

**‘Corruption and Contractors in the Atlantic World, 1754-63’\***

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\* I am extremely grateful to Stephen Conway, Erica Charters, Guy Chet, Matthew Dziennik and many others for their comments on this article during its extended development, as well as Peter Marshall and the two reviewers of the *English Historical Review*. The research for it was conducted with the generous support of a British Academy Postdoctoral Fellowship and a Junior Research Fellowship at Jesus College, Oxford. Materials are cited here with kind permission of the Lloyds Banking Group.

In May 1788 the retirement of Col. John Hunter in Bath was interrupted by an unwelcome letter from David Barclay, an important Quaker merchant in London. Barclay noted that he was settling the accounts of Messrs Hanbury, Thomlinson, Colebrooke and Nesbitt, who had been financial contractors to the British Treasury during the Seven Years War in North America between 1754 and 1763. Most of the partners had long since passed away and America was now definitely outside its jurisdiction, but the Audit Office in London had recently reopened the contractors’ accounts and was now accusing them of having corruptly padded their invoices with unnecessary sub-agents and extortionate demands for commission and compensation, and sometimes even misappropriating funds outright. Hunter had been the contractors’ agent in Virginia during the war and Barclay asked him to help them answer these allegations, by revisiting the questions of corruption, patronage and influence which had soured political relations in North America up to 1776. The letters and papers retrieved by Hunter and Barclay as they prepared their case for the Audit Office in the 1780s provide a revealing story about the nature of corruption during the Seven Years War, and the atmosphere of shared incomprehension and mutual suspicions that helped to produce it. Military finance in this period was already both complex and opaque, but contractors such as Hunter also found themselves caught between the incompatible demands of the Treasury, the army and the Audit Office, and the realities of transatlantic and colonial finance.

Not only in their submissions to the Audit Office but also in the privacy of their own correspondence, Hunter and the contractors had no doubt that they had served the British public faithfully and effectively, and that they had been ‘gentlemen of influence, ... [and] the success of the British arms may ... be fairly imputed to their

power and credit, and the exertion of their agents in America’.<sup>2</sup> Their submissions to the Audit Office in the 1780s were intended to bring this point out even further rather than to pull the wool over its eyes. They tried to show that the additional staff Hunter had hired had been necessary to support imperial forces in North America, and their compensation and charges had been a fair return for the challenges and difficulties they had faced. The contractors had not always understood what he was doing, but because they trusted his personal loyalty to them and his broader loyalty to the public interest they were prepared to defend him, while similar sets of connections enabled Hunter to defend the actions of his own agents in North America. These formed a network of shared trust that helped to coordinate the business of remittance and to extract enough money from the colonial economy to ensure that the army never ran short. To imperial officials and colonial elites not in this network, however, it was impossible to distinguish his actions from self-interest, especially where their own department suffered from the choices that Hunter had made. His experience serves to show that corruption in this period was a complex phenomenon which did not always reflect clear and unambiguous malfeasance but could also arise from confusion, misunderstandings, and competing views of the public interest even within the relatively cohesive matrix created by the imperial state and its colonial contractors.

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Contractors were part of a much wider framework of collaborative imperial rule in the eighteenth-century British Atlantic. ‘Wherever historians have looked’, argues Jack Greene, ‘... they have found that [imperial] authority structures [in North America]

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<sup>2</sup> LBGA, A/12/4/D/105, #8971, Hunter to Barclay, [circa Jan. 1788]. This article draws heavily on material held by Lloyds Banking Group Archive [hereafter LBGA], A/12/4/D/105, bundles #8964-71, and I am grateful for their kind permission to examine and consult these records.

have been created not strictly by imposition from the top down or from the center out, but through an elaborate process of negotiation among the parties involved’, in which shared interests created the basis for common action.<sup>3</sup> Britain itself relied heavily on contractors to assemble provisions and ship them out to the imperial forces operating overseas<sup>4</sup>, and their efforts in the mid-eighteenth century were supplemented by local contractors in North America such as Thomas Hancock in Boston or David Franks in Philadelphia.<sup>5</sup> This enabled imperial forces to project power effectively even in the furthest reaches of the continent, far beyond the limited regions accessible by naval power. The simultaneous consolidation of imperial power in South Asia reflected a similar process of collaboration between imperial and colonial interests. As the East India Company began to assume the responsibilities of a sovereign state after 1757, Christopher Bayley, Randolph Cooper, Lakshmi Subramanian and others have shown that the burgeoning fiscal and military establishments generally chose to work through local rulers, townsmen and bazaars to deliver supplies to Company armies, themselves composed mainly of local military labour or *sepoys*.<sup>6</sup> This not only

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<sup>3</sup> Jack P. Greene, *Negotiated authorities: essays in colonial, political and constitutional history* (Charlottesville, VA, 1994) p. 4. For a summary, see Marshall, *Making and unmaking* pp. 13-56.

<sup>4</sup> Norman Baker, *Government and contractors: the British Treasury and war supplies, 1775-1783* (London, 1971) pp. 22-90, 161-5; R. Arthur Bowler, *Logistics and the failure of the British Army in America, 1775-1783* (Princeton, NJ, 1975) pp. 92-145, 212-38; Stephen Conway, *War, state, and society in mid-eighteenth-century Britain and Ireland* (Oxford, 2006), esp. pp. 83-114; Gordon Bannerman, *Merchants and the military in eighteenth-century Britain: British Army contracts and domestic supply, 1739-1763* (London, 2008) pp. 221-39

<sup>5</sup> Mark Abbott Stern, *David Franks: colonial merchant* (University Park, PA, 2010) pp. 46-89; William T. Baxter, *The House of Hancock: business in Boston, 1724-1775* (Cambridge, MA, 1945) pp. 92-107, 129-56; William G. Godfrey, *Pursuit of profit and preferment in colonial North America: John Bradstreet's quest* (Waterloo, ON, 1982) pp. 88-232. For other colonial contractors, see Lawrence H. Leder, ‘Military victualling in New York’, in Joseph R. Frese and Jacob Judd, eds., *Business enterprise in early New York* (Tarrytown, NY, 1979) pp. 16-54; Fred Anderson, *A people's army: Massachusetts soldiers and society in the Seven Years War* (Chapel Hill, 1984) pp. 180-5, 187; Harold E. Selesky, *War and society in colonial Connecticut* (New Haven, CT, 1990) pp. 79-83, 127-31, 183-5.

<sup>6</sup> Randolph G.S. Cooper, ‘Beyond beasts and bullion: economic considerations in Bombay's military logistics, 1803’, *Modern Asian Studies*, 33 (1999) pp. 159-83; G.J. Bryant, ‘British logistics and the conduct of the Carnatic Wars’, *War in History*, 11 (2004) pp. 278-306; Christopher Bayly, *Rulers, townsmen and bazaars: North Indian society in the age of British expansion, 1770-1870* (Oxford, 1983), esp. pp. 96-107, 164-74, 207-34; Lakshmi Subramanian, *Indigenous capital and imperial expansion: Bombay, Surat and the West Coast* (Delhi, 1996) pp. 119-27, 145-97, 286-305.

supported these armies in the field but also bound important political and mercantile groups into the coalition of interests that the Company was building in South Asia.<sup>7</sup>

Indeed, the imperial state in North America and South Asia often had no choice but to collaborate with colonial groups. Military officials arriving in North America in the 1750s found that trade was booming but very little cash or coin was in circulation, due to negative balances of trade which drew bullion and specie out of the region in return for imports of British and European manufactures.<sup>8</sup> Unless the government proposed to bankrupt itself and the British economy by shipping out vast quantities of silver and gold coin to North America, it therefore had no choice but to rely on raising money for the army locally by offering ‘bills of exchange’.<sup>9</sup> These bills acted like modern checks, paying out a fixed sum in London or elsewhere to the bearer, which colonial merchants could buy for cash in America and send to their British suppliers to pay for the goods they had received. Prices for bills and thus the rate of exchange therefore rose and fell depending on the state of trade, the supply of bills and the availability of cash to buy them, and circulated within the wider structure of trust and reputation that held together transatlantic commerce and finance. To supply the troops and provision contractors with cash there were no choice but to rely on local merchants, who were embedded in these networks of trust that mediated access to cash or credit and could

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<sup>7</sup> Bayly, *Rulers, townsmen and bazaars* pp. 197-228, 459-63; Subramanian, *Indigenous capital* pp. 109-10, 137-41, 214-38, though the last has been qualified by Michelguglielmo Torri, ‘Trapped inside the colonial order: the Hindu bankers of Surat and their business world during the second half of the eighteenth century’, *Modern Asian Studies*, 25 (1991) pp. 367-401

<sup>8</sup> For the balance of trade and specie drain, see John J. McCusker and Russell R. Menard, *The economy of British America, 1607-1789* (Chapel Hill, NC, 1991) esp. pp. 71-88, 334-41; Edwin J. Perkins, *American public finance and financial services, 1700-1815* (Columbus, OH, 1994) pp. 22-7, 39-58, 64-5, 77-81; Robert E. Wright, *Origins of commercial banking in America, 1750-1800* (Lanham, MD, 2001) pp. 19-36

<sup>9</sup> For more detail on the practicalities of remittance contracting to North America, albeit focussed on the American Revolutionary War (1775-83), see John W. Shy, *Toward Lexington: the role of the British Army in the coming of the American Revolution* (Princeton, NJ, 1965) pp. 221-4, 336-40; Baker, *Government and contractors* pp. 175-83; Bowler, *Logistics* pp. 155-66.

use them to find money.<sup>10</sup> ‘They have a continual intercourse with the merchants of this country’, one official noted in June 1760, for example, ‘[and] are become acquainted with their credit and fortunes, [and] with the nature or extent of their trade, and are at least the best judges of the sum that may be raised by bills [of exchange]’.<sup>11</sup>

Relying on local merchants to help supply essentials such as money therefore also drew the imperial state into colonial politics. By virtue of their wealth and status, mercantile elites in Boston, New York, Philadelphia and the Chesapeake led political groupings or factions that were held together by friendship, marriage, and common social and religious institutions, but also to some extent by shared outlooks that drew, as Jack Greene, Alan Tully and others have shown, on very high levels of ideological engagement over political, religious and economic issues.<sup>12</sup> Most recently, Marc Egnal has argued that several groups in major colonies such as Massachusetts, New York, Pennsylvania and Virginia pushed an aggressively expansionist agenda from the 1740s that linked the public interest with the immediate settlement of frontiers such as the Ohio valley and Great Lakes as economic resources in their own right and as buffers against French and Native American aggression.<sup>13</sup> ‘Although self-interest, religious convictions and national origins helped to shape the membership of this patriotic group’, he argues, ‘what truly brought these individuals together was their dedication to the rapid development of the New World’, and until the 1760s or the

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<sup>10</sup> For recent studies of the importance of trust in transatlantic trade, see Sheryllyne Haggerty, *‘Merely for money’?: business culture in the British Atlantic, 1750-1815* (Liverpool, 2012) esp. pp. 66-96; David Hancock, *Oceans of wine: Madeira and the emergence of American trade and taste* (London, 2009) pp. 200-38; Nuala Zahedieh, *The capital and the colonies: London and the Atlantic economy, 1660-1700* (Cambridge, 2010) pp. 65-73

<sup>11</sup> TNA, WO 34/98 f. 276r, Barrow to Amherst, 17 June 1760.

