Chapter 4

Troop Payments, Military Soliciting, and the World of Finance*

The Dutch Republic was not only the dominant power at sea for much of the seventeenth century. It was also a major force on the European continent, a position it preserved well into the eighteenth century. Whereas the previous chapters focused on the political economy of employment of the fleet and the productive systems underpinning the navy, this chapter will look at one of the key economic aspects of warfare on land: military finance. Chapter One examined the emergence of a system in which a large group of financial middle-men, military solicitors, provided short-term credit to allow officers to continue paying their soldiers despite the large arrears of the provincial treasuries. Apart from their role in troop payments, military solicitors also administered many other financial transactions that sustained the army, most importantly providing credit to guarantee continuity in supply. Tracing their activities can shed light on a whole host of aspects of what Fritz Redlich in his classical study termed the Kompaniewirtschaft – the small self-contained economy in which the officer rented out his mercenary unit to the state as a private business venture, and in turn took upon himself the responsibility for the upkeep of his troops.1 Contrary to Redlich’s supposition, the independent role of officers, suppliers, and their creditors in the organisation of logistics did not disappear with the integration of the Kompaniewirtschaft into larger regimental military structures under state control. In many respects the increase in scale of operations gave captains, contractors, and financiers much more powerful roles in the upkeep of the army. The evolution of soliciting thus again illustrates the persistence of semi-independent ‘brokers’ in the organisation of warfare. At the same time, army-related expenses and the structures of financial intermediation underpinning them were among the decisive factors in the emergence of international capital markets.

The growth in the size of armies is often viewed as one of the main motors of early modern state formation. As Geoffrey Parker argued: ‘It is interesting

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* Part of this chapter previously appeared in Brandon 2011a; the sections on Gebhardt will appear, in somewhat altered form, as Brandon forthcoming.

1 Redlich 1965, p. 79.
to note that the major waves of administrative reform in Western Europe in the 1530s and 1580s and at the end of the seventeenth century coincided with major phases of increase in army size. State finance formed a logical transmitter between the changes in the scale of warfare associated with the ‘military revolutions’ on the one hand, and the rise of fiscal military states on the other. As a result, historians have concentrated heavily on the revenue-raising capacities of the central state, and the reforms that enhanced these capacities. Until recently, the major role of capitalist elites in the process of managing, transferring, and employing these revenues remained understudied. The direct involvement of independent entrepreneurs in areas such as military finance traditionally has been treated as a remnant of earlier forms of state formation, and above all a source of corruption. Usher’s Dictionary of British Military History (2003) could still define the British regimental agent in the same vein:

A regimental paymaster employed by the colonel of a regiment. A colonel had complete control of his regiment in the 17th and early 18th centuries and was also responsible for distributing the pay to the troops through his agent. The agent frequently transferred a large amount of the funds to his own pocket by various frauds.

Even in the case of the Dutch Republic, well known for its proficiency in troop payments, military solicitors attracted most attention as likely suspects of large scale embezzlement and as subject for state regulation against fraud. Recent contributions to the debate, particularly on the eighteenth-century British state, take a very different approach. They emphasise the ways in which the personal networks, private credit, and technical skills of bankers, merchants, and other private investors were central to the success of state reforms.

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2 Parker 1995, p. 45.
5 Usher 2003, p. 3.
7 Most of these studies are directed at military contracting in general, and treat financial entrepreneurship in this context. E.g., Bannerman 2008, pp. 140ff., and Knight and Wilcox 2010, pp. 3ff. Aaron Graham wrote an as yet unpublished PhD on British military finance