



# THE DEFECTS OF OUR MILITARY FINANCIAL SYSTEM

(1) FOR PEACE; (2) FOR WAR.

*By Lieutenant-Colonel SETON CHURCHILL, A.P.D.*

Wednesday, May 12th, 1897.

General Sir W. GORDON CAMERON, K.C.B., in the Chair.

The CHAIRMAN:—I have much pleasure in introducing the lecturer (Lieut.-Colonel Churchill) to this meeting. Colonel Churchill has, I believe, studied the subject that will be brought before us to-day, "Financial Reform in the Army," for a good many years. I think he wrote an article on the subject in 1889, another in 1894, and another in 1895. He has, therefore, very well considered the subject, having had plenty of time to digest the matter, and to revise or amend anything that may have been erroneous. I am perfectly sure that this meeting—which seems a regular business meeting—will recognise him as a very good authority on the subject. He bears the character of one of the most highly conscientious and painstaking officers in his branch of the Service, and I hope he will meet with all the success he deserves. I am sure he has no personal motives in the matter—his sole object being to benefit the Service.

## PART I.

AS it has been my privilege to travel a good deal on the Continent, I have taken the opportunity of seeing as much as I could of the troops in France, Italy, Germany, Belgium, and Switzerland, and, as far as possible, of studying the financial systems by which the Armies of these countries are governed, and of comparing them with that which prevails in this country. I have also had the advantage of having been in India and in Egypt, where there are two distinct Armies, both managed by English officers, and of seeing a good deal of their financial systems.

On the Continent I have received the very greatest kindness and most valuable help from our Military Attachés, and also from individual foreign officers to whom I got introductions. Lieut.-Colonel Douglas Dawson, the Military Attaché in Paris; Lieut.-Colonel Grierson, who holds a corresponding post at Berlin; Colonel F. M. Wardrop, C.B., our Military Attaché in Vienna; and Mr. Ridgely Carter, the Chargé d'affaires of the United States Embassy, have given me the fullest information on the subject, so far as France, Germany, Austria, and America are concerned. In Italy the Prince of Naples, who was commanding the troops at Florence, and who speaks English well, explained the Italian financial system, and directed three of his officers to take me round different barracks, and show me all the documents in use in connection with the pay of their men. None of the systems are exactly alike, so it has been a most interesting study comparing them with each other, and also comparing them with the system which prevails in the English

Army. I may add that though none of them seem to me perfect, or to be blindly imitated, yet one obtains very good hints by comparing them with each other, picking out their good points, and ignoring their bad ones.

There is, I know, a prejudice against all new ideas borrowed from other countries, though I fail to see the objection, provided that a certain discrimination is shown in the selection. We have the finest Navy in the world, and other nations show their common sense in borrowing ideas from us; though I was somewhat amused to hear that the Chinese, after the recent crushing disasters which happened to their fleet, have decided so blindly to imitate us, that even British grog is to be introduced! They argue that, as we have the finest Navy, and as we issue grog, therefore they have only to do the same, and to hope for similar results. I have a fraternal interest in the Navy, as I have a brother commanding one of our largest ships in the Mediterranean, but I have never heard him attribute our supremacy at sea to this cause mentioned. I submit, however, that it is well to study those parts of the systems of the Armies and Navies of other nations, to enable us to see how far certain improvements can be adapted to our own system, as no branch of the Army is so perfect that it cannot be improved.

In the limited time allotted to me, I shall be unable to go into the details of the systems in foreign Armies, as such would occupy a whole lecture. Some day I hope to deal with the subject in a separate article. In this lecture I propose to confine myself to the English Army, merely alluding now and then to others. In comparison with Continental Armies, I am convinced that, so far as material is concerned, we in England have nothing of which to be ashamed, and I venture to think that it is to this cause we must attribute the fact that in our Army we have less dishonesty and peculation than in any Army in Europe. But while our material is undeniably the best, it appears to me that our system is bad and ineffective, and is, I believe, the cause of much of the costliness of our small Army. Though ours may be the worst system, yet as the material on which to work is the best, the defects could easily be remedied, so that the country and the Army would materially gain thereby.

During the last few years almost every part of our Army has been reformed and brought into touch with the age in which we live, the only exception being our military financial system. But though certain improvements have been introduced within recent years in finance, I would respectfully submit that we are still very far short of what we ought to be, considering that over £308,936 are spent annually upon our financial officials.

In this lecture, pleading for improvement and progress in my own branch of the Service, I am anxious not to transgress the limits of respectful and legitimate criticism. No human systems are perfect, and I fully recognise the fact that it is easy to criticise any system. There is, however, a fair and legitimate spirit of criticism which cannot but be conducive to the healthy welfare of the system to which it is applied; as there is also a captious, fault-finding spirit, which cannot but do much

injury. My desire is to direct attention to those points wherein our system appears to me to be defective, and leave it to the authorities to decide how far I have been able to prove my case.

The defects of our existing system appear to be as follows:—

1. It is costly.
2. It is ineffective during peace-time.
3. It is not adapted for war either on a small or large scale.

I venture to think that it would be possible to introduce a better system at a lower cost, and at the same time so to raise the whole tone of this branch of the Service, as to attract superior men both into the administrative and the executive, without injuring the prospects of a single officer or civilian now connected with military finance.

To take the cost first. When the recently reduced establishment is reached, the numbers and cost will be as follows:—

26 Higher Division Clerks at the War Office	}	£
212 Lower " " "		53,415
208 Officers of the A.P.D.	}	
590 Army Pay Corps -		
121 Pensioners, Civilians, etc.		184,030
19 Clerks at an average of £100 each for Army Agents - - - - -		1,900
1,176		239,345
W.O. Superannuation - - - - -		15,000
Non-effective A.P.D. and A.P.C. - - - - -		54,591
Total - - - - -		£308,936

Roughly speaking, we have 1,176 officers and clerks engaged in financial work, costing £308,936. Of this number there are 26 War Office civilians ranking as officers, and 208 officers of the Army Pay Department, making a total of 234 individuals with the rank and pay of officers, and 942 clerks civil and military. As we do not require 234 of the grade of officers that number might be reduced to 200, as I shall endeavour to point out, by the adoption of a better system, and the clerks might be slightly increased from 942 to 1,000. At present we have too many officers and too few clerks, the consequence being that highly-paid officers often have to do work that in other Armies would be done by a clerk. One officer can very easily superintend five clerks on an average; we should then have 1,200 individuals engaged in finance, as opposed to the existing 1,176, yet a saving would be effected of something like £22,386 per annum. The work would, as I hope to show, be better done during peace-time, abler men would be attracted, and a larger percentage of officers and clerks would be available for active service.