<sup>12</sup> For the partisan nature of colonial politics, see Alan Tully, *Forming American politics: ideals, interests, and institutions in colonial New York and Pennsylvania* (London, 1994); Benjamin H. Newcomb, *Political partisanship in the American middle colonies, 1700-1776* (Baton Rouge, LA, 1995); Marc Egnal, *A mighty empire: the origins of the American Revolution* (Ithaca, NY, 2010) pp. 7-19, 25n, 52-4, 72-4, 103-4

<sup>13</sup> Egnal, *Mighty empire* pp. 87-101

1770s many felt that the military and naval power of the British state offered them the means to do so.<sup>14</sup> Egnal contrasts them with the ‘non-expansionists’, who favoured a slower pace of economic growth and social change, and a more conservative approach to defence that avoided the costs and risks of provoking French and Native reprisals. Though by this point rarely more than loose groupings of overlapping attitudes and interests, such factions or parties inflected the commercial networks of these colonies.

These close overlaps between economic and political interests and the power and the purpose of the state helped to fuel concerns about corruption in both North America and the British Isles. Bernard Bailyn was the first to show that it was one of the most important themes in American political discourse before the Revolution, as writers accused the imperial state of bribing supporters with patronage in return for signing away their liberties to a corrupt and tyrannical regime.<sup>15</sup> The allocation of military contracts was a key mechanism and Gary Nash, for instance, has commented on the ‘dubious patriotism by merchants who were fattening their purses on English supply contracts’, to the fury of both local elites and British officials.<sup>16</sup> One such example came at the opening of the French and Indian War in 1755, when William Shirley – governor of Massachusetts, and commander-in-chief of the expedition to Niagara – placed large contracts for provisions with his secretary William Alexander and son-in-law John Erving in Massachusetts, and their business partners Peter van Brugh

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<sup>14</sup> Egnal, *Mighty empire* p. 1

<sup>15</sup> Bernard Bailyn, *The ideological origins of the American Revolution* (Cambridge, MA, 1992), esp. pp. 94-159; Gordon S. Wood, *The radicalism of the American Revolution* (London, 1991) pp. 47-77; Richard L. Bushman, ‘Corruption and power in provincial America’, in *The Development of a Revolutionary Mentality* (Washington, DC, 1972) pp. 63-91.

<sup>16</sup> See above n. 5 and Virginia D. Harrington, *The New York merchant on the eve of the revolution* (New York, NY, 1935) pp. 292-302; Cathy D. Matson, *Merchants & empire: trading in colonial New York* (Baltimore, MD, 1998) pp. 266-70; Gary B. Nash, *The urban crucible: social change, political consciousness, and the origins of the American Revolution* (Cambridge, MA, 1979) pp. 167-9, 235-8, 257. Quotation on p. 237.

Livingston and Lewis Morris in New York.<sup>17</sup> There were similar worries in Britain about the unchecked growth of the imperial state, the abuses of contractors, and the corrosive effects of corruption on liberty.<sup>18</sup> Prime ministers such as Robert Walpole and the duke of Newcastle were accused in the 1740s and 1750s of giving contracts to supporters for their own political ends, and radical politicians such as William Pitt the Elder rode to power on the back of his campaigns against the ministerial corruption. When Shirley was recalled in 1756 after the failure of the Niagara expedition, his opponents in both America and Britain used these accusations of corruption to try to discredit Shirley and the ministry.<sup>19</sup> Worries about corruption, the private interests of contractors and its destructive influence of money on the public interest was therefore an important element in the politics of both the British Isles and North America.

While these concerns have generally been taken at face value, not least because instances of real and systematic corruption did exist, recent work has questioned how representative this was of either politics or government in the eighteenth century.<sup>20</sup> For instance, my own study of military finance in the early eighteenth century argues that officials ran private financial operations alongside public remittances in order to plug the gaps that opened up.<sup>21</sup> Norman Baker, Gordon Bannerman and others have

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<sup>17</sup> Theodore Thayer, ‘The army contractors for the Niagara campaign, 1755-1756’, *William and Mary Quarterly*, 14 (1957) pp. 31-43; John A. Schutz, *William Shirley, King's Governor of Massachusetts* (Chapel Hill, NC, 1961) pp. 174, 188-9, 197-202; Robert Zensky, *Merchants, farmers and river gods: an essay on eighteenth-century American politics* (Boston, MA, 1971) pp. 179, 188-9; Stanley M. Pargellis, *Lord Loudoun in North America* (New Haven, CT, 1933) p. 135

<sup>18</sup> Philip Woodfine, ‘Tempters or Tempted? The rhetoric and practice of corruption in Walpolean politics’, in Emmanuel Kreike and William C. Jordan (eds), *Corrupt histories* (Rochester, NY, 2004) pp. 167-96; John Brewer, *Party ideology and popular politics at the accession of George III* (Cambridge, 1976), esp. pp. 96-111, 240-66; E.A. Reitan, *Politics, finance and the people: Economical Reform in England in the age of the American Revolution, 1770-92* (Basingstoke, 2007); P. Harling, *The waning of “Old Corruption”: the politics of Economical Reform, 1779-1846* (Oxford, 1996);

<sup>19</sup> Thayer, ‘Army contractors’, pp. 43-6.

<sup>20</sup> Such as Mark Latham, ‘“The city has been wronged and abused!”: institutional corruption in the eighteenth century’, *Economic History Review* 68 (2015) pp. 1038-61.

<sup>21</sup> Aaron Graham, *Corruption, party and government in Britain, 1702-13* (Oxford, 2015), esp. pp. 95-138.

defended the reputation of contractors in Britain in the mid-eighteenth century, noting that major provisions suppliers such as Sir William Baker were mainly chosen by the Treasury for their skills as merchants and served the public under difficult and risky conditions. ‘The long-established impression’, Baker notes, ‘...of eighteenth century administration as generally corrupt, inefficient and inactive needs considerable revision’.<sup>22</sup> Shirley placed his provisions contract in 1755 with trusted figures linked to the ‘expansionist’ factions in New York to ensure that his proactive imperial policy would be implemented faithfully by its supporters, so ‘there was more honesty – and a better attempt to serve the public – than has generally been realised’.<sup>23</sup> Accusations of corruption arose from the Delancey faction in New York, who were less committed to expansion and had been frozen out of the contracts by Shirley, and by their allies in London who persecuted Shirley to discredit Newcastle. How and why matters could be so badly misinterpreted in this way, and thus the broader question of whether contractors in this period actually were corrupt or not, has therefore still not been satisfactorily answered.

Examining Hunter and his transatlantic networks with contractors and agents in both Britain and North America demonstrates that corruption seemed pervasive because military finance was complex and opaque, and because the actions of the contractors were open to multiple interpretations. Thomlinson and Hanbury transmitted at least £4 million from Britain to America between 1754 and 1765 but faced scrutiny from both the Treasury and the Audit Office, who valued economy and proper paperwork,

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<sup>22</sup> Baker, *Government and contractors* p. vii

<sup>23</sup> Thayer, ‘Army contractors’, p. 32, 46; Egnal, *Mighty empire* pp. 40-4, 61-6 and above n. 17.

and military officials, who demanded a smooth flow of cash at whatever cost.<sup>24</sup> The scope for misunderstandings was wide, especially once imperial forces moved into the Ohio Valley and the Great Lakes from 1758, and on top of this the contractors also had to manage relations with local merchants in order to build trust and to maintain access to cash and credit. These demands were ‘urgent, valid but also fundamentally irreconcilable’, and by favouring one set of priorities over another, such as by using their own friends and allies as additional agents or insisting on rates of exchange that seemed to promise them immense private profits, the contractors necessarily appeared inefficient and even corrupt to the departments such as the Treasury who lost out.<sup>25</sup> Yet by employing political allies the ministry gained a loyal set of contractors who were fully invested in the success of their venture and transmitted this loyalty to their trusted agents, who then in turn hired their friends to provide the army in America with more reliable access to the networks of trust that underpinned transatlantic trade, and manipulated the rates of exchange to offset the costs of remittance. Looking first at the contractors in London, then their agents in Williamsburg and Philadelphia, then on the frontier in the Ohio Valley, shows that a chain of trust created by personal and political loyalty connected them together but appeared corrupt only to outsiders.

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The immediate cause of the French and Indian War was a skirmish at Jumonville Glen near the Ohio River in May 1754, where a small party of Virginian militiamen and

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<sup>24</sup> LBGA, A/12/4/D/105, #8969, ‘Account of Bills of Exchange drawn on the Contractors for Payment of the Troops in America, from 1 January 1756 to 28 April 1767, rec’d from C[harles] W[ard] Apthorp’ (n.d.); #8965, Barclay to Steele, [not dated but circa 1791].

<sup>25</sup> Graham, *Corruption*, esp. pp. 3, 238

Mingo warriors under George Washington were ignominiously driven out of the Ohio Country by French forces.<sup>26</sup> He was there because of pressure from expansionists in Virginia, noted above, to settle these regions in competition with French and Native opponents. The outlook of such groups provided a basis for cooperation with each other and with factions in the imperial government, where politicians such as George Montagu-Dunk, earl of Halifax and president of the Board of Trade, hoped to make use of these groups to confront French expansion and consolidate imperial power.<sup>27</sup> ‘The assertion ... of British hegemony in America required ... an ability to negotiate with colonists, incentivizing them to commit to a greater geopolitical vision than their own horizons afforded’, Andrew Beaumont has recently noted, ‘... [and] to encourage Britons and colonists alike to become stakeholders and shareholders in a new, blue-water vision of the empire’s future’.<sup>28</sup> This represented a major ideological break with the previous policies of salutary neglect that had largely characterised British policy towards its colonial territories in the early eighteenth century, and by meant that by 1754 there were groups in the ascendant on both sides of the Atlantic who favoured aggressive imperial expansion, providing the basis for an alliance of shared interests between the imperial state and colonial elites. Contractors who had a foot in both worlds helped to bring these two sides closer together and would provide a reliable and loyal instrument for effecting this shared imperial policy.

