navy Services (£) |
|------|----------------------------|-------------------------------|
| 1775 | 1,765,462 11d              | 1,764,847 7s 2d               |
| 1776 | 4,247,742 13s 8d           | 2,744,794 7s 11d              |
| 1777 | 4,677,092 5s 4d            | 3,530,689 12s 6d              |
| 1778 | 5,464,033 6s 11d           | 4,562,771 10s 10d             |
| 1779 | 7,111,711 2s 4d            | 4,271,012 8s 8d               |
| 1780 | 7,209,856 12s 3d           | 6,328,517 4s                  |
| 1781 | 8,928,044 19s 1d           | 6,588,724 9s 1d               |
| 1782 | 7,754,549 4s 10d           | 10,806,930 15s                |
| 1783 | 5,331,677 18s              | 6,994,326 4s 2d               |

Source: “Accounts of Net Public Income and Expenditure of Great Britain and Ireland, 1688-1800; Receipts and Issues from Exchequer; Accounts of Gross Public Income and Expenditure, 1801-69.”

I concede that this does not entirely capture the relative importance of the Royal Navy, as it neglects, for example, its role in maintaining Britain’s imperial economy. Though the Navy, specifically Navy Board, features prominently throughout this paper, for present purposes, it is sufficient to conflate O’Brien and Page’s fiscal-naval state with Brewer’s broader fiscal-military state as doing so does not detract from my argument.

This essay serves as an integrative work, fusing together distinct bodies of scholarship: those focusing solely on the British perspective of the American War and those examining Britain purely as a fiscal-military state. More specifically, it seeks to uncover how the war challenged Britain as a fiscal-military entity. This work is not a comprehensive study of the war’s effects on Britain *in toto* but rather focuses on the ways in which the war exerted pressure on aspects that, especially when considered together, uniquely embody the fiscal-military paradigm, chiefly analysing state credit, revenue, and bureaucracy. It omits details on the war’s social implications and does not adopt a subaltern approach to the American War, not out of a lack of

appreciation of the historical value such perspectives offer but merely as a means to narrow the scope of this paper. The unique contribution of this paper lies in its application of the concept of the fiscal-military state to Britain during the American War. Although there is a voluminous literature on both the war and the British fiscal-military state, there has been little effort to bridge the two areas of study, making this work unique in its approach.

## Section 1

### Wartime Debt and Investor Confidence

The conflagration in North America brought forth a corresponding surge in military expenditure, with the British state having little choice but to rely on borrowing to cover wartime costs. Writing to the *Morning Post* in 1777, one contributor reassured readers, ‘the national debt ought not to be considered in the manner it is generally stated, which makes it appear much larger than it actually is’.<sup>10</sup> While confidence may have been high, by 1780, commenters were becoming increasingly wary of the rising national debt. One commenter warned how if any of the various department-issued bills were to fail, the rest of the circulating national securities would ‘share the like Fate’, destabilising the British economy.<sup>11</sup> Such warnings reflect a prevailing atmosphere of unease surrounding the government’s ability to settle its outstanding debt. Apprehension, particularly among creditors, would serve as a major obstacle for the British fiscal-military state during the American War.<sup>12</sup>

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<sup>10</sup> “News,” *Morning Post*, 15 November, 1777, Seventeenth and Eighteenth Century Burney Newspapers Collection, [https://link-gale-com.libproxy.ucl.ac.uk/apps/doc/Z2000935655/GDCS?u=ucl\\_ttda&sid=bookmark-GDCS&xid=de438edd](https://link-gale-com.libproxy.ucl.ac.uk/apps/doc/Z2000935655/GDCS?u=ucl_ttda&sid=bookmark-GDCS&xid=de438edd).

<sup>11</sup> “News,” *Public Advertiser*, 26 January, 1780, Seventeenth and Eighteenth Century Burney Newspapers Collection, [https://link-gale-com.libproxy.ucl.ac.uk/apps/doc/Z2001169070/GDCS?u=ucl\\_ttda&sid=bookmark-GDCS&xid=33333ee8](https://link-gale-com.libproxy.ucl.ac.uk/apps/doc/Z2001169070/GDCS?u=ucl_ttda&sid=bookmark-GDCS&xid=33333ee8).