Briefly stated, the existing system is that the 208 officers of the Army Pay Department do all the executive financial work abroad and at home, get all the hardships and the bad climates, the campaigning and the dull stations, but none of the plums. These latter are distributed

among a small band of some twenty-six War Office civilians who do the audit, and hold all the highly-paid administrative posts at the W.O. As far as I can gather, none of the Armies on the Continent or in India work on such peculiar lines. This dual system of controlling military expenditure is a very defective one, and has all the disadvantages, but none of the advantages, of having all our financial officials either exclusively civilians or exclusively military men. It is obvious that we cannot have them all civilians, for not only would they be too costly, but they would be ill-adapted for campaigns or for foreign service. I, therefore, hope to show that the only logical conclusion is to have them exclusively military men, as is already the case in most of the Continental Armies, as well as in India. In order, however, to respect vested interests, let all the military men and civilians now engaged in this branch of the service be united into one financial staff corps, and, as vacancies take place, let them be filled exclusively by military men, who shall, as in the Indian Military Accounts Department, be called upon to pass a good stiff examination. The following is the establishment that might be fixed upon:—

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N.B.—This includes charge pay and allowances, deferred pay, etc., but not postage or travelling expenses.

Not only is our financial system a costly one, but I venture to think that it is ineffective for peace-time, and that an enormous percentage of our accounts are not properly audited, owing to the fact that the civilian staff at the W.O. is not numerically strong enough to cope with the work. Although all the accounts of every business firm in England are carefully audited, yet in the Army not more than about one-third of the whole are now audited in detail. It is a temptation to a slack or dishonest paymaster to know that the chances are two to one against his being detected, and it is surprising how the Auditor-General at Somerset House can express himself, in his Annual Report to the House of Commons, as satisfied with the existing arrangement, if he knows of this new plan which has recently crept in, since the introduction of monthly, instead of half-yearly, pay lists. Some few years ago a defective plan existed by which military accounts were rendered only half-yearly, consequently paymasters had five months' idleness, and were overwhelmed with work in the sixth month. Realising what a very serious evil this was to the Army at large, although it saved the W.O. civilians trouble and work, the attention of the late Mr. Stanhope, then Secretary of State for War, was directed to it. He at once had this defect removed, and directed that, as in India, all military accounts should be rendered monthly. This fair distribution of the work over six months has slightly increased our work, but it is a much more satisfactory arrangement in the interests of the captains of companies, and of the individual men under them. But though this plan has only slightly increased the work of the executive, it has very seriously increased the work of the W.O. civilian auditors. Instead of auditing one pay list in six months, they have now to audit six pay lists in that period. This would have necessitated a considerable increase of their staff, but this they could not ask for, because they know that the public does not approve of so much money being spent on civilians who are not available for war. The consequence is that the unsatisfactory plan has been adopted of not auditing all our accounts. Work as hard as they can under the existing system, they cannot audit more than a limited number of pay lists, and so have to trust us for the rest, a plan—complimentary though it may be to us—I venture to think highly unsatisfactory, in the interests of the public, as it puts a great temptation in the way of a slack or dishonest paymaster. The real danger, however, is that it may lead to collusion between dishonest clerks in a pay office and pay-sergeants of companies, and which, sooner or later, may result in some serious scandal. This defective system is a strong proof that our existing dual system of controlling the finances of the Army by a mixed body of civilians and military men is ineffective for peace. So long as this dual system is maintained, it cannot be remedied without the expenditure of a larger sum of money on civilians who are not available for war, than is compatible with the public interest.

There is, however, one remedy which will cost nothing. It is obvious that during peace-time there must be in every Army an establishment kept up in training for, and capable of, expansion to meet the contingencies of war. This is as true of the financial as of any other branch.

Yet during peace-time our accounts are not being properly audited. Let us decentralise this huge overgrown branch and transfer the audit from the W.O. to the General Officer in command of each district, and the remedy could then easily be introduced without any extra cost. The General has under him a Chief Paymaster, who ought to be made his Financial Staff Officer, and who would, with a competent staff of officers and clerks, be more capable of auditing all the accounts of his district than any W.O. clerk. In other words, if we adopted the plan which exists in every bank, of employing the senior men to audit the work of the juniors, and such seniors are the most capable men for the work, we should find suitable training during peace-time for the number of officers and clerks who have to be maintained to meet war requirements. Speaking generally, this is the plan adopted in India, in Egypt, and by most of the Continental Armies. We spend the sum of nearly £310,000 per annum on our financial officials, and I submit that it is a sound principle to contend for, that during peace-time we should obtain as much benefit as possible out of the extra establishment kept up for war. We may be a rich nation, as compared with others, but that is no reason why we should fritter away money on non-combatants which might be better spent on increasing our fighting efficiency.

There is, however, another serious defect in our existing system. The administrative part of the work is entirely in the hands of a small body of twenty-six W.O. civilians, so that when a vacancy takes place in any of the higher ranks, the Financial Secretary is compelled to fill it from this very limited number, although he may be conscious all the time that there are far abler men among the 208 military officers of the A.P.D. At present, if we had a born financier, such as Mr. Goschen, in the A.P.D., he could not possibly rise to hold the position of an administrator of finance, and the War Office could therefore make no special use of him. The twenty-six W.O. civilians, therefore, become a small body of monopolists, and there can be only a very limited competition among them. At the present time we happen to have very able men in the higher civilian posts, but when promotion or the age clause removes them we have no guarantee that we shall have equally able men to replace them. We certainly have not always had able men in the past, and the chances are less now than ever in favour of able men rising to the top, owing to the fact that the field of selection has recently been reduced considerably. In olden times there were over fifty W.O. civilians engaged in finance, but now their numbers are reduced to twenty-six, and the smaller the field of selection the smaller are our chances of getting good men at the top. Even fifty officers in two battalions do not always produce a good commanding officer, and officers from other regiments have sometimes to be brought in. But the Accountant-General of the Army and his assistants, who ought to be very able men, are selected from a much smaller body. The defect of the existing system is that for all the higher posts the officials must be selected from the twenty-six higher division clerks of the W.O. The advantage of the proposed plan will be that the selection would be made from a much larger body,

consisting of at least 200 officers, all of whom have had great experience in the practical working of the machine.

Another advantage would be that we should have no financial men in the W.O. who are not quite up to the mark. On the military side of the W.O. every individual is a selected man; but it is not so on the financial side. A man may pass a good examination when young, and yet turn out to be anything but a practical official; but there is no way of getting rid of such a man on the financial side of the W.O., so they remain on in the establishment, to the detriment of the public service. If all the financial posts in the W.O. were filled from a large Financial Staff Corps of, say, 200, only selected officers could enter the W.O., and if they did not do well their appointments need not be renewed, as there must be plenty of less responsible posts outside the W.O. to which they could be relegated.