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<sup>26</sup> Fred Anderson, *The crucible of war: the Seven Years’ War and the fate of empire in British North America, 1754-1766* (London, 2000) pp. 42-65.

<sup>27</sup> For a summary of this debate, see Doron Ben-Atar, ‘The American Revolution’, in Robin Winks and William Roger Louis, eds., *The Oxford History of the British Empire, volume V: Historiography* (Oxford, 1999) pp. 101-3 and Egnal's response in Egnal, *Mighty empire* pp. xi-xviii. My reading of Halifax has been significantly shaped by Andrew Beaumont’s recent reassessment: see Andrew D. M. Beaumont, *Colonial America and the Earl of Halifax, 1748-1761* (Oxford, 2015) pp. 82-110.

<sup>28</sup> Beaumont, *Earl of Halifax* p. 11; Anderson, *Crucible of war* pp. 68-72, 85-93.

Events in the Ohio Valley allowed Halifax and his allies to stampede Newcastle and the cabinet into action. In December 1754 it was agreed that two British regiments would be sent from Ireland to Virginia under Major-General Edward Braddock, who would collaborate with the provincial governors to organise two simultaneous campaigns that would drive the French from the Ohio Valley and the Great Lakes.<sup>29</sup> The latter would be led by William Shirley, a protégé whom Halifax had appointed governor of Massachusetts in 1752. As noted above, Shirley drew strongly on his political allies in New York during the Niagara expedition. The foray into the Ohio would be executed in cooperation with Robert Dinwiddie, whom Halifax had likewise appointed governor of Virginia in 1751.<sup>30</sup> Dinwiddie shared his views and had aligned himself closely with the expansionist faction in Virginia and their vehicle, the Ohio Company, which would help supply provisions to Braddock’s expedition in 1755.<sup>31</sup> Although the intention was therefore to draw heavily on the resources of their political allies in North America it was recognised that immense sums of money were still required from Britain, and in November 1754 the Treasury therefore signed a remittance contract with John Thomlinson and John Hanbury, merchants of London, to remit these sums to North America.<sup>32</sup> With the addition of Arnold Nesbitt and Sir George Colebrooke they would serve as remittance contractors for the remainder of the Seven Years War, supplying money to British forces as they overcame their initial

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<sup>29</sup> Beaumont, *Earl of Halifax* pp. 150-8. Beaumont notes that this was a double-edged sword, since the shift to open war threatened to empower the Treasury and Southern Secretary of State at the expense of Halifax and the Board of Trade.

<sup>30</sup> Louis Knott Koontz, *Robert Dinwiddie: his career in American colonial government and westward expansion* (Glendale, CA, 1941) pp. 118n, 171, 380-2; Beaumont, *Earl of Halifax* pp. 81-93, 97-102. For a recent summary of Dinwiddie's expansionist policy, see Robert Cain, ‘Governor Robert Dinwiddie and the Virginia frontier, 1751-57’, in Andrew Mackillop and Steve Murdoch, eds., *Military governors and imperial frontiers c 1600-1800: a study of Scotland and empires* (Leiden, 2003) pp. 167-73.

<sup>31</sup> James Titus, *The Old Dominion at war: society, politics, and warfare in late colonial Virginia* (Columbia, SC, 1991) pp. 48-53, 61-3; Warren R. Hofstra, *The planting of New Virginia: settlement and landscape in the Shenandoah Valley* (Baltimore, MD, 2004) pp. 251-2.

<sup>32</sup> TNA, T29/32 (Treasury Minute Book, 1754-7), p. 251, 252-3.

failures between 1755 and 1757 and pushed further into the interior, capturing Fort Duquesne and the Ohio Valley in 1758 and Quebec, Montreal and the region around Canada and the Great Lakes in 1759 and 1760.

The agreement required the contractors to remit a fixed quota of funds to the army each month and pay its additional or ‘extraordinary’ needs on the spot on the basis of requisitions by the commander-in-chief. They would get the cash from the Treasury in London and either purchase gold and silver coin to send to their agents in Boston and Williamsburg or use the money to answer the bills of exchange drawn on them from North America by their agents. These would be sold for cash to the colonial merchants of Boston and Williamsburg seeking to pay their suppliers in Britain, who would receive the bills and present them to the contractors for payment. Among the most important qualifications for remittance contracting were therefore financial solvency, extensive financial connections and an excellent reputation among the merchants in North America for trust and reliability, which would ensure that their bills were not rejected by colonial merchants. Hanbury and Thomlinson offered all three. Hanbury was a Quaker merchant who controlled the largest single share of the Chesapeake tobacco trade, a process that involved raising large sums to extend credit to planters.<sup>33</sup> When he died in 1758 he was replaced by his nephews Capel and Osgood Hanbury, who had the same advantages. Thomlinson had similar links to New England.<sup>34</sup> They hoped that these qualifications would not only allow them to keep up a regular flow of remittances to the army in North America but also to save

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<sup>33</sup> Jacob M. Price, *Capital and credit in British overseas trade: the view from the Chesapeake, 1700-1776* (Cambridge, MA, 1980) pp. 21, 72, 73-4; Jacob M. Price, ‘English Quaker merchants and war and sea, 1689-1783’, in Roderick A. McDonald, ed., *West Indies accounts: essays on the history of the British Caribbean and the Atlantic economy in honour of Richard Sheridan* (Kingston, Jamaica, 1996) pp. 77-81; Harrington, *New York merchant* p. 293

<sup>34</sup> See below, n. 37.

the public money by beating down the rates that colonial merchants offered for their bills. ‘As [our] bills will be certain of being punctually paid, and sooner than the bills in trade’, they noted to Hunter in 1754, ‘... and no charges of sending them out to the outports and negotiating them, we think they should bear a higher exchange than any other bills’.<sup>35</sup> In return they would receive a total of two percent commission.

The contractors were therefore selected without open competition, laying the Treasury open to accusations of favouritism, but Gordon Bannerman has argued that there was some justification for acting this way since only a small group of financiers had the capacity to discharge these contracts effectively.<sup>36</sup> A shared political vision was also clearly a factor. Thomlinson had been colonial agent for New Hampshire since 1734 and had consistently pushed an expansionist line, and his contacts in New England backed Shirley and his plans in the 1740s and 1750s.<sup>37</sup> Hanbury had been the agent in London for the Ohio Company since 1748, and later helped to broker the compromise in Pennsylvania in 1755 that saw the Quaker party withdraw from the assembly in favour of the – expansionist – ‘proprietary party’.<sup>38</sup> Appointing both Hanbury and Thomlinson as remittance contractors therefore embedded them into a wider partisan framework of imperial rule, united by shared agendas and interests, at the expense of Newcastle and his ally Sir William Baker, a major provisions contractor whose agents

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<sup>35</sup> LBGA, A/12/4/D/105, #8967, Thomlinson & Hanbury to John Hunter, Dec. 1754.

<sup>36</sup> Bannerman, *Merchants and the military* pp. 42-6; Baker, *Government and contractors* pp. 216-41

<sup>37</sup> Michael G. Kammen, *A rope of sand: the colonial agents, British politics, and the American Revolution* (Ithica, NY, 1968) pp. 28-9; L. B. Namier and John Brooke, *The House of Commons, 1754-1790* (3 vols., London, 1985) vol. iii, 522-3, 557-60; Schutz, *William Shirley*, pp. 42, 72-3, 94, 102, 124, 188, 198, 269-70; Baxter, *House of Hancock* pp. 98-103, 118-23, 133; Zemsky, *Merchants*, p. 197.

<sup>38</sup> James A. Henretta, *"Salutary neglect": colonial administration under the Duke of Newcastle* (Princeton, 1972) pp. 158n, 226; Price, ‘Quaker merchants’, pp. 76-7; Beaumont, *Earl of Halifax* p. 83

in Massachusetts had opposed Shirley in the 1740s.<sup>39</sup> Thomas Pownall, Halifax’s ally and protégé, noted in December 1756 that ‘by reasons of ... my friends Mr Hanbury and Mr Thomlinson, all is as one would wish in the City [of London]’.<sup>40</sup> The contract was therefore simultaneously a patriotic proposition and a commercial transaction for the contractors, and they consequently took care to balance both priorities in their own business and in their correspondence with their agents. ‘The whole tone of the Contractors’ ... letters [to their agents]’, as one of Barclay’s memorials later justly put it, ‘breathes such a laudable spirit of economy throughout the whole business of their contract as manifestly evinces their uprightness and integrity’.<sup>41</sup>

For a start, Thomlinson and Hanbury both dug deep and drew on private networks to support public business. Hanbury was already borrowing heavily from the Quaker banking house of Freame & Barclay to support his planters in the Chesapeake, for example, and the house’s year-end balances show that loans to Hanbury tripled from an average of £5,700 between 1745 and 1754 to about £14,000 in 1755 and more than £46,000 in 1757.<sup>42</sup> Their loans to the partners for their contract grew from nothing in 1754 to £9,860 at the end of 1755 and £33,254 in 1756, then averaged nearly £19,000 a year between 1757 and 1761. The partners also hired an experienced bullion-broker named George Masterman ‘to purchase (under their direction) foreign coin when it

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<sup>39</sup> TNA, T29/32 f. 252; Schutz, *William Shirley* pp. 71-2, 102, 124, 140, 226, 234, 237; Zemsky, *Merchants* pp. 187-90, 185-210; Baxter, *House of Hancock* pp. 95-100, 129-42, 167; Leder, ‘Military victualling’, pp. 40-1; Pargellis, *Loudoun* pp. 291-8

<sup>40</sup> HL, LO 2321, Pownall to Loudoun, 7 December 1756.

<sup>41</sup> LBGA, A/12/4/D/105, #8967, ‘Additional Answer[s] to the Commissioners’ Objections’, 27 June 1788.