<sup>12</sup> Roger Morriss, *Naval Power and British Culture, 1760-1850: Public Trust and Government Ideology* (Burlington, 2004), 92.

The escalating fiscal demands of the American War strained British revenue. Figure 2 tabulates the proportion of total expenditure on army, navy, and ordnance services. In 1775, total spending on these services rose from £3,879,264 13s, around 37.43% of total expenditure, to a peak of £20,125,163 19s 5d, 68.84%, in 1782.<sup>13</sup>

Figure 2: Total Expenditure Allocated to Army, Navy, and Ordnances Services

| Year | Total Expenditure (£) | Total Spending on Military, Navy, and Ordnance Services (£) | Percentage of Total Expenditure on Military, Navy, and Ordnance Services (%) |
|------|-----------------------|---|--|
| 1775 | 10,364,780 6s 6d      | 3,879,264 13s   | 37.43  |
| 1776 | 14,044,667 2s 8d      | 7,541,048 1s 1d   | 53.69  |
| 1777 | 15,259,033 9s 7d      | 8,780,748 18s 8d  | 57.54  |
| 1778 | 17,939,800 12s 9d     | 10,983,456 3s 1d  | 61.22  |
| 1779 | 19,714,484            | 12,456,711 10s 9d   | 63.19  |
| 1780 | 22,605,250 16s 7d     | 14,868,152 3s   | 65.77  |
| 1781 | 25,810,412 9s 9d      | 17,063,022 6s 6d  | 66.11  |
| 1782 | 29,233,764 16s 5d     | 20,125,163 19d 5d   | 68.84  |
| 1783 | 23,509,713 11s 7d     | 13,667,041 1s 7d  | 58.13  |

Source: “Accounts of Net Public Income and Expenditure of Great Britain and Ireland, 1688-1800; Receipts and Issues from Exchequer; Accounts of Gross Public Income and Expenditure, 1801-69.”

The result was that taxes could only cover less than 20% of the extra expenditure required to maintain the war effort; borrowing had to make up the difference.<sup>14</sup> Indeed, across the three previous eighteenth-century wars it participated in, Britain relied on borrowing to secure 75% of its additional funds, with the American War being no exception.<sup>15</sup> To raise short-term credit, the

<sup>13</sup> “Accounts of Net Public Income and Expenditure of Great Britain and Ireland, 1688-1800; Receipts and Issues from Exchequer; Accounts of Gross Public Income and Expenditure, 1801-69.”

<sup>14</sup> Stephen Conway, *The British Isles and the War of American Independence* (Oxford University Press, 2002), 54, <https://doi.org/10.1093/acprof:oso/9780199254552.001.0001>.

<sup>15</sup> J. V. Beckett, “Land Tax or Excise: The Levying of Taxation in Seventeenth- and Eighteenth-Century England,” *The English Historical Review* 100, no. 395 (1985): 307.

government issued Exchequer Bills, which matured every few years, in lieu of cash to finance budgetary shortfalls and manage the government's cash flow requirements.<sup>16</sup> Other departments – the Navy, Ordnance, and Victualling boards – all issued their own bills to cover everyday costs. These bills functioned as paper instruments that the various boards used to pay creditors until the Treasury found the requisite funds for repayment, at which point investors could redeem them for cash. Bills were redeemed sequentially, with newer bills requiring a longer waiting period before conversion into cash.<sup>17</sup> Over the course of the American War, this type of short-term unfunded debt would rise from £3.1 million in 1775 to £19 million in 1783.<sup>18</sup> Across the same period, total unredeemed debt ballooned from £131 million to an unprecedented £245 million.<sup>19</sup> This growth in public debt was closely tied to the war's ever-expanding fiscal demands, necessitating the British state dedicate progressively larger proportions of its expenditure towards the military and its associated departments.

Wartime costs and, chiefly, the rising national debt strained the existing system of public credit, making it difficult for the British state to secure the loans it needed to finance the conflict. Despite the state funding the debt almost annually - £1 million was paid yearly between 1776 and 1778, £1.5 million in 1780 and 1782, and more than £3 million in 1781 – Navy, Victualling, Transport, and Ordnance bills were still circulating at a discount of 21% in 1783, suggesting that they were not being redeemed at their full value as investors lacked confidence in their full repayment, and were therefore willing to sell at lower prices.<sup>20</sup> The value of consolidated three

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<sup>16</sup> Aaron Graham, "Military Contractors and the Money Markets, 1700–15," in *The British Fiscal-Military States, 1660-c.1783*, ed. Aaron Graham and Patrick Walsh (New York, 2016), 84–85.

