

Business of war: contractors acted as the hidden wiring of the British army in the 1700s



Today we are accustomed to hearing of defence contractors playing a vital non-combatant role in warfare. While residual suspicions of fraud and corruption are often raised in areas where public service sits uneasily alongside private business interests, we now like to think that stricter regulation ensures greater transparency, accountability, and economy. It was not always thus. In the eighteenth century, contractors had a bad reputation for rapaciousness and profiteering. In fact, this association was far older. In Shakespeare's *Henry V*, Pistol boasts "For I shall sutler [trader] be, Unto the camp, and profits will accrue".

While the business ethics of military contracting is not my main focus, this type of critique has featured prominently in discussions of contractors. The great historian of eighteenth-century politics, Sir Lewis Namier, placed great emphasis on patronage, clientage, and cronyism in awarding contracts and appointing officials. Indeed, until recently we might have been forgiven for not understanding what contractors actually did—most pertinently what they did in the economic life of the country, for contractors were the greatest 'middlemen' of the eighteenth century, and as such occupied a central position supplying the largest organisations of that century: military forces. In a [recent article](#), I found contracting to be an extensive, diverse, and complex activity.

In contrast to European armies, the British army laboured under constitutional and institutional limitations, often making its procedures and operations laborious, makeshift, irregular, and informal. Parliamentary control of army finance after 1688 and the absence of a permanent supply organisation were problematic when the British government sought to raise a large army to combat larger European standing armies. The government supply apparatus was sparse, with great reliance placed on various traditional haphazard methods such as local requisitioning and foraging.

To fill the gap in the supply system, a cohort of private contractors emerged between 1739 and 1770, who quickly assumed a vital role in supply matters. Recent work on naval contractors has usefully coined the term 'the Contractor State', an overdue recognition of contractors' importance to a highly-effective public-private partnership. The success of contracting was based on market knowledge and accessibility, resource procurement and allocation, and organisational and administrative capacity which bureaucrats would have found difficult to organise. Moreover, government could use mercantile expertise without having to capitalise its structures and operations, as would have occurred if a supply corps had existed.

There were other excellent, rational economic reasons for using contractors. Adaptability and flexibility were vital, particularly given the transition from peace to war and vice versa. In Britain, peace-time establishments were low but in an era of large standing armies, mobilisation to a wartime establishment, was all the greater. As government needed to move rapidly, contractors provided them with an efficient mechanism for achieving this transition smoothly. Contractors assumed the risk of over-stocking goods, which might need to be sold in a glutted, post-war market, and the tasks of assembling an infrastructure of agents, negotiating transport, and dealing with supply chains. All these risk-laden operations were detailed within contracts, most often on highly advantageous, risk-averse terms for government.

For contractors, the prospect of profitability was inevitably attractive, and essential compensation, if men were to risk capital and reputation. Trust was crucial not only for government in awarding contracts where creditworthiness, ability, and respectability were key elements, but also permeated different sets of relationships between partners, suppliers, and agents. Contractors used product knowledge, access to capital and credit, market intelligence, personal and professional networks, and an impressively high degree of connectivity across sectors, to overcome problems of risk, scale, and cost. To achieve these objectives, it is unsurprising to find partnerships were common, and especially suitable for merchants trading to specific parts of the world, or for particular ethnic and national groups, such as Scots and Sephardic Jews, who were influential groups throughout the eighteenth century.

The range of people and occupations involved in contracting encompassed craftsmen, provision merchants, farmers, farriers, coopers, millers, and bakers, to name only a few—a range clearly indicative of a complex, stratified, and inter-related economy. Horse-dealers are a case in point. Contracts for horses were made with a distinct community of London horse-dealers; for those outside the trade, procurement could be problematic. Among horse-dealers, partnerships and sub-contracting was often necessary to meet heightened demands. Several worked in multiple capacities in horse-racing, horse-breeding, inn-keeping, running mail-coaches, and additionally supplying encampments with wagons, forage, and bread.

Sub-contracting was integral to all contracts, and acknowledgment of this often-shadowy world indicates that contracting encompassed a huge range of services. Unfortunately for historians, it seems likely many agreements were verbal, informal, or unorthodox, and therefore unrecorded, but sufficient evidence exists to illustrate the complexity of contracting, for behind simple agreements between government and named individuals there existed a host of agents, assistants, suppliers, and labourers.

Out-sourcing supply always raised the risk of fraud and corruption, and there was a long tradition of hostility to the 'monied interest' as 'tax-eaters' and rapacious beneficiaries of a bloated state apparatus. Combined with absurd pre-Weberian bureaucratic practices and the survival of antiquated medieval offices as a vehicle for patronage, it was easy to view contractors as part of a parasitic political system of 'Old Corruption' based on self-interest and personal gain. Yet in assuming risk, using market intelligence and expertise, and organizing supply on a vast scale, contractors acted as quintessential eighteenth-century capitalists. This much is clear from extensive sub-contracting which was very much the 'hidden wiring' in contract performance.

Ultimately, the endurance and strength of the 'contractor state' rested on its responsiveness to the unpredictability and unforeseen demands of wartime. The expertise the British state harnessed was indicative of a vibrant highly-productive agricultural sector and a labour-intensive proto-industrial sector. Modest improvements in production and technological progress facilitated efficient supply methods. Yet, human agency was perhaps most vital of all, for only expertise in coordination, planning and distribution, could make the different elements work together.

The named contractor was coordinator, facilitator, and middleman, but the largely hidden world of sub-contracting reveals that behind every contract were a myriad of people, trades, processes, and techniques. While contracts were often lucrative and a means of advancement, they were not sinecures, but specialized work based on knowledge and experience. From the vantage-point of the twenty-first century, the eighteenth-century supply system was characterised by an intelligent use of available resources, and was innovative in its rigorous and rational approach to resource allocation and distribution.



Notes:

- This blog post is based on the authors' paper [The impact of war: New business networks and small-scale](#)

[contractors in Britain, 1739–1770](#), in *Business History*, Volume 60, 2018 – Issue 1: Business of War

- *The post gives the views of its authors, not the position of LSE Business Review or the London School of Economics.*
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