It has, however, been urged that if the W.O. civilians failed to produce a tip-top man to fill the post of Accountant-General, who is now paid £1,800 per annum, that we could easily obtain such a man from the Treasury. Whoever invented such an argument must have been not only very hard up for a better one with which to prop up a defective system, but he must have been painfully wanting in any sense of humour. It is difficult to understand anyone seriously contending that a large branch of the military service, on which over £300,000 is expended per annum, should be incapable of producing its own head, and have to be indebted to another Government branch of the public service for an official to conduct its affairs! It might be very creditable to the Treasury to have an able man ready for the occasion, but it certainly would not be very creditable to the Army that, owing to its defective system, it had failed to produce such a man for its work. However able a man might be who might be lent to the W.O. by the Treasury, it would take him many years to obtain a proper insight into the financial wants of the Army. Meanwhile he would not be a very valuable adviser to the Secretary of State for War. If, however, one united Financial Staff Corps existed, composed of at least 200 educated, practical officers, experience in other branches shows that such a number will never fail to produce a really able man for the occasion.

I have not a word to say personally against W.O. financial civilians. If we must keep them up as a distinct body we could not get better men. But if they were ten times better and abler men than they are, the evils would still continue to exist. They are inherent in the system, and not due to individuals.

There will always be found some to defend that which exists, for no other reason than that it does exist. It is, however, very difficult to see the *raison d'être* of the little band of the twenty-six W.O. civilians connected with finance, now that competitive examinations have introduced quite as able men into the military service. In its control of the Army the House of Commons appoints a Secretary of State for War, an Under-Secretary of State, and a Financial Secretary, who are responsible to it for Army expenditure. These three, of course, come quite new to

their work, and, instead of surrounding them with the picked specialists of the British Army, who are well-up in every detail of the Service, we interpose a third body of W.O. civilians who never leave Pall Mall, and never can have much personal experience. They are out of touch with the Army, and only know their work in a theoretical way. They can only speak from hearsay, and can never carry the weight of personal experience. Surely our M.P. authorities should obtain their information first hand, and not from those who have themselves to be prompted by others.

Personally I cannot believe that there is anything in the statement that Parliament insists on interposing a body of civilians between themselves and the Army. Parliament is the "bogie man" with which those who are interested in maintaining existing abuses endeavour to frighten would-be reformers. The late Lord Randolph Churchill, who was a member of the Hartington Commission that reported in 1890 on the reform of the Army, says very truly:—"Parliament is made the scapegoat for defective administration. The control of Parliament, the interference of Parliament, the jealousy of Parliament for its rights and privileges, these are the stock arguments in favour of an adherence to the main lines of our present system of naval and military administration. Personally, and speaking with some experience of the House of Commons, I put aside arguments of that kind. I have arrived at the conclusion that, eliminating great party issues, the House of Commons, with respect to the transaction of ordinary public affairs, is an assembly mainly composed of business-like and reasonable individuals, who, having to find certain funds for certain purposes, desire in the main that the pecuniary demands of Government should not be obviously excessive, and that fair guarantees should be given for economical expenditure of the funds provided."<sup>1</sup>

The truth is that before the days of highly competitive examinations financial civilians were once a necessity to the Army, but now that officers are better educated this necessity has passed away. Excuses, however, have to be made for their continued employment, and if good ones cannot be found bad ones have to be substituted. I question very much if the public realise the fact that we have a double system of civilian financial control, once in the War Office and again in the Treasury, and no military financial control at all. Surely it would be better for the country, as also for the Army, to have a military financial control in the War Office and a civilian financial control in the Treasury, so as to get the full benefit of the brains of both bodies.

In defence of the existing defective system, it has been asserted that one advantage of having civilians is that we thus secure some permanent officials in the W.O. Now, while there can be no question as to the advantages of having a permanent element in the W.O., as also in all large offices outside that building, it would appear that we are purchasing that advantage at a very high cost, by injuring the rest of the financial

<sup>1</sup> Memorandum by Lord Randolph Churchill. Published with the Report of the Hartington Commission on Army Reform, 1890. P. xv.

branch of the Army ; and surely it must be possible to secure that element of permanency in a better and in a more reasonable way. While fully admitting the advantage of having a more permanent element than the military man, who changes every five years, it is not obvious why the permanent officials should be at the top. In the military side of the W.O. we find the military men at the top, and the permanent officials under them. Why not let us introduce men of the rank of quartermaster, who shall be the permanent head clerks under the officers holding the higher appointments? We shall then have all the advantages of the permanent element without losing the advantages of having fresh blood introduced at the top every few years. Permanent officials at the top are apt to become very conservative, and to frown down all new ideas ; but permanent officials, when subordinate, in the position of head clerks, are most useful to hand on all traditions. They are not so senior as to be able to block progress, but they are sufficiently in touch with the authorities as to be able to keep them from making blunders of great magnitude.

It has already been shown that we should obtain by degrees an abler body of officials at the W.O. if the selection for all the higher posts were made from a wider field of some 200, instead of from the restricted number of 26 civilians. But on the principle of "killing two birds with one stone," it would be found that we should also obtain a far abler body of officers in the executive branch of financial work, if all the rewards of the Service, which have hitherto been kept exclusively for one small body of men, were thrown open to the executive. These 26 civilians are now holding all the higher appointments, having salaries as high as £900, £1,000, £1,200, and even £1,800, whereas no officer in the A.P.D. has more than about £774. One W.O. civilian has a K.C.B., and another a C.B., which they have justly earned for financial duties ; but not a single K.C.B. or even C.B. has been given to any of our military financial men now serving. Good military men, who have an aptitude for finance, are not encouraged to join the financial branch, on account of this incongruity, and on account of the fact that they have to serve in an inferior position to the civilians. Able officers naturally resent this treatment. The existence, therefore, at the W.O. of civilians means inferior men in the executive. Whatever the supposed advantages may be of having a small band of civilians, who absorb all the higher-paid posts in military finance, its defenders must be prepared to show that it is very great, since the public is paying a very high price for it, because unquestionably it is the cause of preventing a better class of officers from joining the executive. So long as these civilians exist, so long will this branch of our Army be discredited. We see this by comparing the two Armies serving under the Queen. The one in India has no W.O. civilian element, and from top to bottom the financial branch is officered by military men. Consequently in India the Military Accounts Department is not discredited, but attracts some of the best men out there, which is not the case in the corresponding Service in this country. The only wonder is that we do manage to secure as good men as some that we have got.

The time was when the Engineers branch of our Army was looked down upon as a civil one, but now the Royal Engineers are looked upon as one of the highest branches in the Service. But would this be so if all the best appointments in the W.O. were retained as the exclusive monopoly of a body of civil engineers? There are able civil engineers who might serve, but there can be no question that such a method would produce a very inferior body of military engineers. Good men would be repelled, and only inferior ones would enter the Engineers. There would be friction between the civil and military engineers, and the public service would suffer. The authorities have very wisely guarded against this, by allowing the Royal Engineers to manage their own affairs, and by acting on the common-sense principle that those who have had the carrying out of the details are the best men to conduct the administration. Those who have worn the shoe know best where it pinches.

