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Peter G. Boys

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A SPECTATOR OF ACCOUNTING HISTORY

by

Peter G. Boys
Keynes College

University of Kent at Canterbury

Previous research on the history of accounting has concentrated mainly on two sources of material—treatises on accounting, in particular, texts on double-entry bookkeeping, and extant accounting and business records. Much less has been written on the less technical and more social aspects of the history of accounting. The aim of this article is to consider a somewhat different and potentially rich source of material. It looks at just one eighteenth century literary source and shows that study of similar works can set the early development of accounting into its social context. The source is not totally new to students of accounting history, since at least two eminent accounting historians have quoted from it.

Professor Hatfield [1924] had the following to say in his article "An Historical Defence of Bookkeeping": "Long ago Sir Roger de Coverley assumed that 'little that is truly noble can be expected from one who is ever poring on his cashbook or balancing his accounts'". Professor Yamey [1949] uses a similar quotation in "Scientific Bookkeeping and the Rise of Capitalism" when the following words of Sir Roger de Coverley (originally spelt Coverly) are quoted: "What can there great and noble be expected from his

whose attention is for ever fixed upon balancing his books, and watching over his expences?". In an earlier paper, Yamey [1940] also quotes Sir Roger de Coverley, as follows: "The recording of debts has its aggressive aspect, too. Sir Roger de Coverley was unkind enough to raise the matter in an argument with a trader: 'And indeed what is the whole business of the Trader's Accompt, but to over-reach him who trusts to his Memory'".

Neither commentator explains who Sir Roger de Coverley is, perhaps assuming it is not necessary as he is so well known. This article sets out to explain who Sir Roger de Coverley is, where he first appeared and whether this source, together with similar ones, can shed further light on the history of accounting, perhaps from a slightly different perspective than that usually taken by accounting historians.

The Origin of Sir Roger de Coverley

Sir Roger de Coverley is a fictional character who made his first appearance in the second issue of the *Spectator*. The *Spectator*, founded by Addison and Steele, two prominent English essayists and both sometime Whig M.P.'s, was a periodical, each issue simply containing an essay, often satirical, on a chosen subject,

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together with letters and advertisements. The essays in the *Spectator* dealt with virtually every aspect of life during the early eighteenth century, particularly in London. In addition to these descriptive essays, the *Spectator* contained more serious and thought-provoking matters, such as essays on moral philosophy, and on trade and commerce.

The *Spectator* was first published on 1st March 1711 and it continued as a daily publication (Monday to Saturday) until 6th December 1712, a total of 555 issues. There was then a break of 18 months before issue No. 556 was published on 18th June 1714. Thereafter it was published only three times a week (Monday, Wednesday and Friday) until the final issue, No. 635, on 20th December 1714.

The *Spectator* proved so popular that it ran to many reprints both in the eighteenth century and subsequently. In 1965 an edited and annotated text, in five volumes, was published by Donald Bond. It is this edition, together with its comprehensive introduction, which has been used extensively in this article, and to which the references, cited as issue numbers, refer.

The *Spectator* was an important literary publication for the well-educated; indeed its literary qualities, through the various reprints and editions, have been passed down through the ages, particularly in school textbooks. Its popularity and quality can also be gauged from the fact that in *Northanger Abbey* Jane Austen [1818] used the *Spectator* as an example of material suitable for a young lady to read: "Now, had the same young lady been engaged with a volume of the *Spectator*, instead of such a work [a contemporary novel], how proudly would she have produced the book, and told its name..." [p. 58].

Like many journals, the *Spectator* relied on letters from "readers" to fill out each issue. Although open to dispute, it would appear that while at least some of the letters were genuine, Steele may have written, or at least rewritten, some himself [Bond, vol. I, pp. xxxviii-xxxix]. Some of the following quotations come from letters rather than from essays.

Advertisements in the *Spectator*

As a means of raising revenue, the *Spectator* contained advertisements for a whole variety of goods, but in particular, as one might expect from a literary paper, for books. Although the edited version of the periodical unfortunately omits the advertisements, the appendix does contain a list of books which were advertised as being "this day published". These advertisements have a potential interest for accounting historians, since several accounting and related texts were published during this period.