<sup>42</sup> Barclays Group Archives, UK, Barclay, Bevan, Triton & Co MS, Refs. 364/7-19 (Freame & Barclay Cash Books, 1754-66, under ‘Thomlinson & Co’, ‘Thomlinson & Hanbury’ and ‘Treasury Account’). For metropolitan sources of credit and capital in British trade with North America, see Price, *Capital and credit* pp. 20-123; David Hancock, *Citizens of the world: London merchants and the integration of the British Atlantic community, 1735-1785* (Cambridge, 1995) pp. 241-58; S. D. Smith and T. R. Wheeley, ‘Requisites of a Considerable Trade’: the letters of Robert Plumsted, Atlantic merchant, 1752-58’, *English Historical Review*, 124 (2008) pp. 553-60

might be most advantageously bought in the City of London’, and used their private connections in 1757 as wartime shortages drove coins out of circulation. They noted in December for instance that ‘the Bank [of England] have refused to exchange with us ..., [but the] East India Company once gratified us in a large sum ... and we have at times borrowed milled dollars off our friends’.<sup>43</sup> The addition of Colebrooke and Nesbitt to the partnership opened up new sources of cash, and by 1763 the contractors had also borrowed at least £63,000 from Colebrooke & Lessingham and £51,000 from Cliffe, Walpole & Clarke, and had put up £113,450 of their own money.<sup>44</sup> ‘There can be no doubt the Treasury did not always issue money when the Contractors applied for it previous to 1765’, Colebrooke later noted, ‘... [and] that the Contractors did at times advance money out of their own pockets or through their banker, especially towards the close of a year’.<sup>45</sup>

-III-

The actions of the contractors in London therefore mirrored their intentions, as stated not only to the Treasury but also in their private letters to their agents in America, where there was no need for artifice, deception, falsity or pretence, that they had the interests of the public at heart. ‘We can place such a confidence [in you]’, they wrote to Hunter and Apthorp in December 1754, for example, ‘as to have no doubt but that you ... will execute the Trust reposed in such a manner as will be to the satisfaction of

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<sup>43</sup> LBGA, A/12/4/D/105, #8964, ‘Memorial’; HL, AB 357, Thomlinson, Hanbury, Colebrooke & Nesbitt to Apthorp, 16 June 1758; TNA, T1/379/85, Thomlinson & Hanbury to Treasury, 31 Dec. 1757

<sup>44</sup> LBGA, A/12/4/D/105, #8967, Ryland to Barclay, 9 June 1787; #8964, ‘Observations’, [circa Jan 1788]. See also #8969, Colebrooke to Barclay, 13 Mar. 1789. For Colebrooke and Nesbitt, see L. B. Namier, *England in the age of the American revolution* (London, 1961) p. 242; Namier and Brooke, *Hist. Parl. 1754-90* vol. ii, 235-6; vol. iii, 194-5.

<sup>45</sup> LBGA, A/12/4/D/105, #8969, Colebrooke to Barclay, 13 March 1789.

all parties’.<sup>46</sup> Their agents would therefore be allowed a reasonable compensation, but the contractors insisted in return on honest and loyal conduct, to themselves and to the public. ‘Our reputations, together with our fortunes, and those of our securities, are engaged for the just performance of this contract’, they continued, ‘and we hope ... it will be thought and looked upon as ... an affair well worth your attending to and performing in the exactest manner, and with the utmost care, in saving and gaining as much as possible for the Crown, which we have much at heart’.<sup>47</sup> They eventually sent about £1.26 million in gold and silver coin was sent from London between 1756 and 1765 for the ‘northern department’ in the Great Lakes and Canada, and a further £1.85 million was raised by their agents in Boston and New York by selling bills of exchange.<sup>48</sup> The remaining £900,000 or so of the £3.5 million received after 1756 was paid over by their agent John Hunter to the army in the ‘southern department’ covering the Ohio Valley and the Carolinas. His letters and evidence from other military officials shows that he fulfilled these duties as far as possible, both because he felt personally obliged to Hanbury and politically engaged with the outcome, even if his actions sometimes appeared corrupt to imperial officials with other priorities.

The main challenge that Hunter faced was the management of his cash supply. As noted above, gold and silver coin was very scarce in North America, and as Hanbury and Thomlinson began to experience difficulties raising it in London in 1757 Hunter was increasingly forced to raise cash by his selling bills of exchange at the quarterly courts at Williamsburg, where planters and merchants settled tobacco prices, balanced their books, and looked for bills to remit their profits home. ‘[The] quarterly court at

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<sup>46</sup> LBGA, A/12/4/D/105, #8967, Thomlinson & Hanbury to Hunter, Dec. 1754.

<sup>47</sup> LBGA, A/12/4/D/105, #8967, Thomlinson & Hanbury to Hunter, Dec. 1754

<sup>48</sup> LBGA, A/12/4/D/105, #8969, ‘Account of Bills of Exchange drawn on the Contractors for Payment of the Troops in America, from 1 January 1756 to 28 April 1767, rec’d from C[harles] W[ard] Apthorp’ (n.d.); #8965, Barclay to Steele, [not dated but circa 1791].

Williamsburg ... [is] the best opportunity of raising money in that country’, one military official noted in 1759, but the market tended to be highly volatile and it required very careful management to prevent merchants exploiting Hunter’s urgent need for specie and driving the prices up.<sup>49</sup> ‘This kingdom is ... exhausted of both gold and silver’, the contractors told their agents in April 1759, for instance, ‘... but let not a single soul [in America] besides know it, as its getting abroad must be fatal, by putting you wholly in the power of the merchants’.<sup>50</sup> Even without these problems bills had to be spaced out so that they would not all fall due in London at once and overwhelm the contractors, since this would make it necessary to borrow money to answer them, ‘and ... the interest would eat up our commission’.<sup>51</sup> Selling large numbers of bills would glut the market in Williamsburg and drive down the rate of exchange, losing the public money on the deal. Although dolling the bills out with care would accordingly limit the supply and hold up the rate of exchange, if taken to extremes it might then drive the price of bills so high that the merchants would buy bills elsewhere or even ship specie home directly, leaving far less available for the use of the army.<sup>52</sup> Furthermore, restricting the sale of bills would prevent Hunter from being left with large ‘dead’ balances of his cash on his hands in Philadelphia, but sudden demands from the army for cash would then spell disaster by exhausting his small cash supply and leaving the army without any money at all.

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<sup>49</sup> Sylvester Stevens and Donald Kent, eds., *The Papers of Henry Bouquet* (19 vols., Harrisburg, PA, 1941-3) vol. v, 124, 139. For Williamsburg and the tobacco markets, see James H. Soltow, ‘The role of Williamsburg in the Virginia economy, 1750-1775’, *William and Mary Quarterly*, 15 (1958), pp. 467-74; Price, *Capital and credit* pp. 5-19; McCusker and Menard, *Economy of British America* pp. 122-33.

<sup>50</sup> TNA, WO34/98 f. 237r, Thomlinson & Hanbury to Apthorp, 11 April 1759.

<sup>51</sup> LBGA, A/12/4/D/105, #8967, Thomlinson & Hanbury to Hunter, Dec. 1754

<sup>52</sup> For the operation of financial markets in this period, see Thomas M. Doerflinger, *A vigorous spirit of enterprise: merchants and economic development in Revolutionary Philadelphia* (Chapel Hill, NC, 1986) pp. 86, 96; Perkins, *American public finance* pp. 18-19; Soltow, ‘Williamsburg’, pp. 475, 480; Matson, *Merchants & empire* pp. 162-3

Hunter therefore had to balance a number of competing, even contradictory, priorities, but nevertheless enjoyed considerable success. In 1755 he swept the region clean of some £120,000 in coin support Braddock’s forces, to the extent that Dinwiddie was still complaining six months later that there was only about £20,000 in coin left in the region for the provincial forces.<sup>53</sup> Since this shortfall meant that it now took longer for merchants to collect specie needed to purchase bills, Hunter then decided to ignore his instructions from the contractors and adopt the risky practice of selling the bills on credit to reliable merchants, ‘the payments of which were made in small sums as those creditors would have the money by the sale of their commodities’.<sup>54</sup> Merchants and retailers would therefore buy bills early in the year but pay later once their goods were sold, and the process therefore required careful management from Hunter, not only to ensure that the flow of cash was maintained but also to prevent the bills being sold to unreliable persons who would not be able to deliver the cash when required. Indeed, by August 1760 he had balances open worth about £70,000 and grew so concerned at the possibility of default that he began to close them down, ‘[to] put a stop a stop to this painful practice of trusting; if not entirely, at least only to those who to all human appearance are as safe as the Bank [of England]’.<sup>55</sup> The vital service that Hunter offered the contractors was therefore to determine for them who were really to be trusted within a commercial system built essentially on credit and reputation,

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<sup>53</sup> British Library [hereafter BL], Add. MS 33030 f. 114r, 116v, 117v. R.A. Brock, ed., *The official records of Robert Dinwiddie, lieutenant-governor of the colony of Virginia, 1751-1758* (2 vols., Richmond, VA, 1883-4) R.A. Brock, ed., *The official records of Robert Dinwiddie, lieutenant-governor of the colony of Virginia, 1751-1758* (2 vols., Richmond, VA, 1883-4) vol. i, 172, 291, 328, 341, 410-11, 415, 418, 436

<sup>54</sup> LBGA, A/12/4/D/105, #8970, Hunter to Barclay, 20 May 1788; #8964, ‘Memorial to the Lords of the Treasury respecting £73,052 surcharge’ [hereafter ‘Memorial’], [circa Dec. 1787]; #8965, Hunter to Barclay, 24 Jan. 1788 [sic].

<sup>55</sup> LBGA, A/12/4/D/105, #8966, Hunter to Thomlinson, Hanbury, Colebrooke & Nesbitt, 4 Sept. 1760; #8965, Hunter to Barclay, 24 Jan. 1788.

Beyond managing the flow of money Hunter also had to manage the rate of exchange that he accepted for his bills and bargain hard with merchants doing what they could to drive it down.<sup>56</sup> By employing him as an agent the contractors were able to trade as they had hoped on their excellent reputation, and to sell bills at a 2½ to 5 per cent premium above par or the usual rate of exchange, which was then brought to account as a profit for the public. This had to be balanced though against the risks of running short and leaving the army in the lurch. In the winter of 1758, for instance, shortages of cash threatened to undermine the entire British position in North America.<sup>57</sup> Hunter had to find £60,000 to help pay the wagoneers hired for the expedition into the Ohio country that summer, ‘[and although] I have made every probable effort and exerted every faculty to keep up the exchange in this city’, he told the contractors, ‘...those large demands will oblige me, though with the greatest reluctance, to follow the stream ... [as] the service must not be impeded on any consideration, and I am oblige[d] to raise money on the best terms in my power’.<sup>58</sup> Hunter’s expertise and skill in balancing these competing demands therefore made a major contribution to the effectiveness of imperial forces in North America, and the contractors rewarded him accordingly. Besides the one percent commission they hinted at more intangible and largely incidental benefits such as ‘the introduction it will be to you to the principal officers, from whom many acceptable commissions may arise ... [and] the foundation this may lay, by your conducting this affair to the satisfaction of the Lords of the Treasury, of bringing you into sundry beneficial concerns’.<sup>59</sup>

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<sup>56</sup> For an excellent account of the complexities of managing the exchange at Williamsburg, see Soltow, ‘Williamsburg’, pp. 474-81.