Considering under what peculiar and varying conditions the British Army is serving, it is most remarkable that we have absolutely no system by which we can watch expenditure and detect waste. It is quite ridiculous for a civilian Accountant-General sitting in Pall Mall to think that his eagle eye can detect every error. He would need to be an Argus with at least one hundred eyes to be able to look into every nook and corner where sections of the British Army may be quartered. Yet all this time we have a well-paid body of officers in the Army Pay Department, stationed in every part of the world, who could, each in his own individual capacity, be an eye to the Accountant-General, and thus at once make him an Argus. In other words, we need a department consisting of men who will not only be accountants issuing money all over the world, but will be professionally interested in keeping down expenditure, and detecting waste. In theory this duty now devolves on the commanding officer in each station, who has had no special training for this work. His promotion is not dependent on finance, and often he knows nothing about it, and cares less. We have no need to increase the number of our financial officers, nor to pay them better. The number of the officers is at present more than sufficient, and the money spent on the Financial branch of the War Office and on the Army Pay Department, is more than enough for our existing wants. Financial officers have to be well paid, as it is most important that those who handle money should themselves be beyond suspicion, and, speaking generally, they are well paid. Let the existing dual control system be abolished, let one branch be formed, let every individual in that branch know that his promotion is dependent on his merits as well as on his capacity to keep down expenditure and to point out waste and extravagance, and very soon we shall have men of merit coming to the front, pointing out, in well-considered schemes, where money can be saved and where extravagance can be abolished.

Having attempted to show that the plan of manning our existing financial branch with a heterogeneous mixture of civilians and military men is defective, it remains only to plead for the one logical conclusion at which one can arrive. The system that has already been adopted in

the case of the Royal Engineers, the Army Ordnance Department, and the system which is in existence in India, in which country the financial branch is exclusively officered by military men, is the only one left, and there never will be really efficient audit and economical treatment of Army finances till there is one united financial branch in the British Army, as there now is in the Indian Army and in some of the Continental Armies. The question to be decided is, not what is best for individuals, but what is best for the Army. The system which attracts the most intelligent officers will be the best for the financial branch, and there can be no question but that it will be also the best for the Army. Let us ever remember that a good system which attracts the best financial officers is the truest friend to the combatant officers, as on our financial officers depend the decrease of waste and extravagance and the consequent increase of real fighting power. I am sanguine enough to believe that we could considerably increase the number of our fighting men without asking for any more money if only we had a better financial system.

## PART II.

I have attempted to show that our existing financial system is not adapted for peace, but I also venture to maintain that it is still less adapted for war, whether conducted on a large scale or on a small one. The General Officer Commanding in a campaign has a great deal too much to do to enable him to give much time to financial questions, and yet these play a very important part. The raising of money, the conveyance of treasure, the sufficient supply of money at exact spots necessary to meet the demand, the fixing of rates and extra allowances, the audit of accounts, checking extravagance, and putting a stop to dishonesty among subordinates and contractors, are all very important questions. A campaign under any circumstances is a costly affair, but a good financial adviser to the G.O.C. can do a great deal to reduce the expenditure. It is very poor economy for a country to under-pay its financial officers, as it means getting inferior men. A General Officer in command requires the very best man the country can give him to think out little details and to act for him in these matters, in the same way that his chief Royal Engineer officer does in his department of work. But all the highly-paid posts connected with military finance are held by civilians, and these are not available for active service. The financial adviser of the G.O.C. would be a man drawing only about £700 per annum, though there are many civilians above him drawing annual salaries of £900, £1,000, £1,200, and even £1,800 per annum. If we may judge of relative merits by the relative salaries, he would by no means have the best man the country could provide to be his financial adviser.

But this is not the only evil. The chief paymaster, who would be sent out under the existing system, would be a man who would have absolutely no experience of the inner working of the War Office, as there is not a single chief paymaster employed in the W.O. Consequently he might unintentionally give advice, which would be exactly contrary to the wish of the authorities at home.

Under the existing system a very serious defect on a campaign is that all accounts have to be sent home for audit, and often long delays take place before questions are settled, which is of great inconvenience to officers, men, and others concerned. Surely the G.O.C. on the spot, acting through his financial staff officer, should be able to conduct all audit, and to settle everything at once; and very few cases ought to be submitted to the W.O., and those that are should be only questions of great importance, to be dealt with by the authorities, and not by a civilian clerk who has had no experience of these matters.

In order to adapt our system for war a certain number of the selected officers of the Army Pay Department should, as in other branches of the Service, be learning the inner working of the machine at the W.O., and, on the other hand, the system of each district should be adapted to the system that would be required in the event of war; then we should be utilising peace-time to prepare for war, which we are not now doing, so far as finance is concerned. Let each General Officer commanding a district have authority given him to settle, as on active service, all petty financial details, and to carry out the complete audit of all the accounts of his district. This duty would of course be done by his chief financial staff officer, and thus a large number of financial officers would be qualifying to become at once good financial advisers to generals, who, in the future, will be called upon to conduct the operations of a great campaign. Any system of headquarter inspections considered necessary could be carried out as in other branches of the Service.

Another very serious defect of our existing system is that, though we have upwards of 234 individuals drawing the high pay of an officer, we could not actually send out to a campaign more than about 70, or under 30 per cent. Even for present purposes that would be little enough for an army of 100,000 men, and we are allowing ourselves little or no margin; but if, as in the war with Russia, the campaign become a prolonged one, how are we to supply substitutes for those who fall sick, get invalided, etc.? I understand that for every 100 officers serving in the Crimea there were over 200 sent out during that prolonged war. Paymasters are elderly men as a rule, and a large percentage would break down from hardships, bad climates, etc. Many would require six months' leave of absence on return home, and so they could not take the place of the officers sent out to relieve them. It is not difficult to imagine that circumstances might arise which would compel us, against our will, to utilise the whole of the 300,000 British troops that we now have, including the 80,000 in the Army Reserve and the 73,000 English troops in India, leaving England and all our coaling stations to be manned by volunteers from the Militia. As a matter of fact, some of the Militia did go to the Mediterranean in the Russian war. So long as we have the men, even if we have not the correct proportion of each arm of the Service, and the proper machinery, our national pride would prevent us from withdrawing without credit from a war when once engaged. But our existing financial system as at present constituted could not possibly stand the strain, and yet we could,

without having to spend an extra penny, easily adapt our machinery to enable us to cope with such a state of affairs without the slightest chance of a breakdown. Our financial system is a very *expensive* one, but it is certainly not a very *expansive* one. By a very slight change we might make it less expensive and much more expansive, if, instead of scattering paymasters about in units over all the country, we were to concentrate them at the headquarters of each district. We should thus become far more effective for active service, and be able to have at hand a far greater percentage available for the scene of action on a great emergency arising, instead of trusting to the chapter of accidents in the hope that the demand may never occur.