<sup>17</sup> Brewer, *The Sinews of Power*, 94.

<sup>18</sup> Conway, *The British Isles and the War of American Independence*, 54.

<sup>19</sup> Brewer, *The Sinews of Power*, 93.

<sup>20</sup> Roger Morriss, *The Foundations of British Maritime Ascendancy: Resources, Logistics and the State, 1755-1815*, Cambridge Military Histories (Cambridge, 2011), 92.

per cents, a government security yielding a three per cent fixed interest rate, also fell; standing at eighty-nine and a quarter on 1 May 1775, they were, by May 1781, down to fifty-eight and five-eighths.<sup>21</sup> Echoing this sharp decline in confidence, John Dalrymple, the Earl of Stair, expressed his doubts in 1776 about the government's ability for repayment, noting how 'the National Debt at Christmas 1775 was probably something within the Limits of One Hundred and Forty Millions. But that auspicious Epoch is now fled to return no more; each frantic Hour teems with precious Impossibilities, expensive Chymeras, baseless Incoherencies'.<sup>22</sup> As trust in government funds slipped, it became increasingly difficult to secure the necessary loans needed to finance the war, as lenders insisted on unfavourable terms, with Lord North complaining to the Commons in 1779 about the difficulties in negotiating 'owing to the very high terms that had been insisted upon by the monied people'; by 1781, North lamented the need to propose a large addition to the empire's debt 'where we were obliged to borrow on such disadvantageous terms'.<sup>23</sup> Nevertheless, to attract savings, the government had little choice but to offer investors substantial inducements - high-interest rates or free annuities added to the debt.<sup>24</sup> These concessions and the diminishing confidence in government funds made financing the war increasingly difficult.

While the British fiscal-military state certainly felt the strain of growing national debt, the fiscal health of the economy withstood wartime constraints, quickly rebounding to prewar levels soon after 1783. This post-war recovery was thanks in large part to military contracts, injecting much-needed capital into the domestic economy. Ironmasters and manufacturers of small metal

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<sup>21</sup> Conway, *The British Isles and the War of American Independence*, 54-55.

<sup>22</sup> John Dalrymple, *The State of the National Debt, the National Income, and the National Expenditure. With Some Short Inferences and Reflections Applicable to the Present Dangerous Crisis. By John Earl of Stair* (Edinburgh: printed for, and sold by, John Wood, Luckenbooths, 1776), 11, [https://link-gale-com.libproxy.ucl.ac.uk/apps/doc/CW0105415641/ECCO?u=ucl\\_ttda&sid=bookmark-ECCO&xid=5b7cef3d&pg=1](https://link-gale-com.libproxy.ucl.ac.uk/apps/doc/CW0105415641/ECCO?u=ucl_ttda&sid=bookmark-ECCO&xid=5b7cef3d&pg=1).

<sup>23</sup> Conway, *The British Isles*, 54-55.

<sup>24</sup> *Ibid*, 54.

goods, for instance, despite being affected by the contraction of overseas markets, found consolation in supplying equipment to the British army.<sup>25</sup> For example, Samuel Walker's Rotherham Ironworks could afford to employ 1,000 workers while still turning a hefty profit from manufacturing artillery pieces, with the firm doubling its capital between 1775 and 1782.<sup>26</sup> Nor did the war seem to have stopped the government from spending on civil projects. For example, from 1776 onwards, the government spent over £700,000 on the maintenance of prison hulks on the Thames.<sup>27</sup> In 1783, due to poor harvests, the government approved a relief grant of £15,000 for the distribution of military stores to relieve distress in the highlands.<sup>28</sup> Alongside these initiatives, the state also, in 1780, devoted resources towards the founding of the British Museum.<sup>29</sup> While these projects were of little expense to the state, the examples of similar small-scale expenditures are legion and, when aggregated, illustrate the dynamism of the British economy during and after the war.