<sup>57</sup> See, for example, TNA, WO34/98, Mortier to Abercromby, 2 October 1758.

<sup>58</sup> LBGA, A/12/4/D/105, #8970, Hunter to Thomlinson, Hanbury, Colebrooke & Nesbitt, 1 Dec. 1758. For Forbes’ expedition, see Anderson, *Crucible of war*, pp. 267-85.

<sup>59</sup> LBGA, A/12/4/D/105, #8967, Thomlinson & Hanbury to Hunter, Dec. 1754.

Though these generous allowances later excited the concerns of the Audit Office, as an example of the featherbedding driven by the urge for profit, Hunter’s letters confirm that neither he nor the contractors saw themselves as engaged in a purely commercial transaction. Beyond their personal loyalties to each other, which would have caused Hunter to take account for their wishes for honesty and efficiency in the conduct of public business, he was already part of the expansionist grouping in Virginia. As a planter and merchant who had been Hanbury’s factor or agent in the Chesapeake for some years, he had strong links with Dinwiddie and his allies, and supplied victuals and shipping for regiments passing through Virginia on their way to the Ohio Valley and the Great Lakes in 1755 and 1756.<sup>60</sup> He therefore moved in the same political or partisan circles as Hanbury and his allies in Virginia, and remained their agent in 1760 despite ‘the many difficulties, risques and other numberless disagreeable circumstances that attended this important business’ because of his loyalty to the public and the contractors, who persuaded him ‘that the affair was of too great consequence to be trusted to any but one they could depend on’.<sup>61</sup> ‘By this evasion I was continued to act, much against my inclination’, he later told Barclay, ‘[and] I mention this circumstance to prove that, so far from acting for less commission, ... I wished from my soul to be entirely acquitted from acting at all’.

This reassessment of Hunter’s intentions and loyalties makes it possible to examine again the clash in 1756 between Hunter and William Johnston, the deputy paymaster, in which each side violently accused the other of corruption. Johnston persuaded the

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<sup>60</sup> Brock, ed., *Dinwiddie* vol. i, 83, 109, 150, 233, 297, 459, 464; vol. ii, 19, 20, 25, 34, 97, 202, 289, 333, 594-5; HL, LO 6734, Delancey ‘Remarks’, 15 May 1756; LO 2263, Loudoun to Fox, 22 Nov. 1756. See Leonard W. Labaree, ed., *The Papers of Benjamin Franklin* (41 vols., New Haven, CT, 1959-2014) vol. vi, 223n, which briefly summarises his life.

<sup>61</sup> LBGA, A/12/4/D/105, #8971, Hunter to Barclay, 13 May 1788. For other mentions of his friendship with the Hanburys, see LBGA, A/12/4/D/105, #8967, Hunter to Aphthorp, 10 May 1766, and Hunter to Nelson, 10 May 1766.

commander-in-chief, Lord Loudoun, to pay out the silver dollar to the troops at the rate it carried in New York of 4s 8d sterling per dollar and all other gold and silver specie in fixed proportions by their face values.<sup>62</sup> His argument was that this would be more convenient for his paperwork and help to prevent the contractors and their agents from engrossing the five percent difference between the lower intrinsic values of the coins purchased by the contractors elsewhere and the higher face values they were worth when handed over to the paymaster by the contractors in Philadelphia and New York.<sup>63</sup> He claimed that Hunter had invited him to share the profits. ‘Mr Hunter ... said a profit would accrue to me of the commission at least, and if the exchange grew higher the profit would still be more’, he told Loudoun, ‘... [which] was so advantageous a proposal to me, and no disservice to the public, that he imagined I would not reject it, especially as Mr Hunter intended this proposal out of mere friendship to me’.<sup>64</sup> Johnston then persuaded Loudoun to report this to the Treasury. ‘This was a plan of Mr Hunter in Virginia, who is Mr Hanbury’s agent in this country’, Loudoun wrote to them, and said it had produced ‘a very great profit to the contractors or their agents’, such as £1,400 from a consignment of broken silver sent to New York by Hunter, paid out to the troops at its face value, then bought up at its lower market value and shipped back to Virginia where it was current.<sup>65</sup>

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<sup>62</sup> See Pargellis, *Loudoun* pp. 281-6.

<sup>63</sup> TNA, T1/365/65, Johnston to Loudoun, 12 Aug. 1756; HL, LO 2311, Johnston to Sawyer, 3 Dec. 1756; LO 2262, Loudoun to Cumberland, 22 Nov. 1756; LO 4355, Johnston ‘An Account of Mr Balfour’s changing silver’, Mar. 1757; LO 2083AB, ‘Observations on the value and notes of the gold and silver to be provided for the use of His Majesty’s Forces in North America’, 25 Oct. 1756. See also LBGA, A/12/4/D/105, #8966, Abstract of Thomlinson & Hanbury to Loudoun, 18 Mar. 1757. This difference was calculated from HL, LO 1226, Johnston to Loudoun, 19 June 1756 and LO 1228, ‘Account of the different species remaining in the hands of William Johnston’, 19 June 1756.

<sup>64</sup> HL, LO 2311, Johnston to Sawyer, 3 Dec. 1756.

<sup>65</sup> HL, LO 2262, Loudoun to Cumberland, 22 Nov. 1756; HL, LO 2409, Loudoun to Newcastle, 26 Dec. 1756.

In the sole study of this affair, Pargellis accepted these accusations at face value and argued that the contractors successfully persuaded the Treasury to let them continue to defraud the men for the rest of the war.<sup>66</sup> In fact there were excellent reasons for the contractors and their agents to insist on paying all coins by weight rather than by face value. Taking a broader view than Johnston, they demonstrated to the Treasury that the dollar was rated or priced at 5s in Halifax but 4s 8d in New York and only 4s 2d in the West Indies, and at various rates in the intermediate colonies. Fixing the value of the dollar at 4s 8d across the entire continent and making it a standard for other coins would lead to even greater disproportions and complaints among the troops stationed outside New York, and would also make it more difficult to supply specie for the army when dollars could not be obtained. Paying coins by their intrinsic value in bullion as Hunter proposed would therefore ensure ‘that neither the soldier be obliged to receive his money at an advanced value, as is the case in Nova Scotia, nor the public be subjected to pay money at less than its real value in compliance with the imperfect regulations of any particular colony’.<sup>67</sup> Even the contractors themselves did not fully understand Hunter’s proposals – ‘the plan, as not being Mr Hanbury’s own, he did not then perfectly understand it, so failed of convincing me’, Loudoun recalled – but they trusted Hunter so implicitly that they not only defended him before the Treasury but also accused Johnston in turn of plotting to defraud the Treasury by drawing bills at false rates of exchange.<sup>68</sup> ‘I can’t tell your Lordship the precise purport of it ... nor can I presently say there appears a collusion [by Johnston]’,

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<sup>66</sup> Pargellis, *Lord Loudoun* pp. 282-6.

<sup>67</sup> TNA, T29/32 f. 403, 418, 419, 421, 422; TNA, T1/372/62, Hanbury & Thomlinson to Treasury, 20 Aug. 1756; TNA, T1/379/52-5, Hanbury & Thomlinson to Treasury, 10 Aug. 1757; HL, LO 1659, Thomlinson & Hanbury to Loudoun, Aug. 1756;

<sup>68</sup> For Loudoun, see HL, LO 2262, Loudoun to Cumberland, 22 Nov. 1756; HL, LO 2409, Loudoun to Newcastle, 26 Dec. 1756. For Johnston, see HL, LO 2311, Johnston to Sawyer, 3 Dec. 1756; HL, LO 2321, Pownall to Loudoun, 7 Dec. 1756; TNA, T29/32 f. 421.

Pownall told Loudoun, ‘but I believe the contractors and Treasury think that the profits have arisen from hence to private purposes to the detriment of the public’.

Charges of corruption therefore arose because Hunter and Johnston saw the public service in different terms. As a key official of the Pay Office in New York, Johnston only saw that Hunter was manipulating the coinage for his own interests; as a loyal agent of the contractors, charged with supplying coin to the army not just in New York but the whole continent to the south, Hunter felt that Johnston was obstructing the public service for selfish reasons. Both sides strongly put their point of view to the Treasury, which proved unable to choose between these two views of the public interest and eventually supported the contractors in December 1756 until Loudoun appealed to his patron the Duke of Cumberland as commander-in-chief of the army and secured his political influence in February 1757.<sup>69</sup> In a situation where even the Treasury was initially uncertain where the public interest lay, charges of corruption were therefore inevitable where contractors and officials each found themselves obstructed by the other. Failures of trust meant that genuine disagreements about public administration were blamed on wilful obstruction and outright corruption, but where trust existed, Hanbury and Thomlinson were prepared to fight Hunter’s corner, even though they admitted that they did not fully understand what was in that corner. The same combination of trust, mistrust and misapprehension helps to explain why Hunter’s decision to hire an additional agent in Philadelphia but send the bill to the Treasury came to be seen as corrupt when the Audit Office began to examine it.

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<sup>69</sup> Loudoun, see HL, LO 2262, Loudoun to Cumberland, 22 Nov. 1756; HL, LO 2409, Loudoun to Newcastle, 26 Dec. 1756; HL, LO 2060, Johnston to Loudoun, 21 Oct. 1756; HL, LO 2311, Johnston to Sawyer, 3 Dec. 1756; TNA, T1/379/52-3, Hanbury & Thomlinson to Treasury, 10 Aug. 1757; TNA, T29/32 f. 421, 422, 445, 450. For Loudoun’s relations with Cumberland, see Pargellis, *Loudoun* p. 79.