Out of 1,176 persons engaged in military finance, the only officers and men actually available for active service now are the 208 officers, of the A.P.D., and the 590 clerks of the Army Pay Corps, and these are scattered about in 103 different stations. The following analysis of the A.P.D. officers will perhaps assist in making the case more clear:—

<i>Officers.</i>				<i>Available for Active Service.</i>	
63	Paymasters in Offices with only 1 Officer	-	-	-	Nil
34	" " " 2 Officers	-	-	-	17
24	" " " 3 "	-	-	-	12
28	" " " 4 "	-	-	-	14
10	" " " 5 "	-	-	-	5
12	" " " 6 "	-	-	-	6
7	" " " 7 "	-	-	-	3
16	" " " 8 "	-	-	-	8
10	" " " 10 "	-	-	-	5
4	Paymasters unattached	-	-	-	4
208 Total in A.P.D.				Available for Active Service	74

As it is obvious that in a single-handed office no one could be spared for the seat of war, and in an office where there are two, only one could be spared, and so on, it is a mere matter of calculation to see that 208 officers, as at present arranged, could at a push, if none were sick, only supply about 70 officers, which would be less than 30 per cent. of the 234 officers and civilians receiving the pay of an officer. This I submit is totally inadequate for the possible needs of the British Army, and no system can be considered satisfactory that could not at a great push send as many as 75 per cent., or 150 officers, with a corresponding number of clerks.

Instead of scattering paymasters about during peace-time at different stations whence they cannot be removed in the event of war, as there would be no one to take their places, let all the paymasters be concentrated at the headquarters of each district, that is about fifteen large centres at home and twelve small ones abroad, so that at once 30, 50, or 75 per cent. could be sent off, and yet let the work go on without any break, those being left behind supplemented by the few A.P.D. officers from the Reserve List. Financial is unlike medical work, as in the

latter, there must be personal attendance, but in financial work everything during peace-time can be done by means of the penny post. Take my own case as an example. The great bulk of my work is now done by post. Roughly speaking I have nearly 3,000 Army Reserve men and pensioners to pay quarterly, so that about 28,000 letters or documents come to my office, and similarly leave the office every year, of which 12,000 contain money. In addition there are about 1,200 recruits per annum raised in my district, there are eight *depôt* companies, and a battalion of eight companies, two regiments of Yeomanry, four battalions of Militia, and five battalions of Volunteers. By far the greater amount of the work is already done by post, and what remains is mere child's play, and could just as easily be done in the same way. It does not matter to the recipients of the letters whether they are posted at my particular station, or at the headquarters of the district. If this could be done in a double regimental district, which is one of the largest in England, it could, of course, be done even more easily at the many smaller regimental districts, which in the aggregate absorb so many paymasters. A few trifling items might, as in battalions of infantry and regiments of cavalry, be paid by the adjutant of the *depôt*, giving him the extra 2s. per diem, which is now given to adjutants of battalions.

On the principle of *ex uno disce omnes*, I will now proceed to show how this system would work in my own particular district, the North-Western, which has its headquarters at Chester. There are in the district seventeen officers of the A.P.D. Ten of these are at stations single-handed, and not one of them could be removed to the seat of war, as it would take them all they know to enable them to cope with their work if the Army Reserve, Pensioners under fifty years of age, Militia, Volunteers, and Yeomanry were called out. There are two *depôts* with two officers of the A.P.D., each of whom could spare one, and there are at the headquarters of the district three officers. Only one of these could be spared, so that out of the seventeen only three in all could be sent to the seat of war, which is not one quarter, whereas I submit that at least 75 per cent. ought to be available at a push.

If all the financial duties of the N.W. District were concentrated at Chester, they might be divided into the following five sub-divisions, though I think that this is one of the districts in which there might be a considerable reduction in the number of the financial officers.

- |    |   |  |
|----|---|--|
| A. | 1 Colonel<br>1 Lieut.-Colonel<br>1 Major  | } To perform the entire audit of the district—<br>the work now done at the War Office. |
| B. | 1 Lieut.-Colonel<br>1 Major<br>1 Captain  | } To perform the same duties now done by<br>the District Pay Office.                   |
| C. | 1 Lieut.-Colonel<br>1 Major<br>2 Captains | } To pay all the regiments and <i>depôts</i> in the<br>General's command.              |

- |    |                  |   |   |
|----|------------------|---|---|
| D. | 1 Lieut.-Colonel | } | To pay all the men belonging to the Army Reserve—about 12,000.    |
|    | 1 Major ..       |   |   |
|    | 2 Captains ..    |   |   |
| E. | 1 Lieut.-Colonel | } | To pay all the Pensioners belonging to the District—about 12,000. |
|    | 1 Major ..       |   |   |
|    | 1 Captain ..     |   |   |

In the pressure of a great war all the work in the district could, with well-trained clerks, be done by very few officers, especially if officers from the Reserve were utilised, so that the great bulk of the seventeen would be available for the seat of war, as compared with the three, who under the existing system would be sent, and yet the work would go on nearly as well. But this could not be done without a tip-top staff of well-trained clerks, which I have arranged for.

Let us now compare the N.W. District with Aldershot, a district in which the plan I advocate is already in existence. In the N.W. District there are eighteen officers of the A.P.D., but only about 25 per cent., or four in all, could be sent to the seat of war. But at Aldershot there are only ten financial officers, and yet they could send more to a campaign! The difference between the two districts is that at Aldershot all the A.P.D. officers are concentrated under one chief paymaster, whereas in the N.W. District they are all scattered about. Why should not the Aldershot system be applied to the whole Army? It was adopted during the time that one of our most practical generals was in command, and it must therefore be assumed that it has the approval, at all events, of Sir Evelyn Wood, our present Quartermaster-General, and he is not the man to overlook details in his command. It does not meet the case to say that at Aldershot all the troops are concentrated and that in this district they are scattered. Aldershot is a large place, and a great deal of the work is done through the medium of the post, and it is only a question of a few hours' difference from one part of Aldershot to another by post, or from one part of a military district to another. The principle is the same in both cases.

I am not asking for anything new or untried, nor am I advocating a blind imitation of the system in existence in the Continental Armies, as there is nothing for which I plead that has not already been tested in some part of Her Majesty's dominions by British officers. We see in India how admirably the finances of an Army can be conducted by practical, working, military officers, without the assistance of a small body of civilians, who have never had any practical experience of the working details of the machine they are managing. In Aldershot, Woolwich, Gibraltar, Egypt, Hong-Kong, and, indeed, in all foreign stations, we already see the system adopted of concentrating the financial officers at the headquarters of the district, which enables a larger percentage to be at once available for war.