Nonetheless, the American War put pressure on a linchpin of the British fiscal-military state: its access to credit. Although neither the state nor the economy was at risk of collapse, the war threatened the British state as a fiscal-military entity. That is to say, the war created challenges for the state in terms of fulfilling its fiscal-military functions effectively, calling into question the continued status of the British state as a fiscal-military entity.

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<sup>25</sup> Ibid, 77-79.

<sup>26</sup> Conway, 79.

<sup>27</sup> Joanna Innes, "The Domestic Face of the Military—Fiscal State: Government and Society in Eighteenth-Century Britain," in *Inferior Politics: Social Problems and Social Policies in Eighteenth-Century Britain*, ed. Joanna Innes (Oxford, 2009), 104-105, <https://doi.org/10.1093/acprof:oso/9780198201526.003.0003>.

<sup>28</sup> Innes, *The Domestic Face*, 104-105.

<sup>29</sup> Steve Pincus and James Robinson, "Challenging the Fiscal-Military Hegemony: The British Case," in *The British Fiscal-Military States, 1660-c.1783*, ed. Aaron Graham and Patrick Walsh (New York, 2016), 237–238.

## Section 2

### Sourcing and Recapturing Revenue

In the *Sinews of Power*, John Brewer argues that Britain, judged comparatively and in absolute terms, was heavily taxed, with Englishmen paying 46 livres per capita in annual taxes, while the equivalent figure in France was only 17 livres.<sup>30</sup> Yet, despite the high tax burden, throughout the eighteenth century, and especially during the American War, many went without paying the full amount of taxes they owed. O'Brien estimates that some 40% of the population avoided taxes, with the highest actual share of income the government could appropriate being around 30%.<sup>31</sup> Those remaining outside the effective tax base did so because of evasion, poverty, customary practices, and administrative difficulties.<sup>32</sup> The British state, therefore, had to occupy itself with recapturing lost revenue.

Smuggling proved to be a lucrative way to defraud the revenue, with a 1783 report observing that smuggling rates had increased by a 'very alarming degree' during the American War.<sup>33</sup> Highlighting the annual revenue of roughly one million sterling generated through excise duties on tea, coffee, brandy, and rum, it noted how were smuggling to be prevented, these duties alone could 'produce a revenue of more than three times that sum'.<sup>34</sup> Between 1779 and 1783, an estimated twenty million pounds of tea and thirteen million gallons of brandy were smuggled into the kingdom. The sheer scale of the problem was such that in order to patrol the coasts of Great Britain and Ireland, the crown had little choice but to requisition ships from the Admiralty

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<sup>30</sup> Brewer, *The Sinews of Power*, 75.

<sup>31</sup> Patrick K. O'Brien, "The Political Economy of British Taxation, 1660-1815," *The Economic History Review* 41, no. 1 (February 1988): 5-6, <https://doi.org/10.2307/2597330>.

<sup>32</sup> Page, "The Seventy Years War, 1744-1815, and Britain's Fiscal-Naval State," 170.

<sup>33</sup> William Eden, "Reports from the Committee on Illicit Practices Used in Defrauding the Revenue" (House of Commons, 15 March, 1802), 229.

<sup>34</sup> Eden, *Reports from the Committee*, 229.

and employ some four thousand men, incurring a total annual expense of £220,220.<sup>35</sup> While the punishment for apprehended smugglers and their abettors included being ‘sent for soldiers, or sailors’, with British customs duties quickly eating into vendors’ profits, many were willing to take the risk.<sup>36</sup> Tea vendors, in particular, finding Irish duties to be lower than those in Britain, would often buy their products in Ireland, pay the full Irish duties, and then smuggle their tea into Britain to avoid paying the higher British taxes, leading to the defalcation of British revenue in favour of Irish revenue. As millions of pounds worth of contraband flooded into the country, there was a growing suspicion that smugglers were colluding with customs officers.<sup>37</sup> To combat the issue, parliament passed a Smuggling Act in 1779, clarifying that if ‘any Officer of the Customs or Excise’ did not ‘use his best endeavours’ to seize any goods liable to forfeiture or to apprehend any persons implicated, within three months after a complaint had been lodged, the case could be examined by a Justice.<sup>38</sup> Upon finding reasonable grounds for the complaint, the ‘Commissioners of the Customs, or of the Excise’, had the authority to dismiss the offending officer.<sup>39</sup> While the overall impact of illicit practices of this sort on the state’s revenue remains uncertain, when combined with the need for wider taxation, smuggling and the various other

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<sup>35</sup> Ibid, 229.