‘In Virginia, where I resided, and where the war commenced, I raised all the money that could be raised’, Hunter later remembered, ‘... and [as] it was found that all the money that could be raised in all the colonies was often short of the demands that were made, this could not be done but by deputies in each colony’.<sup>70</sup> It was also envisaged that the agents would pay over cash directly to military officials in these places, who would then have the task of transporting it to the armies in the field, ‘but ... the Publick Service compelled them to make their deliveries from Louisbourg to South Carolina and the Havana [in Cuba] and to attend the armies into situations very remote from either Williamsburg or Boston’, the contractors later noted, ‘... which created the necessity for employing and entrusting a correspondent number of subordinate Agents’.<sup>71</sup> In the northern department the agents followed the army headquarters from Boston to New York, Albany, Halifax and Quebec. In the southern department Hunter was forced to transfer his operations to Philadelphia, which was better placed geographically and commercially to support further excursions into the Ohio Valley, where an expedition under Major-General John Forbes captured the crucial French fortress of Fort Duquesne and installed a garrison there in November 1758.<sup>72</sup> Once again the Audit Office accused him of corruptly inflating his costs, but Hunter had in fact served the public interest as he and his political allies perceived it.

As the largest city on the eastern seaboard by the 1750s and one of its most important commercial centres, Philadelphia had a very large amount of specie in circulation and a healthy appetite for reliable bills of exchange, which even attracted merchants and

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<sup>70</sup> LBGA, A/12/4/D/105, #8971, Hunter to Barclay, 13 May 1788.

<sup>71</sup> LBGA, A/12/4/D/105, #8964, ‘Observations’ (1788)

<sup>72</sup> For Fort Duquesne, see Anderson, *Crucible of war*, pp. 267-85, 323-6.

factors from Williamsburg.<sup>73</sup> It was therefore a natural place to raise money for the army by offering bills of exchange on Thomlinson and Hanbury in London, not least because the money could immediately be turned over to the merchants who delivered provisions to the army and had to pay their own suppliers in cash. Both Hunter and John Hanbury knew Benjamin Franklin and initially looked to him to help them raise cash by selling some of the bills of exchange drawn on London.<sup>74</sup> Indeed, when the contractors wrote directly to Hunter in April 1756 to ask him to find a ‘trustworthy person’ as sub-agent in Philadelphia, it was Franklin they suggested. However Franklin was on the point of leaving the province for London as Pennsylvania’s agent to Britain, so Hunter instead chose the merchant John Nelson, ‘the first [*i.e.* best] man in that place to undertake it’.<sup>75</sup> Nelson’s background is unclear but he seems to have been an established merchant and one of the founding members of the St Andrew’s Society in 1749, which Egnal has argued was one of the ‘expansionist conclaves’ in the city that had emerged by the 1750s.<sup>76</sup> As in Virginia the politics of the province were broadly divided between the more conservative ‘Quaker party’ and the more expansionist

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<sup>73</sup> Wilbur C. Plummer, ‘Consumer credit in Philadelphia’, *The Pennsylvania Magazine of History and Biography*, 66 (1942) pp. 385-409; Doerflinger, *Vigorous spirit* pp. 70-128, 131; Arthur Louis Jensen, *The maritime commerce of colonial Philadelphia* (Madison, WI, 1963) pp. 15-16; McCusker and Menard, *Economy of British America* pp. 193-8, 204-8. For bill-trading with other cities, see Wright, *Origins* p. 51; Soltow, ‘Williamsburg’, pp. 478, 480.

<sup>74</sup> HL, LO 2311, Johnston to Sawyer, 3 Dec. 1756; Leonard W. Labaree, ed., *The Papers of Benjamin Franklin* (41 vols., New Haven, CT, 1959-2014) [hereafter *Franklin Papers*] vol. vi, 459-60. Franklin was in the orbit of the egalitarian, non-expansionist ‘Quaker’ party (see above n. 38), but tended to support the proprietary party in matters of defence: see J.A. Leo Lemay, *The life of Benjamin Franklin* (3 vols, Philadelphia, PA, 2005-8) vol. iii, 234-5; John Zimmerman, ‘Benjamin Franklin and the Quaker party, 1755-1756’, *William and Mary Quarterly* 17 (1960) pp. 291-313.

<sup>75</sup> LBGA, A/12/4/D/105, #8966, ‘Memorandum about Contract, Thomlinson and Hanbury’ (undated); #8971, ‘Col. John Hunter’s Case’, 14 Apr. 1761 and #8970, Hunter to ‘G’, 29 May 1788. Nelson has been wrongly identified as a contact of Aphorh through the Lloyds of New York (see, for example, Labaree, ed., *Franklin Papers* vol. vi, 223-4) but the Lloyd Papers show that this John Nelson left for Jamaica in 1762: Dorothy C. Barck, ed., *Papers of the Lloyd family of the manor of Queens Village, Lloyd’s Neck, Long Island, New York, 1654-1826* (2 vols., New York, NY, 1927) vol. ii, 633, 634.

<sup>76</sup> Egnal, *Mighty empire* p. 74; Robert B. Beath, *Historical Catalogue of the St Andrew’s Society of Philadelphia, volume II: 1749-1913* (Philadelphia, 1913) pp. 14, 82. He died in 1782 aged 85, and was buried in St Peter’s Churchyard, Philadelphia. I am grateful to Sarah Dziennik for her caution that such societies were ideologically mixed and not always a reliable indicator of political allegiance.

‘proprietary party’.<sup>77</sup> The latter brought together both frontier settlers and wealthy Philadelphia merchants with an interest in settling the Ohio Valley, so the choice of Nelson may have helped to plug Hunter directly into the same type of expansionist alliances he already knew from Virginia. To keep an eye on his new deputy, but only because ‘as I did not think [him] so good an accountant as I wanted’, Hunter made Nelson enter a partnership with his secretary, James Balfour, ‘an exceedingly good accountant, as a check and assistant’.<sup>78</sup>

The benefit of having Nelson as a permanent agent in Philadelphia was that he could, like Hunter in Williamsburg, manage the sale of bills more precisely and efficiently, though he was at times forced to adopt the same expedients as Hunter to smooth out the flow of money to the army. ‘You and all here well know that it was impossible to sell a sufficient quantity of bills without giving credit’, he later noted to Hunter, but this had enabled him ‘oftentimes 2½ pct more than what was going [for the rate of exchange]’. The deputy-paymaster in the city confirmed in June 1760 that ‘there have been such large demands here and so many sellers of bills that the exchange has been long much below par, [but] the Agents have sold at a higher exchange than others, by giving credit for their bills’.<sup>79</sup> Like Hunter he also used his own money to ‘endorse’ or guarantee the bills he sold, ‘by which they made themselves liable for the payment of them’ and therefore secured a better price from the buyers, and the contractors told

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<sup>77</sup> For interpretations that stress the ideological dimensions of these political divisions, see Egnal, *Mighty empire* pp. 68-86; Tully, *Forming American politics* pp. 145-63, 257-309; G.B. Warden, ‘The Proprietary Group in Pennsylvania, 1754-1764’, *William and Mary Quarterly*, 21 (1964); Newcomb, *Political partisanship* pp. 131-43. For readings that lay heavier stress on faction and private interest, see Theodore Thayer, *Pennsylvania politics and the growth of democracy, 1740-1776* (Harrisburg, PA, 1953); James H. Hutson, *Pennsylvania politics, 1746-1770: the movement for royal government and its consequences* (Princeton, NJ, 1972). For their historiographical context, see above n. 12.

<sup>78</sup> LBGA, A/12/4/D/105, #8971, Hunter ‘Case’, 14 Apr. 1761, and Nelson to Hunter, 27 Oct. 1766; #8967, Hunter to Nelson, 10 May 1766. As noted below, this was dissolved in 1758.

<sup>79</sup> LBGA, A/12/4/D/105, #8970, Barclay to Hunter, 31 May 1788; #8971, Nelson to Hunter, 27 Oct. and 11 Nov. 1766, and Nelson to Apthorp, 19 Sept. 1766; #8965, Barclay to Deare, 26 May 1788 and 3 June 1788; TNA, WO 34/98 f. 276r-v, Barrow to Amherst, 17 June 1760.

the Audit Office that they ‘well deserved the commission they charged of £1 per cent, as the usual terms for endorsing bills in America was 2½ per cent’.<sup>80</sup> Finally, Nelson reminded Hunter after the war that it was ‘well-known how many thousands I have borrowed and advanced until cash could be raised on bills’, helping to bridge the gap between remittances and keep the army in the field. As the contractors later put it in their submission to the Audit Office, employing Nelson and other agents had served the army and the public interest as it had both encouraged and enabled them to borrow ‘large sums of upon their own personal security when the exigencies of the service required it, as at the opening of a campaign, and upon other interesting occasions, in order to prevent the most remote disappointment to the public’.<sup>81</sup>

By devolving day-to-day business to Nelson, Hunter was also able to focus on matters of policy and work with his political contacts in Virginia and Pennsylvania to keep the army supplied. For example, both Hunter and Nelson were experiencing difficulties raising money for the army in the summer of 1759, even on credit, and the gains from selling bills of exchange in North America dropped from a small profit of £712 in the first half of 1758 to a loss of £5,963 in the following year.<sup>82</sup> The deputy-paymaster of the army in the northern department complained about ‘the distress the service has been put to for want of remittances from home, and the incapacity of the Contractors

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<sup>80</sup> LBGA, A/12/4/D/105, #8965, ‘Answer to [the] Board of Commissioners [of Audit]’, 8 May 1788; #8967, ‘Additional Answer[s] to the Commissioner’s Objections’, 27 June 1788, and ‘No. 9, Opinion, J. Holliday’, 17 March 1791; #8971, Nelson to Hunter, 27 Oct. 1766; Barclay to Hunter, 12 May 1788; Barclay to Hunter, 20 May 1788; Barclay to Hunter, 31 May 1788. For the practice of endorsing or guaranteeing bills in North America and the Atlantic slave trade, see Wright, *Origins* pp. 9-10; Kenneth Morgan, ‘Merchant networks, the guarantee system and the British slave trade to Jamaica in the 1790s’, *Slavery & Abolition* 37 (2016) pp. 334-52.

<sup>81</sup> LBGA, A/12/4/D/105, #8971, Nelson to Hunter, 27 Oct. and 11 Nov. 1766, and Nelson to Apthorp, 19 Sept. 1766; #8965, Barclay to Deare, 26 May 1788; #8964, ‘No. 3, Memorial to the Lords of the Treasury respecting £73,052 10s 6d surcharge’ (n.d. but c. March 1791).