The past history of the way in which our finances were conducted shows the advantages, from the economical standpoint, of reducing financial work to a system. When I first joined the Service, we had more

than double the number of W.O. civilians that we now have. In addition, we spent a large sum of money on civilian army agents, and had an enormous body of regimental paymasters, and a very large body of staff officers of pensioners. These were all engaged in finance, and among them they must have cost the public a goodly sum. None of them had any connection with each other, and there was practically very little system in existence of rewarding the good ones, and eliminating the bad. The Army Pay Department was then formed in 1878, and, slow as the process has been, from that time there has been a gradual working in this direction of system and order. Regimental paymasters were abolished, staff officers of pensioners were absorbed, civilian army agents were disestablished. In the light of subsequent events, it is amusing to think what opposition was raised to each proposed reform; and, no doubt, in years to come, future generations will be amused to think of the opposition raised to my present proposal to reduce existing methods to one definite system. The savings have been enormous, and yet none of the predicted disasters have been fulfilled; and who will dare to say that, in spite of our defects, the work is not better done now than ever it was in the old extravagant days? We are, however, now suffering, to a certain extent, from a transition stage. We have gone too far ever to retrace our steps, even if any advocated such a retrograde movement; but we are in considerable danger because we have not yet gone far enough. There has been no great war since the A.P.D. has been formed, so there has been no great strain upon it; but if we may judge from some of the little campaigns that have taken place, one cannot but hope that more progress will be made before we find ourselves embarked in a serious campaign. The different methods that exist clearly show that our existing system is not the result of any carefully thought-out plan, but rather the relics pieced together of former systems. The old and the new cloth are sewn together, with the inevitable results. At the time of the Russian war, costly and foolish as was the financial system that existed, still there was an apology for some system. New ideas have prevailed since then and new plans have been adopted, with the result that the old obsolete system is broken up, but that none worthy of the name has taken its place. I believe that there is more chance of a breakdown now in finance than there was then. In those days we had a well-paid officer and a clerk for every battalion. It was a costly plan, but still it could not break down. The Army has considerably increased since those days, and paymasters have considerably decreased, and unless the system is re-adapted to the changed circumstances we shall be in great danger of a breakdown; there are only twenty-six W.O. civilians blocking the way, and some of these will soon retire from the age clause. Let the remainder be absorbed by the 208 military officers of the A.P.D. Several W.O. civilians, at the formation of the A.P.D., left that institution and joined that new branch, showing that no real reason exists why a further absorption should not take place. The cost of having 200 officers and 1,000 clerks would be considerably less than what we now pay for 234 officers and W.O. civilians, and 942 clerks. With such an establishment,

in which each man was trained to be interchangeable, and could be set to do any kind of work in peace or war, at home or abroad, there would be no fear of a breakdown anywhere. If all paymasters were concentrated into fifteen large centres at home and twelve smaller ones abroad, and the system in each was assimilated to that of the W.O., there would be absolutely no reason why officers and clerks should not be interchangeable between the W.O. and the districts, only the picked ones of ability going to the former. We should thus have a system better adapted for peace than the existing method, and more capable of expansion in the event of a great war. When a war broke out, each centre could supply 30, 50, or even 75 per cent. of the officers and clerks, and yet the work would go on smoothly. If it appeared that a chance existed of the war lasting for a prolonged period, as in the Russian war, each centre would become a school for training fresh officers and clerks so as to fill vacancies, as they occurred from time to time. In this way we may some day hope to see an economical military financial system, which will be adapted for war on the largest possible scale in which the British Army could be engaged, and yet costing £22,386 less than the defective one which now exists, which could not possibly stand the strain of a prolonged campaign, which is ill-adapted for peace, and which, though costly, does not attract a sufficiently large percentage of men of ability to enter the executive or the administrative branches. I have great faith in the British officer of the present day, and I venture to think that there is nothing a civilian can do that a military man cannot do even better, provided that he is given the opportunity of training himself for the work.

Lieut.-General Lord WILLIAM SEYMOUR :—It is to be wished that a larger number of officers could have been present to-day from whom to choose a spokesman of the combatant branch to speak on this important subject, which has been brought before us so ably by Colonel Churchill. If I may go back to my own experience on this subject, I should say that Colonel Churchill had understated the number of gentlemen who are found necessary to audit the Army accounts. Keeping now to "peace," if it will not bore you, I will narrate a little anecdote of an incident that occurred during the time I was on the staff at Aldershot, which brings into absurdity not only the audit of the War Office, but one much higher. It happened that a signal class officer wished to bring his company sergeant-major to notice, and thought that he ought to have the rank and emoluments of a regimental sergeant-major, the increase of which to the Army Estimates would be sixpence a day. At that time the Army Estimates, perhaps, were not quite what they are now; but they were, I think, sixteen millions. This recommendation went up the ladder. You all know the way—the Colonels on the staff, the Generals, the Quartermaster-General, and the Adjutant-General at the Horse Guards, the Under-Secretary for War, and then the higher authority of the Secretary of State. There it was lost sight of until some three or four months later. I happened to be dining out in London, and an old friend of mine—one of the head clerks of the Treasury—said to me :—"Seymour, you are the very fellow I wanted to see. The question of Sergeant-Major Hitchcock, of the Engineers, came up the other day. Surely it is not necessary that he should have this extra rank and pay, is it?" I replied :—"Is an Empire spending sixteen millions a year to have this item of sixpence a day questioned by a gentleman who is in the Treasury, after being recommended by the Commander-in-

Chief and Secretary of State for War?' He replied :—" You have no idea what those fellows at the War Office are ! " That shows that the War Office have not the complete audit, and that it goes higher—to the Treasury. As regards the system in war, I am very glad to see that my friend Sir Walter Olivey is present. I think a man who has held the position that he did in two campaigns, and has come home and survived the chaos that existed at the War Office for two or three years after those campaigns of 1882 and 1885, deserves not only to be given the K.C.B., but to be complimented by everyone in his own Department and in the Army. I agree with the excellent suggestions of Colonel Churchill with regard to the accomplished officers found in the Army Pay Department; but those officers ought, as Colonel Churchill says, to have at their fingers' ends the system of Pall Mall before they go out to a campaign. How this is to be done, how the twenty-six senior clerks, and the 212 other gentlemen are to be united, I leave to those more experienced than myself to say; but, having commanded a district for the last five years, I am perfectly sure that without this reform it will be impossible to get our military finance on the same equality and the same standard of excellence that I understand exists in India. What we want is, not an audit over every sixpence coming back a year or more afterwards to the district to say that Lieutenant So-and-So seems to have taken the wrong journey from Woolwich to Dover, and that he ought to have found out that there was a cheap way of going by excursion; but an audit entirely within the district. My experience of late years has been that the Army Pay Department, together with the District Staff, is perfectly qualified to do this—a great deal more qualified than the gentlemen at Head Quarters can possibly be under the present system.