<sup>36</sup> *Advice to the Unwary: Or, an Abstract, of Certain Penal Laws Now in Force against Smuggling in General, and the Adulteration of Tea; with Some Remarks, Very Necessary to Be Read by All Persons; That They May Not Run Themselves into Difficulties, or Incur Penalties Therefrom* (London: printed by E. Cox, Queen-Street, Lincoln’s-Inn-Fields; and sold by G. Robinson, Paternoster-Row; and may be had of all other Booksellers and News-Carriers in Town and Country, 1780), 13-14, [https://link-gale-com.libproxy.ucl.ac.uk/apps/doc/CW0105885287/ECCO?u=ucl\\_ttda&sid=bookmark-ECCO&xid=5940e88e&pg=3](https://link-gale-com.libproxy.ucl.ac.uk/apps/doc/CW0105885287/ECCO?u=ucl_ttda&sid=bookmark-ECCO&xid=5940e88e&pg=3).

<sup>37</sup> Eden, *Reports from the Committee*, 229.

<sup>38</sup> Gentleman of the Inner Temple and Great Britain, *A Concise Abstract of the Most Important Clauses in the Following Interesting Acts of Parliament, Passed in the Session of 1779* (London: printed for Fielding and Walker, Paternoster-Row, 1779), 13-14, [https://link-gale-com.libproxy.ucl.ac.uk/apps/doc/CW0123715824/ECCO?u=ucl\\_ttda&sid=bookmark-ECCO&xid=e789ff98&pg=11](https://link-gale-com.libproxy.ucl.ac.uk/apps/doc/CW0123715824/ECCO?u=ucl_ttda&sid=bookmark-ECCO&xid=e789ff98&pg=11).

<sup>39</sup> Gentleman of the Inner Temple and Great Britain, 13-14.

forms of tax evasion placed significant strain on the British fiscal-military state during the American War.<sup>40</sup>

Tax evasion compounded the British fiscal-military state's challenges in managing the national debt; it, therefore, needed to source new revenue streams. To do this, the state passed a series of budgets introducing broader and more impactful taxes, affecting a wider range of goods and the general population. Prior to the American War, parliament preferred levying taxes on luxury items, arguing that certain 'necessities of the poor' should be exempt from those additional charges.<sup>41</sup> However, salt, candles, beer, cider, soap, coal, starch, leather, and malt were seen as exceptions to the rule.<sup>42</sup> Confident in his ability to confine the extra tax burden to those who were comfortably off, Lord North increased the land tax to its wartime rate of four shillings in the pound.<sup>43</sup> In 1776 North further increased stamp duties on deeds, newspapers, cards, and dice.<sup>44</sup> But as the cost of the war mounted, North found it increasingly difficult to avoid more generally applicable taxes.<sup>45</sup> He had, in 1777, pointed out that it may be necessary for taxation to 'reach the body of the people, who are the great consumers'.<sup>46</sup> This would happen in 1779 when he introduced a general increase of 5% on customs and excises which included duties on coal, malt, hops, and salt.<sup>47</sup> In an attempt to ensure that the tax burden was concentrated on those best able to bear it, North excluded beer from his surcharge because it 'was a great article of

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<sup>40</sup> Ibid, 229.

<sup>41</sup> Patrick K. O'Brien and Philip A. Hunt, "England, 1485–1815," in *The Rise of the Fiscal State in Europe c.1200–1815*, ed. Richard Bonney (Oxford, 1999), 64, <https://doi.org/10.1093/acprof:oso/9780198204022.003.0003>.

<sup>42</sup> Patrick O'Brien, "Fiscal and Financial Preconditions for the Rise of British Naval Hegemony 1485-1815," November 2005, 33-34.

<sup>43</sup> Conway, *The British Isles and the War of American Independence*, 51-52.

<sup>44</sup> Conway, 51-52.

<sup>45</sup> Ibid, 52.