A review of the English Institute's *Historical Accounting Literature* [1975] and the Scottish Institute's *An Accountants' Book Collection 1494-1930* [1976] reveals that some eleven books on accounting or related subjects were known, or thought, to have been published in England and, in particular, in London, during the years 1711, 1712, and 1714; that is, during the publication period of the *Spectator*. It is somewhat disappointing, although perhaps not surprising, to find only one of these eleven books advertised in the *Spectator*. The book is by Edward Cocker, entitled *Cocker's Decimal Arithmetick*, the fourth edition, corrected; printed for Richard Wellington. This was advertised in issue No. 516 on 22nd October 1712.

Cocker's Decimal Arithmetick ran to six editions in all, the first published in 1685. It is interesting to note that both the Scottish Institute and the British Museum have the fourth edition classified as

published in 1713, although from the evidence of the *Spectator* advertisement it would seem that the book was actually published in 1712. One possible explanation for this discrepancy in dates is that as the book was published towards the end of 1712 the date of 1713 was printed on the title page so that subsequent to its publication it would appear more up-to-date than it actually was. It is also interesting to note that the Scottish Institute's earliest copy of *Cocker's Arithmetick*, although licensed for printing in 1677, was not published, according to the title page, until 1678.²

- a. I would like to thank Mrs. D.F. Hogg, Keeper of the Antiquarian Collection, The Institute of Chartered Accountants of Scotland, for her help and assistance in clarifying these matters.

The *Spectator* on Commerce and Trade

It may seem rather odd that a journal of such literary quality should choose trade and commerce so frequently for its subject matter; for example, issue No. 69 is entirely devoted to the importance and advantages which trade brings and thus the value of the merchant class to the nation. When it is remembered that the *Spectator* was published in London, the centre of commerce and trade, and the editors were of the Whig persuasion, then it is less surprising that the journal should concentrate on such topics.

Steele was well known in the coffee-houses of London and no doubt picked up many of the ideas for his essays from this source, as is intimated in the first issue. The history of the Stock Exchange begins in the Royal Exchange and the coffee-houses of the City of London [see, for example, Briston, 1970, p. 26], and the *Spectator* provides contemporary evidence for this. For example, in the first issue Mr. Spectator tells his readers: "I have been taken for a Merchant upon the *Exchange*

for above these ten Years, and sometimes pass for a *Jew* in the Assembly of Stock-Jobbers at *Jonathan's*". A footnote in Bond [1965, Vol. i, p. 4] explains that "Jonathan's coffee-house, in Exchange Alley near the Royal Exchange, is referred to in *Tatler* 38 as 'that General Mart of Stock-Jobbers'. Jonathan's and Garroway's (also in Exchange Alley) were the principal resorts of merchants".

There are many other references to the merchants' haunts in London, such as the Royal Exchange, and also to the fluctuations of stocks. In issue No. 428, Steele has this to say: "Is it possible that a young Man at present could pass his Time better, than in reading the History of Stocks, and knowing by what secret Springs they have such sudden Ascents and Falls in the same Day? Only a few days later, in issue No. 432, there is further reference to the fluctuations of stocks, comparing them with the rapid changes in fashions: "Stocks have risen or fallen in Proportion to the Head-Dresses". Another reference occurs in an earlier issue [No. 114], again from Steele: "Usury, Stock-Jobbing, Extortion and Oppression, have their Seed in the Dread of Want". Again a footnote in Bond [1965, vol. i, p. 469] explains that stock-jobbing is not used in its technical sense, but in the general sense of "speculative dealing in stocks and shares". The changing prices of stocks mystified the educated middle-classes of the eighteenth century, and they were a frequent topic of conversation and comment.

As well as the more general comments on the topics of trade and commerce, there are many references specifically to accounting and bookkeeping. The quotations of Professor Hatfield and Yamey mentioned above are all taken from the same issue of the *Spectator*, No. 174. The essay in this issue takes the form of a discourse between two fictional

characters, Sir Andrew Freeport and Sir Roger de Coverley, in their club. After some introductory remarks Sir Roger comments:

...the *Carthaginians* were the greatest Traders in the World; and as gain is the chief End of such People, they never pursue any other: The Means to it are never regarded; they will, if it comes easily, get Money honestly; but if not, they will not scruple to attain it by Fraud or Cosenage: And indeed what is the whole Business of the Trader's Accompt, but to over-reach him who trusts to his Memory? But were that not so, what can there great and noble be expected from him whose Attention is for ever fixed upon ballancing his Books, and watching over his Expences? And at best, let Frugality and Parsimony be the Virtues of the Merchant, how much is punctual Dealing below a Gentleman's Charity to the Poor, or Hospitality among his Neighbors?