Colonel Sir WALTER R. OLIVEY, K.C.B., A.P.D. : — Perhaps I may be permitted as an old officer of the Army Pay Department to say a few words, and to recount some of my experience on this great question. I only propose at the present time to touch the merest fringe of the question, as it would take hours to go into all the details that can be urged against the present system of the pay of the British Army. I cannot say that I follow my friend Colonel Churchill to the bitter end, as it were, but I go a long way with him. Whether you make an amalgamation or not, I think there ought to be a large importation of paymasters into the War Office. I shall take one thing the lecturer has said as my text on this occasion, " Those who have not worn the shoe cannot tell where it pinches " ; and it is impossible for a civilian War Office clerk, or any War Office official (let him be as talented as he may), to take a correct military view of the pay of the Army, or of any subject connected with the discipline of the Army. They are quite at fault with regard to their ideas of discipline. That has been the weak point with the Department ever since I have known it. I believe most of the generals in the Service agree that the Pay Department should be absolutely under the commanding officer, and that the commanding officers of the districts should be the determining authority as to whether a charge is right or not, and should only have the Auditor-General's Department behind them. I am obliged, in order to illustrate the subject, to give some of my own experiences, and to be to a great extent egotistic. I wish to commence with the station system. Many years ago, before that system was taken into operation, or possibly thought of, I saw that paymasters in regiments were a useless encumbrance and a useless expense, and that a portion of that great cost might be saved by getting the work done by a greater concentration of paymasters. I advised the War Office that they were useless. For years after that the system was not adopted; but at length it was, and when it was it had one great fault—a fault, of course, inherent in the War Office system, as they did not understand the true bearing of military discipline. They actually made the station paymaster not accountable to and not to be interfered with by the chief paymaster of the district, although one wall only might have divided their two

offices. That would never have been done if the War Office had sufficient paymasters within its walls to advise on military matters and, I may say, on military etiquette. With regard to the amalgamation of the War Office with the Army Pay Department, possibly it may come some day, but I do not think it is yet (to adopt a political phrase) within the region of practical politics. I think, however, that the time has come for a great importation of paymasters, or of the Army Pay Department into the War Office, in order that they may keep pace with the improvements taking place in the combatant branch of the Service, which they do not keep pace with at present. There are many things to be gone into to illustrate that; but the time at my command will not allow me to go into many details. The War Office are always too slow in their reforms. I do not know when I told them of the non-necessity of paymasters in regiments, whether they had received similar information from other sources; probably they had, as I have no doubt that others had discovered the waste as well as myself. But this I do know, that it took several years to carry out the reform, and it was eventually carried out in the way that I happened to recommend. I was asked several times in conversation with my friends what I should do, how I should distribute the money, how I would send it to regiments, or account for it. I told them of several plans, but the plan that I approved of most was that it should be distributed by the adjutant, who should get a small allowance for doing it. That, I believe, is now in operation. I am, however, a little out of touch with the Department now, but I believe that it is absolutely the case. I wish it to be thoroughly understood that I do not attack any individual. I simply say the system is wrong. It is impossible for a War Office clerk or a War Office official to determine on military points with any degree of satisfaction, if he has never been in the Service. It is only those who have actually served who can properly adjudicate or legislate for the Service. That is the principle I go upon. I have had many a talk on the subject with an officer now very high in the Service—I do not mention names—who often told me, "The War Office people are your natural superiors." I was always at issue with him there. I said, "It is all very well for them to examine accounts; but the government of the Department should be in the hands of the Department under military authorities." I always stick to that, and that the Pay Department should not be independent of the military authorities, should be under the military authorities in their districts. There is one other improvement that I have been recommending to the War Office for years, but I have not got them to carry it out yet. I have been told by several of my friends there, "We think that your improvement must come to pass eventually." It is that all the troops of the district should be paid from the headquarters pay offices of the district. There should be no scattering of the paymasters in the district. There should be one office, and that the office of the chief paymaster. And I go further than that. When I was at the Horse Guards I recommended to them that system, and I said, "I am willing to carry it out, to be responsible for it, and to stake my reputation on the result. I am ready to pay the whole of the Home District." I selected the Home District for two or three reasons. One was, that I happened to be there myself. Another reason was, that there are not many regiments, exclusive of Guards, quartered in the Home District; therefore, it could possibly have been done with less friction to the whole Service than if it had to be carried out in any other district. Another reason, I think a good one, was that the Guards should not be paid in a different way at home from what they would be when going on service. Now, to transfer the Guards suddenly to the payment of the chief paymaster of an expedition seems to my mind like swapping horses when crossing a stream. At all events, if the whole of the Guards are not paid in the same way as the rest of the Service, I think the least that should be done in that direction is that those battalions of the Guards which are in the 1st Army Corps should be transferred to the payment of the Chief Paymaster before there is any possibility of their going on an expedition.

to save the friction that must occur with a change of system. I do not blame anybody for it. There is bound to be friction in the adoption of a new system. Another reason for my recommending that the whole pay should be issued from the headquarters of the district, was that the Chief Paymaster would then become acquainted with the whole of the officers of the departments in that district. Now it is impossible for him to be acquainted with more than a very few of the officers of the Service. I experienced that difficulty when in Egypt, when the paymasters were sent out in 1882 and 1884. I found that I might possibly have known the qualifications of about one in ten. It was impossible for me to put the best man in the particular position I wanted him to occupy. I had simply to guess at it—to take the list and write off the stations; there was nothing else to be done. I knew the qualifications of a few, but not of the rest. Just a word with regard to audit. I am sorry I do not go with my friend Colonel Churchill in his opinion with regard to auditing every account. I have told the War Office—I do not mean in an offensive way—that audit has been going mad for a long time. We want to get audit into a proper state of health. I do not think it can be in a proper state of health when it has to have such a tremendous lot of money spent on it. To prove my case, I analysed a year's accounts of the Home District. The expenditure was about £200,000 each half-year. I rather astonished the War Office when I told them what the result of the analysis was. In the first six months there was a loss—not a gain—of something under £1. In the next six months, I think they gained about the same amount. That was the result of that expensive audit during a whole year. From that circumstance, and from others, I think the best mode of audit would simply be that the Chief Paymaster's Office should consist of two branches: the one a pay branch, and the other an audit branch. The one branch should not be at all connected with the other, except that it would have the same chief; and the audit should be final, except that the Auditor-General's Department might have for audit any vouchers or any accounts that he wished, at any time. Probably that would result in his auditing one account in three, which, as my friend has said, is about the average now. Well, I think that is quite enough if the chief paymasters of the districts do their duty. There is no doubt that the auditors well know whose accounts they can pass with only a glance, and they equally well know those accounts of which they must go into every item. In the case of the notoriously good accounts, it might be sufficient to audit one account only in the year. Of course, the accountants would never know that; they would be kept up to the mark quite as well as they are at present, and there would be much less expenditure of public money. I am very glad to see that the War Office policy is tending now in that direction. There are many other details that might be gone into, but I do not know that I can introduce those two subjects better than by what I have said. There is one thing I might mention, and that is the system that obtains in our staff. That system on the formation of the Army Pay Department appears to me to have been absolutely ignored. The system of extra allowances for extra work and extra opportunities for distinction brings out the talent of the Service. There is no doubt that it has brought out talent on our staff. Everyone wants to go on the staff because of the extra opportunities and chances of promotion. When the Pay Department was formed we were all reduced to one dead-level; there was no opportunity for anybody. At last some little allowance did creep in. It was a thing that we felt most acutely in Egypt. We had the greatest possible trouble to get allowances for those who did the best work. In fact, at the beginning of the campaign it was really to the interest of a man who did not care about working much to show that he was just equal to his work, and was not so superior as to be placed in the hardest and worst station, where he would have the hardest work with no extra pay and no extra prospects. I say that extra pay and extra prospects are necessary in every department to bring out hidden talent. If a man knows that he is going to get a good allowance for doing laborious work, he will go in for that work—there is no doubt about it.