<sup>46</sup> William Cobbett, *Parliamentary History of England, from the Earliest Period to the Year 1803 (1777-1778)* (T. C. Hansard, 1814), 243.

<sup>47</sup> Conway, *The British Isles and the War of American Independence*, 52.

consumption With the lower orders of the people'.<sup>48</sup> But coal, a necessity for many, was not exempt from the general surcharge, while increased malt duties put upward pressure on beer prices.<sup>49</sup> A year later, malt duties rose again, further escalating the cost of basic goods.<sup>50</sup> By 1781 North admitted that his taxes would likely be 'felt universally' and, in 1782, delivered a budget that further increased duties on both salt and tobacco.<sup>51</sup>

The difficulties of securing enough revenue during the American War forced the crown to search for new sources of income, while tax evasion further burdened the British fiscal-military state. The war tested the fiscal-military state in that it forced it to adapt. The state was consistently on the back foot, needing to expand the scope of taxation so that it could reconcile government revenue with growing military expenditure and mounting national debt.

### Section 3

#### Bureaucratic Inefficiency

The American War served as a fillip for some administrative change. With the loss of the thirteen colonies, the Treasury found itself responsible for shipping provisions to America. Undertaking this task proved challenging as it lacked the specialised knowledge, facilities in the form of dockyards, and personnel to manage such a large-scale maritime enterprise. In spite of the intractable logistics of victualling an army across the Atlantic, by 1778, the Treasury had amassed a fleet of 115 ships with a total tonnage of 30,052 tons, a feat which David Syrett

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<sup>48</sup> William Cobbett, *Parliamentary History of England, from the Earliest Period to the Year 1803 (1778-1780)* (T. C. Hansard, 1814), 166.

<sup>49</sup> Conway, *The British Isles and the War of American Independence*, 52.

<sup>50</sup> William Ashworth, *Customs and Excise: Trade, Production and Consumption in England 1640-1845* (Oxford, 2003), 350.

<sup>51</sup> William Cobbett, *Parliamentary History of England, from the Earliest Period to the Year 1803 (1780-1781)* (T. C. Hansard, 1814), 168.

describes as ‘a great logistical and administrative achievement.’<sup>52</sup> This responsibility was, in 1779, transferred to the Navy Board, which, given its experience with hiring and fitting troop transports, was better equipped to shuttle provisions to the Americas.<sup>53</sup> In the same year, the Navy Board also assumed control over surveying and dispatching transports, further streamlining trans-Atlantic shipping.<sup>54</sup>

While the Navy Board’s newfound responsibilities made hiring army victuallers more efficient, the Board lacked the credit to offer contractors competitive freight rates, often finding itself outbid by other departments. To pay for ships under charter, the Board issued navy bills, which had a maturity of six months, and were redeemable for cash.<sup>55</sup> Throughout the war, the Board found it increasingly difficult to source the tonnage it needed, as rising operating expenses, like seamen’s wages, and the scarcity of ships drove up freight rates. The problem was one of supply and demand. In terms of supply, the paucity of vessels led ship owners to increase their prices. On the demand side, the four boards – the Navy, Victualling, Ordnance, and Treasury Boards – actively competed with one another for ships, with contractors playing them against each other.<sup>56</sup> Though competition between boards was not ideal, the Navy Board could have secured the ships it needed if it were willing to offer higher freight rates. However, it remained hesitant to do so. If the freight rates of ships were to increase too much, the number of navy bills in circulation would rise, causing a corresponding increase in the rate of discount. Investors perceived a fall in the actual value of navy bills as a sign of them being less secure,

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<sup>52</sup> David Syrett, *Shipping and the American War 1775-83: A Study of British Transport Organization* (London, 2015), 131-132.

<sup>53</sup> Morriss, *The Foundations of British Maritime Ascendancy*, 328-329.

<sup>54</sup> Roger Morriss, “Colonization, Conquest, and the Supply of Food and Transport: The Reorganization of Logistics Management, 1780—1795,” *War in History* 14, no. 3 (July 2007): 313-314, <https://doi.org/10.1177/0968344507078377>.

<sup>55</sup> Syrett, *Shipping and the American War 1775-83*, 87-88.