<sup>82</sup> LBGA, A/12/4/D/105, #8971, Hunter to Barclay, 24 Jan 1788, and Jan. 1788; #8965, ‘Estimate of profit and loss on all bills sold on account of the public’, (not dated)

Agents’ supplying me’.<sup>83</sup> Hunter and his counterpart in New York were required to take drastic action. ‘I was obliged to go from Virginia to Philadelphia to attempt borrowing on my own credit a sum of money’, he recalled, ‘and by my interest with Mr William Allen, Dr Franklin and other leading men in the Assembly I obtained an Act for the Loan of £50,000 ... without any charge of interest to Government’.<sup>84</sup> Allen was the leader of the proprietary party in Philadelphia and chief justice of the province, and an ally of the attorney-general Benjamin Chew, who succeeded him as chief justice in 1774.<sup>85</sup> ‘Col. Hunter’s conduct appears to have been unimpeachable’, David Barclay later noted to Chew in 1789, ‘and the Assembly of Pennsylvania’s liberality in lending that gentleman a large sum without interest upon his bills on the Contractors’ was proof of their zeal for the public service’.<sup>86</sup> Hunter’s colleague in New York was likewise successful in securing a loan for £150,000 from the assembly of the province.<sup>87</sup> As Halifax and the contractors had apparently hoped, their agents could draw on a wide array of ‘expansionist’ allies in these provinces to support the aggressive military posture that these groups all agreed was the only viable imperial and colonial policy. The corrupting influence of power and patronage was used to introduce measures they hoped would ultimately support the public service.

Additional agents therefore helped Hunter and the contractors in London to expand their network to Philadelphia, while shared obligations and loyalties then helped to manage the additional risks this imposed. Hunter agreed to divide his commission

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<sup>83</sup> TNA, WO 34/98 f. 232r, Mortier to Appy, 25 June 1759.

<sup>84</sup> LBGA, A/12/4/D/105, #8971, Hunter to Barclay, 24 Jan 1788, and Jan. 1788; Alvin Rabushka, *Taxation in colonial America* (Princeton, NJ, 2010) pp. 791.

<sup>85</sup> LBGA, A/12/4/D/105, #8971, ‘Case of Col. John Hunter’, 14 Apr. 1761; #8971, Hunter to Chew, 6 July 1767.

<sup>86</sup> Norfolk Record Office, Gurney Papers, RQG 537 (‘David Barclay’s Letterbook, commencing 3 June 1788’) pp. 21-2, Barclay to Chew, 7 Feb. 1789.

<sup>87</sup> Rabushka, *Taxation* p. 802

between Nelson and Balfour for all the bills that their partnership handled.<sup>88</sup> When Balfour left in May 1758 they agreed that his share would be held in trust for the public to cover bad debts. Although the Audit Office later thought this allowance too generous, Nelson complained to Hunter that it had been far too stingy for the work and risks he had undertaken, ‘reducing my commission far below the £1,000 a year which you assured me it would be ... it never was £400 [a year]’.<sup>89</sup> Nelson had also served without any further allowance as the *de facto* deputy-paymaster in Philadelphia between 1760 and 1764, making his house ‘a public office where all the contingencies of the army were paid, and all the whole business of a paymaster transacted’, and the commission had not even covered the costs of clerks, stationery and house rent ‘[nor] the loss made on paying the money, it being paid by me in such a hurrying and confused manner’ that mistakes occurred which he was then forced to make good.<sup>90</sup> The only reason he was prepared to put up with these losses, risks and fatigue was his keen sense of patriotism and the personal obligations he owed Hunter by virtue of their friendship. ‘All that could be expected from me as an Agent was that I should employ those that I thought the most capable, and the most trustworthy’ Hunter later privately noted, so he had chosen ‘two [men *i.e.* Nelson and Balfour] ... for whom I retained a sincere friendship and opened to them every avenue of my soul’.<sup>91</sup>

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<sup>88</sup> LBGA, A/12/4/D/105, #8970, Hunter to ‘G’, 29 May 1788.

<sup>89</sup> LBGA, A/12/4/D/105, #8967, Hunter to Apthorp, 10 May 1766, and Hunter to Nelson, 10 May 1766; #8971, Nelson to Apthorp, 19 Sept. 1766, and Nelson to Hunter, 27 Oct. 1766.

<sup>90</sup> LBGA, A/12/4/D/105, #8971, Nelson to Apthorp, 19 Sept. 1766; Nelson to Hunter, 27 Oct. 1766; Hunter to Ryland, 28 Aug. 1783, and Hunter to Barclay, 13 May 1788; #8966, Hunter to Thomlinson, Hanbury, Colebrooke & Nesbitt, 4 Sept. 1760.

<sup>91</sup> LBGA, A/12/4/D/105, #8967, Hunter to Nelson, 10 May 1766.

As imperial and colonial forces pushed further into the backcountry of Pennsylvania and the Ohio Valley in 1757 and 1758 they depended even more on the contractors to supply money to help them to overcome the formidable challenges of warfare on the frontiers.<sup>92</sup> Some merchants in Philadelphia were happy to be paid directly by Nelson; as the deputy-paymaster noted in April 1760, ‘if the provisions etc. for the army to the westward be carried by land, almost all the contingent expense of it will be paid to people residing in the city, by bills drawn on the money-contractors’ agent here [in Philadelphia]’.<sup>93</sup> However, it was also necessary to furnish money within the backcountry itself to provide soldiers with their subsistence payments and enable officers such as the quartermaster-general Sir John St Clair to purchase supplies from local farmers, who did not trust paper money and would only accept specie or notes of hand from trusted merchants.<sup>94</sup> The contractors later told the Audit Office that the decision to hire further sub-agents had not been an example of corruption but rather a sensible response to the problems this caused. Once again, examining their own correspondence and the letters produced by military officials suggests that the army experienced considerable issues when sub-agents were absent, and that Hunter and Nelson employed both friends and political allies so as to place their business in the hands of reliable agents, and not from their self-interested desire to use patronage and perks to corrupt their colonial networks or to line their own pockets.

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<sup>92</sup> Guy Chet, *Conquering the American wilderness: the triumph of European warfare in the colonial northeast* (Amherst, 2003) pp. 95-9, 100-41; Matthew C. Ward, *Breaking the backcountry: the Seven Years’ War in Virginia and Pennsylvania, 1754-1765* (Pittsburgh, Pa., 2003) pp. 100-7, 168-78; Michael N. McConnell, *Army and empire: British soldiers on the American frontier, 1758-1775* (Lincoln, 2004) pp. 100-13; Daniel Beattie, ‘The adaption of the British army to wilderness warfare, 1755-1763’, in Maarten Ultee, ed., *Adapting to conditions: war and society in the eighteenth century* (University, AL, 1986) pp. 56-83

<sup>93</sup> TNA, WO34/98 f. 274r, Barrow to [Amherst?], 14 April 1760.

<sup>94</sup> David L. Preston, *Braddock’s defeat: the Battle of the Monongahela and the road to revolution* (Oxford, 2015) pp. 36-40, 76-7, 91-2, 106.

The frontier or backcountry beyond the eastern seaboard was critically short of cash, which drained away to Philadelphia and New York to purchase manufactures and other essentials.<sup>95</sup> Commerce depended on highly intricate networks of book credit and obligations that were backed up by personal trust and reputation and were largely closed to outsiders. The same was true in South Asia, and Bayly notes that ‘on the fragile fringes of the settled economy the revenue system remained dependent on the goodwill and investment of Indian traders’, who worked through networks of contacts based in provincial and local markets such as *bazaars*, *qasbahs* or *ganjs* that were the commercial, financial, judicial and political centres for their localities.<sup>96</sup> New frontier towns such as Lancaster, Carlisle and Winchester served much the same role in the backcountry of North America, and to avoid the costs and risks of shipping specie out from Williamsburg or Philadelphia, Hunter would have to find contacts who could tap into these local networks of private trust to find cash for the army and its suppliers.<sup>97</sup> In particular, to capture the strategic Fort Duquesne in the Ohio valley and build Fort Pitt in 1758 and 1759, large amounts of money were needed to support the forces under Henry Bouquet garrisoned along the fragile lines of communication that stretched from Philadelphia via intermediate towns such as Lancaster and Carlisle.<sup>98</sup>

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<sup>95</sup> For representative studies of backcountry credit, trust and financial networks, see Daniel B. Thorp, ‘Doing business in the Backcountry: retail trade in Colonial Rowan County, North Carolina’, *William and Mary Quarterly*, 48 (1991) pp. 387-408; Doerflinger, *Vigorous spirit* pp. 89-91, 94-5; Hofstra, *Planting of New Virginia* pp. 205-6, 224-31, 248-51, 263-6; Turk McCleskey and James C. Squire, ‘Pennsylvania credit in the Virginia backcountry, 1746-1755’, *Pennsylvania History*, 81 (2014) pp. 207-25

<sup>96</sup> Bayly, *Rulers, townsmen and bazaars* pp. 211-16, 223-6. Quotation on pp. 215-16.

<sup>97</sup> See, for example, James T. Lemon, ‘Urbanization and the development of eighteenth-century southeastern Pennsylvania and adjacent Delaware’, *William and Mary Quarterly*, 24 (1967) pp. 501-42; Jerome W. Wood, ‘The town proprietors of Lancaster, 1730-1790’, *The Pennsylvania Magazine of History and Biography*, 96 (1972) pp. 346-68; Hofstra, *Planting of New Virginia* pp. 5-12, 175-235; Judith A. Ridner, *A town in-between: Carlisle, Pennsylvania, and the early mid-Atlantic interior* (Philadelphia, 2010) pp. 3-4, 12-74

<sup>98</sup> Ward, *Breaking the backcountry* pp. 157-95; Anderson, *Crucible of war* pp. 267-85, 325-9.

Fortunately the integration of these towns into wider political networks, especially the ‘proprietary group’ that knit together Philadelphia merchants and frontier settlers, offered the means to incorporate local merchants into the contractors’ networks. In the town of Lancaster the army was supplied with provisions and wagons by Edward Shippen, a leading merchant and politician with very close links to the proprietary party, who drew bills of exchange on Nelson and persuaded local retailers and traders to offer him cash for them in return.<sup>99</sup> ‘I see I have a credit for £1,000 on said Mr John Nelson’, he noted to Colonel Henry Bouquet in May 1759, for example, ‘for which I shall endeavour to get money here on my bills [on him] in small sums’.<sup>100</sup> Further west in York, another supporter of the proprietary party named George Stevenson was appointed to sell bills on both Shippen and Nelson to raise cash for the army and to purchase oats for horses. ‘What cash can be got in this town ... [will be got]’, he boasted, ‘and [I] will draw for no more on Mr Shippen than can’t be avoided’.<sup>101</sup> Hunter also used Daniel Wolstenholme, factor in Maryland to Messrs Hanbury, to raise a further £20,000 for the army.<sup>102</sup> Wolstenholme was a merchant and planter who had also supplied provisions to Hunter for the provincial troops sent into the Ohio Valley.<sup>103</sup> Even at this granular level, personal linkages and political contacts could therefore help Hunter and Nelson to scrape up small amounts of cash that went a long way in the backcountry and helped keep the army in the field.