I am glad to see that this system has now been adopted to a certain extent, but I do not think it has gone far enough yet. In a campaign the War Office is so jealous that it will not even allow the commander-in-chief of the troops to authorise compensation for the loss of a horse. I remember, for example, the case of an officer of our own Department who was obliged by order to send his horse by train from Ismailia up the country. The horse was killed. That, of course, was not within the War Office's ideas of compensation. If it were killed in action it would be all right, but as it was killed by being frightened when leaving the train it was a different matter. The question was fought for a long time, and I am not sure whether the officer ever succeeded in getting compensation. I contend that if the Commander-in-Chief is not authorised to decide such questions, the War Office ought at least to have somebody on the spot who could decide them. I do not know that I need detain the meeting any longer. I am glad to say that I agree to a very great extent with my friend; but with regard to the amalgamation of the Pay Department and the War Office, I doubt whether the time has come for that. That a considerable number of officers should be sent to the War Office, I have not the shadow of a doubt.

Lieut.-Colonel CHURCHILL :—I feel most heartily thankful to you all for the kind way in which you have listened to the lecture, and I think that I ought not to trespass any longer on your kindness. I should, however, like to say, in answer to the remarks that have fallen from so able and experienced a judge as is Sir Walter Olivey, that I do not desire to see the proposed scheme accepted all at once. I have sketched out a plan of campaign, but the objects I hope to see attained step by step. I am glad that he considers that the time is fully ripe for the first step of decentralisation; that is, transferring the audit from the War Office to the general officers in command of districts. Let the chief paymaster of each district be made a financial staff officer, and let him, under the G.O.C., be the responsible official to conduct the entire audit of his district. Then a Chief Paymaster, with the position of Deputy Accountant-General at the War Office, could easily superintend the chief paymasters in the districts, and see that their audit is a good one. This might be the first step, and the others might follow later on. I need hardly say how gratified I feel to think that so distinguished a general officer as Lord William Seymour, and so able a paymaster as Sir Walter Olivey, should both concur with the suggestion that I have ventured to lay before you.

The CHAIRMAN (General Sir W. Gordon Cameron, K.C.B.):—My duties on this occasion seem to be especially easy, because I have not heard one single dissentient voice with regard to that which has been so ably advocated by my friend Colonel Churchill. All I can say is, that in my various commands my experience has been entirely in accordance with what has been set down in the lecture. I have endeavoured to the very best of my ability, when I was in command, to supervise as far as possible the financial system of the district. But I can only say that even with every encouragement given I have never been able hitherto to get much advice from the Army Pay Department. That has been entirely owing, I believe, to the system with regard to the formation and promotion in the Army Pay Department, which has been so well dealt with in the lecture. You require in the Army Pay Department the same *esprit de corps*, and the same enthusiasm in the performance of duty, as you do in any other branch of the Service; and we ought to have a system which will be conducive to get the very best officers in the Service, having a taste for finance, to join the Army Pay Department. But you cannot expect to have that under the present system. Under the present system you merely have officers joining the Pay Department because it is a matter of convenience or a want of means. There are very few officers who join the Pay Department from sheer love of that branch of the profession. I have been delighted to hear the remarks of Sir Walter Olivey. With regard to what he has pointed out for our consideration, I believe

he has put everything to a real, practical proof during both campaigns in Egypt; and, according to the old British saying, "The proof of the pudding is in the eating," there is nothing I listened to with greater pleasure than the experience of a man who has been at the head of affairs. I can assure you that I have been as much interested here as anybody could have been with the remarks that have been made—all of which I can thoroughly endorse from my own experience. The system that we have in the Finance Department in time of peace ought to be the same as in time of war. The two things must go together, otherwise, in a state of war, you would have chaos. As it is at present, nothing can be more costly and expensive than our wars. The country is willing to grant anything when war breaks out. The accounts are hardly questioned, and money can be spent nearly *ad libitum*. Therefore, it is all the more necessary to have a highly-trained Army Pay Department in time of war to safeguard the interests of the public. At present, well, I do not know how they get the number of paymasters on a war breaking out. How was it in Egypt? Did not they supplement the number by means of civilians and others? (No.) At all events we must have in time of peace an Army Pay Department sufficient and competent to undertake all the duties in time of war. Sometimes we are nearly two years before arriving at a settlement after a big campaign—I mean before the accounts are closed. That alone proves a very considerable want of system. I quite agree with what the lecturer has said with regard to having all the paymasters at the headquarters of the district. Having had several commands, I know perfectly well that that could be worked. I feel confident that it could be. I see no difficulty whatever, and I hope that that is one of the reforms that at all events will be introduced without much delay. Then with regard to the whole of the military finances being entirely carried out by the officers of the Army Pay Department, and the general being made strictly responsible for the finance in his own district. When I speak of responsibility, I mean real responsibility. We are always talking about responsibility in our Service, but that responsibility really, as far as my experience goes, is generally a mere form—for there are precious few officers who are made to suffer when anything goes wrong; and, after all, that is what responsibility means—if anything goes wrong somebody ought to suffer for it; and in the same way all those who perform their duties highly to the satisfaction of the chief authorities deserve reward. I do not think there is anything else I can say on the subject. I have read the lecture very carefully. I have compared it with all my own experience, and I am thoroughly in accord with nearly everything that I have read. I think we all owe a debt of gratitude to Lieut.-Colonel Churchill for having brought this matter so ably before the meeting. I do not know exactly whether it is my duty as Chairman, or someone else's, but it will save time, perhaps, if I now call upon you for an expression of your hearty thanks to him on this occasion. I beg to propose a vote of thanks to the lecturer.