<sup>56</sup> Morriss, *The Foundations of British Maritime Ascendancy*, 327.

which weakened the Board's credit.<sup>57</sup> To avoid jeopardising its credit, the Navy Board only increased freight rates under extreme pressure and then just enough to remain competitive.<sup>58</sup> The Board made repeated proposals for the coordination of procurement policies between the four departments or for it to assume total control over all shipping chartered by the government.<sup>59</sup> But action to address inter-departmental competition never materialised, with the issue persisting until the end of the war.<sup>60</sup>

Even though the Navy Board had the experience to convey army provisions, it underestimated the tonnage needed to sustain the war. The practical upshot of a lack of victualler tonnage was that by 1782 the government's existing policy of engaging in large-scale military operations was no longer feasible.<sup>61</sup> Amid the growing demand for transports, the Navy Board could rarely guarantee that vessels would arrive when needed. For example, the Board informed the Admiralty on 14 January 1782 how, due to 'the scarcity of shipping nothing but early & punctual convoys to ensure a speedy return [to Britain] can enable us to get through the service of this year', and again on 18 February 1782, when ordered to transport 500 German recruits, the Navy Board had no choice but to inform the Admiralty, 'We shall do everything in our power to procure them [transports] but the losses we have met with in America & the detention of others . . . renders it impossible to say when they can be ready.'<sup>62</sup> Without sufficient tonnage, the British state could not guarantee its men regular supplies of fresh provisions, and inadequate provisioning would prove to be a constant problem throughout the conflict.

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<sup>57</sup> Syrett, 89-90.

<sup>58</sup> Ibid, 89-90.

<sup>59</sup> Syrett, 247.

<sup>60</sup> Morriss, *The Foundations of British Maritime Ascendancy*, 329.

<sup>61</sup> Syrett, *Shipping and the American War 1775-83*, 231-232.

<sup>62</sup> Ibid, 231-232.

Brewer's portrayal of the British fiscal-military state, which he describes as neither an efficient Leviathan nor a 'toothless creature', rings true. Yet to expand on this metaphor, the British state resembled more of a cumbersome giant than anything else: ambitious in its strides forward yet frequently stumbling over the entanglement that was its own internal structure.<sup>63</sup> Bureaucratic malaise plagued the British fiscal-military state during the American War. The remit of different departments overlapped, leading to inter-departmental competition, making it difficult to provision British troops in North America. The asymmetry of easily accessible credit further compounded the issue, with some, notably the Navy Board, unable to consistently compete with other departments. That is not to say the bureaucracy could not adapt to the exigencies of the war; indeed, the war was a catalyst for some bureaucratic specialisation. Rather, my point is that the American War strained the British state's military apparatus, causing spasmodic rationalisation underpinned by a tendency for pattern dependency – the unwillingness to centralise all chartered shipping under the Navy Board – and a failure to appreciate the absolute scale of the war and the concomitant logistical requirements it demanded. In sum, the British fiscal-military state was inconsistent, at times making strides forward while at others seemingly moving backwards.

### Conclusion

Even though Britain suffered the ignominy of losing thirteen of its American colonies, the American War of Independence was not entirely responsible for sounding the death knell of the British fiscal-military state. As I have shown, fiscally speaking, the British economy was far from moribund; despite perturbations with the growing national debt, the fiscal health of the state

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<sup>63</sup> Brewer, *The Sinews of Power*, 115.

remained robust, with it being more than capable of servicing its debt obligations.<sup>64</sup> While there still were navy, victualling, transport, and ordnance bills circulating at a discount after the war, Pitt the Younger, in 1784, was able to fund a substantial portion of the outstanding unfunded debt.<sup>65</sup> In fact, by 1789, the state had successfully reduced its unfunded debt to less than two million pounds.<sup>66</sup> Nonetheless, the war played no small part in prompting the reorganisation of state priorities, shifting the dynamics surrounding government finance that had prevailed for almost a century.<sup>67</sup> Fundamentally, the decline of the British fiscal-military state was due to a problem of cost, as maintaining it, particularly its military apparatus, was prohibitively expensive, making it deeply unpopular. Its close association with contractors, who some saw as profiteers at taxpayers' expense, further compounded the general antipathy towards the British war machine.<sup>68</sup> The landed elite, which dominated the Commons, rallied against contractors, whose services had been vital to carrying out the state's military functions, crippling the British fiscal-military state.<sup>69</sup> Soaring costs and bureaucratic expansion, which characterised the British state during the American War, propelled concerns about 'Old Corruption' to the centre stage, forming a critical part of this shift.<sup>70</sup> Public perception turned against the British government and its administrative system, seeing it as being riddled with corruption, wasteful spending, sinecures, and negligence.<sup>71</sup> In sum, the American War brought to attention the extraordinary