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<sup>99</sup> For Shippen, see Warden, ‘Proprietary Group’, pp. 376, 379-80; Wood, ‘Town proprietors’, pp. 346-68; Wayne L. Bockelman, ‘Local politics in pre-Revolutionary Lancaster County’, *The Pennsylvania Magazine of History and Biography*, 97 (1973) pp. 45-74.

<sup>100</sup> Stevens and Kent, eds., *Bouquet Papers* vol. iv, 170

<sup>101</sup> Stevens and Kent, eds., *Bouquet Papers* vol. iv, 129

<sup>102</sup> Edward C. Papenfuse, *In pursuit of profit: the Annapolis merchants in the era of the American Revolution, 1763-1805* (Baltimore, MD, 1975) pp. 10-16, 35-43; McCusker and Menard, *Economy* p. 197.

<sup>103</sup> LPGA, A/12/4/D/105, #8969, Barraud to Wolstenholme, 6 July 1767; #8965, ‘Particulars’; HL, LO 2311, Johnston to Sawyer, 3 Dec. 1756. Edward C. Papenfuse, ed., *A Biographical Dictionary of the Maryland Legislature, 1635-1789* (2 vols., Baltimore, MD, 1979-85) vol. ii, 905-6, ‘Wolstenholme, Daniel (?-1795)’.

The consequences when such agents were absent can be seen in the town of Carlisle, the last major settlement before Fort Duquesne and thus a very important jumping-off point for the army. One of the provisions contractors reported to Bouquet that it was impossible to raise money locally by selling bills as Shippen and Stevenson had done in Lancaster and York, and another noted in July 1759 that without an agent to raise cash and persuade people to take unfamiliar bills ‘there is no money to be had here for drafts [i.e. bills of exchange], and I will want some immediately, for the country people have but little faith in military payments’.<sup>104</sup> The military engineer at the fort told Bouquet that it was necessary to find some person in Carlisle to draw bills on Philadelphia to raise money and keep the cash of the army, ‘which would give ready springs of action to the people’.<sup>105</sup> Four years later Bouquet was still complaining to Amherst that they were finding it impossible to raise money without an agent of the contractors, and suggested that Hunter be ordered to lodge a certain amount of cash at Carlisle ‘as the country people complain at being obliged to go to Philadelphia for their pay’.<sup>106</sup> Amherst replied that he could not detach a deputy-paymaster to raise money there, ‘[and] I cannot oblige the money contractors to issue it at Carlisle’, making it clear not only the convenience that the army enjoyed from having sub-agents on the frontiers but also that the public service this provided arose entirely from the voluntary efforts of Hunter, Nelson and the other contractors. As they later noted to the Audit Office, ‘the difficulties of furnishing [money] increased tenfold when the army was dispersed over the whole Continent, and if the Contractors’ Agents had not exerted themselves in an uncommon degree to procure and furnish

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<sup>104</sup> Stevens and Kent, eds., *Bouquet Papers* vol. iii, 112; vol. iv, 133.

<sup>105</sup> Stevens and Kent, eds., *Bouquet Papers* vol. iv, 161-2

<sup>106</sup> Stevens and Kent, eds., *Bouquet Papers* vol. ii, 126.

money in many different parts, one half of the army must have been employed to escort money to the other half’.<sup>107</sup>

-V-

Between 1756 and 1765 about £3.5 million passed through the hands of the money contractors and their agents in North America. Two percent or nearly £70,000 was paid to Messrs Thomlinson, Hanbury, Colebrooke and Nesbitt in commission. Close to £3.1 million went through to the northern department and netted the agents in New York and Boston a further commission of £30,000.<sup>108</sup> The other £400,000 passed through the southern department, and Hunter and his sub-agents split just over £9,000 between them.<sup>109</sup> The contractors therefore charged the public about three percent commission or half as much again as the original contract, and it would have been remiss of the Audit Office not to query these charges when the accounts came to be re-opened in the 1780s, though politics undoubtedly played a role too. Not only had the rise of the movement for Economical Reform in the wake of defeat in America encouraged a renewed interest in uncovering corruption, but the contractors had also aligned themselves with the Rockinghamite whigs in the 1760s and 1770s and were therefore left exposed when their party found itself in opposition in 1783.<sup>110</sup> At the Treasury, William Pitt did little to prevent the Audit Office reopening an investigation

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<sup>107</sup> LBGA, A/12/4/D/105, #8967, Ryland to Barclay, 20 June 1787. See also HL, LO 2326, Martin to Loudoun, 9 Dec. 1756.

<sup>108</sup> LBGA, A/12/4/D/105, #8969, ‘Account of Bills of Exchange drawn on the Contractors for Payment of the Troops in America, from 1 January 1756 to 28 April 1767, rec’d from C[h]arles W[ard] Aphorp’ (n.d.); #8965, Barclay to Steele, [not dated but circa 1791].

<sup>109</sup> LBGA, A/12/4/D/105, #8969, ‘Account of Bills of Exchange’ (n.d.).

<sup>110</sup> For Economical Reform and the wider political situation, see E.A. Reitan, *Politics, finance, and the people: Economical Reform in England in the age of the American Revolution, 1770-92* (Basingstoke, 2007) and Philip Harling, *The waning of "Old Corruption": the politics of Economical Reform in Britain, 1779-1846* (Oxford, 1996). I hope to discuss the impact of politics and Economical Reform on auditing and corruption during this period in a future article.

in the 1780s that might help discredit his political opponents while also potentially recovering public funds that had been lost through corruption and malfeasance.

The contractors responded to this attack on their public record with the argument that the cost of employing so many sub-agents, about £40,000 in total, was not an example of corruption but a moderate recognition of the convenience they had offered to the army and the profits they had brought to the public through their management of the rate of exchange. The auditors had to write off about £73,000 in bad debts incurred by the contractors in Boston and Quebec but this was largely offset by the £60,000 or so that Hunter and the agents claimed they had gained for the public by selling their bills over and above the usual rates of exchange. As Colebrooke noted in 1764, ‘whenever the auditor inspects our accounts he will find our bills were always sold at a better exchange (though a losing one) than private people’s during the same period of time’.<sup>111</sup> The contractors therefore argued that they were therefore being unfairly accused of corruption. ‘By the zealous, faithful and upright discharge of their duty under a series of great and uncommon difficulties they have gained for the public an emolument ... sufficient to countervail that loss’, they stated to the Audit Office, ‘... [and] they cannot but think themselves entitled to every degree of national indulgence, if not to national praise.’<sup>112</sup>

Close attention to the mechanics of military remittance and the letters not only of the contractors and their agents but also other imperial officials and colonial merchants

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<sup>111</sup> LBGA, A/12/4/D/105, #8965, ‘No. 2, Estimate of Profit and Loss on all bills sold on account of the Public’ [not dated but circa 1791]; TNA, AO1/390/593. For Colebrooke, see TNA, T1/434 f. 160r, Colebrooke to [unknown], 8 Oct. 1764. For the recovery of bad debts, see TNA, T29/34 f. 63v-64r, 83r, 105v, 228v; TNA, T1/464 f. 124r-v, Nuthall to Treasury, 25 August 1767. Pargellis mentions only the losses involved: Pargellis, *Lord Loudoun* pp. 288-90.

<sup>112</sup> LBGA, A/12/4/D/105, #8964, ‘Observations’ (1788).

has suggested that this attitude was not an a mere act or smokescreen, put up to blind the Treasury to their malfeasance and misappropriation. Instead, the contractors and their agents saw themselves as a bridge or intermediary between imperial and colonial groups who shared political aims and had a common sense of the public interest. This is best demonstrated by the private instructions sent by the contractors to their agents in December 1754, intended only for their private information and therefore devoid of either artifice or pretence. ‘This is perhaps the only contract of the sort that ever was made, and greater confidence and trust was never (that we know of) placed in any contractors than is now placed in us’, they wrote to Hunter and his colleague, ‘[and] therefore we are the more anxious to discharge the Trust reposed in us with advantage to the Public and honour to ourselves’.<sup>113</sup> Their agents used similar sets of personal links and public obligations to build trust with colonial merchants and gain access to cash and credit that would otherwise have been out of reach of the imperial state. As I have shown for the early eighteenth century, ‘the importance of partisan politics, not only in building cohesive and mutually supportive networks but [also in] helping to establish common priorities ... cannot be ignored’.<sup>114</sup> The nexus of trust that resulted guided the actions of agents such as Hunter and encouraged them to take steps intended to serve the troops in North America, such as by hiring additional sub-agents in Philadelphia and the backcountry to supply funds outside their contracted points of disbursement and imposing monetary standards intended to support the army as a whole rather than the convenience of individual officials of the Pay Office in New York.

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<sup>113</sup> LBGA, A/12/4/D/105, #8967, Thomlinson & Hanbury to Hunter, Dec. 1754

<sup>114</sup> Graham, *Corruption* p. 239.

Corruption therefore had a concrete empirical basis in this period, inasmuch as the contractors and their agents did engage in behaviour that cut across the priorities of individual departments such as the Treasury or the army in America, but looking at the contractors themselves suggests that this was to serve the public interest as they saw it. Poised uneasily between not only the various departments of the imperial fiscal-military state but also the highly uncompromising worlds of transatlantic and backcountry commerce and finance, the contractors did what they could to bridge this gap. However, both imperial officials and colonists outside the circle of trust created by shared political views saw only wilful obstruction and even outright malfeasance, especially when their own department was deemed a lesser priority and therefore lost out. Perceptions of corruption therefore ultimately reflected the inherently complex nature of eighteenth century finance and administration and the failures of trust resulting from divergent views of the public interest, as well as an inability or even unwillingness to recognise genuine differences of opinion as anything other than unpatriotic self-interest. This accounts not only for the close attention that the Audit Office paid to the affairs of the contractors, even thirty years after the war had ended, but also the high indignation of John Hunter when they then questioned his patriotism and integrity. ‘Is there no credit given [by the Audit Office] for the great exertions made to keep the army supplied with all demands made?’, he complained to Barclay as the audit dragged on, adding that ‘I wish they would be impressed with the twentieth part of the trouble, anxiety and distress that attended this manifold disagreeable transaction. They would not hesitate a moment in the settlement of it.’<sup>115</sup>

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<sup>115</sup> LBGA, A/12/4/D/105, #8970, Hunter to Barclay, 14 May 1788.