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<sup>64</sup> Roger Morriss, "The British Fiscal-Military State in the Late Eighteenth Century. A Naval Historical Perspective," in *The British Fiscal-Military States, 1660-c.1783*, ed. Aaron Graham and Patrick Walsh (New York, 2016), 217.

<sup>65</sup> Morriss, *The British Fiscal-Military State*, 217.

<sup>66</sup> *Ibid*, 217.

<sup>67</sup> Simon Devereaux, "The Historiography of the English State During 'The Long Eighteenth Century' Part Two - Fiscal-Military and Nationalist Perspectives: The Long Eighteenth Century," *History Compass* 8, no. 8 (4 August, 2010): 848, <https://doi.org/10.1111/j.1478-0542.2010.00706.x>.

<sup>68</sup> Morriss, *Naval Power and British Culture*, 69.

<sup>69</sup> Peter J. Jupp, "The Landed Elite and Political Authority in Britain, ca. 1760–1850," *Journal of British Studies* 29, no. 1 (January 1990): 57, <https://doi.org/10.1086/385949>.

<sup>70</sup> Ashworth, *Customs and Excise*, 333.

<sup>71</sup> *Ibid*, 333.

political and economic costs of maintaining the fiscal-military state; it eventually collapsed because few were willing to defray its upkeep, replacing it with a more hands-off, laissez-faire approach to governance.<sup>72</sup>

This essay fills a lacuna within Brewer's *Sinews of Power*. Given the absolute breadth of Brewer's analysis, he can be forgiven for the lack of a detailed account of how the American War challenged the British fiscal-military state. Brewer identifies the overextension of the Royal Navy as the proximate cause of Britain's defeat.<sup>73</sup> He adds that while any eighteenth-century state would struggle to meet the logistical demands of provisioning troops over such great distances, the British state's efforts to surmount these difficulties should be considered a success.<sup>74</sup> This essay draws significantly on the works of David Syrett and Roger Morris, with their accounts of the inner dynamics of Britain's wartime bureaucracy, particularly the exploits of the Navy Board, proving to be invaluable to this paper. Brewer's conclusions are, for the most part, consonant with the findings of more recent studies, such as those by Syrett and Morris, but he fails to adequately capture the threat that war-induced administrative and financial disarray posed to the British fiscal-military state. Acknowledging this gap in Brewer's analysis, this essay provides a more nuanced understanding of the implications of war-induced disorder on the fiscal-military character of the British state. Though my conclusions do not directly contradict Morris and Syrett's studies, this paper takes a unique angle, exploring how the American War strained the British state as a fiscal-military entity. In essence, it reveals how, by exerting stress on

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<sup>72</sup> Philip Harling and Peter Mandler, "From 'Fiscal-Military' State to Laissez-Faire State, 1760–1850," *Journal of British Studies* 32, no. 1 (January 1993): 66, <https://doi.org/10.1086/386020>.

<sup>73</sup> Brewer, *Sinews of Power*, 144.

<sup>74</sup> *Ibid*, 144

specific aspects of the British state, the war tested the defining criteria of its fiscal-military identity.

As I have shown, the American War stretched the British fiscal-military state in the following three dimensions: a cumbersome national debt strained the state's system of credit; the war exhausted existing revenue streams, necessitating the state's proactive search for alternative sources of income; and it created tensions within its wartime bureaucracy. All of these undermined the war effort. To return to Cicero's maxim then, it may be true that the 'sinews of war' are built off a limitless supply of money, but for that money to be effectively employed, the state must address the coupled obstacles of credit and revenue generation on the one hand, and the need for bureaucratic efficiency on the other. The American War underscored these challenges, illuminating the intricacies of war financing and state governance in times of conflict.

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