Sir Andrew responds: "If it were consistent with the quality of so ancient a Baronet as Sir Roger, to keep an Accompt or measure things by the most infallible Way, that of Numbers, he would prefer our Parsimony to his Hospitality".

Having used the ancient example of the Carthaginians, Sir Andrew takes up a more modern example:

When a Man happens to break [go bankrupt] in **Holland**, they say of him that **he has not kept true Accompts**. This Phrase, perhaps, among us would appear a soft or humorous way of speaking, but with that exact Nation it bears the highest Reproach; for a Man to be mistaken in the Calculation of his Expence, in his Ability to answer future Demands, or to be impertinently sanguine in putting his Credit to too great Adventure, are all Instances of as much Infamy, as with gayer Nations to be failing in Courage or common Honesty.

Numbers are so much the Measure of every thing that is valuable, that it is not possible to demonstrate the Success of any Action or the Prudence of any Undertaking without them. I say this in Answer to what Sir Roger is pleased to say, That little that is truly noble can be expected from one who is ever poring on his Cash-book or ballancing his Accompts. When I have my Returns from abroad, I can tell to a Shilling by the Help of Numbers the Profit or Loss be my Adventure; but I ought also to be able to shew that I had Reason for making it, either from my own Experience or that of other People, or from a reasonable Presumption that my Returns will be sufficient to answer by Expence and Hazard; and this is never to be done without the Skill of Numbers.

It is clear from the above that Sir Andrew saw the advantage of keeping accounts of past transactions so that profit could be calculated. It is also clear that he would be concerned not only with the past, but also with the future prospects of any adventure in trade, specifically taking account of risk, using that powerful tool of analysis, arithmetic. The factors that should be taken into account in any calculations when deciding whether or not to undertake a project are summed up by Sir Andrew:

For Instance, if I am to trade to **Turkey**, I ought before-hand to know the Demand of our Manufacturers there as well as of their Silks in **England**, and the customary Prices that are given for both in each Country. I ought to have a clear Knowledge of these Matters before-hand, that I may presume upon sufficient Returns to answer the Charge of the Cargo I have fitted out, the Freight and Assurance out and home, the Customs to the

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Queen, and the Interest of my own Money, and besides all these Expences a reasonable Profit to my self. Now what is there of Scandal in this Skill?

It can be seen from this example just how sophisticated the calculations of profit for a future venture were, or at least should have been, including, perhaps surprisingly when it is considered that the year is 1711, the opportunity cost of the capital. According to Parker [1969, p. 18] the concept of opportunity cost was first formulated by Friedrich von Wieser, the Austrian economist, in a paper written in 1876 and published in 1929. However, the idea of the opportunity cost was in use well before this time, for example, Robert Loder in his farm accounts, 1610-20, charged the opportunity cost of capital invested in the farm against profits [Parker, 1969, p. 16 and Freear, 1970].

Just as Sir Andrew thought that arithmetic was important to the merchant, so too to the gentleman: "The Gentleman no more than the Merchant is able without the Help of Numbers to account for the Success of any Action or the Prudence of any Adventure". He gives an example and concludes by pointing out the consequences which may arise if a gentleman does not keep accounts: "Tis the Misfortune of many other Gentlemen to turn out of the Seats of their Ancestors, to make Way for such new Masters as have been more exact in their Accompts than themselves; and certainly he deserves the Estate a great deal better who has got it by his Industry, than he who has lost it by his Negligence".

Another example of a tradesman keeping accounts comes in a letter from a merchant specializing in tobacco [No. 450]; "I have ever been a constant Churchman, both Forenoons and Afternoons on **Sundays**, never forgetting to be thankful for any Gain or Advantage

I had had that Day; and on **Saturday** Nights, upon casting up my Accounts, I always was grateful for the Sum of my Week's Profits, and at **Christmas** for that of the whole Year." This extract gives some contemporary evidence of the sort of accounts and calculations which were performed in the early eighteenth century. Although it is not known how this merchant kept his accounts, it appears that he calculated his profits both weekly and annually. This would seem to disprove the belief that accounts were of little use to sole traders who would know instinctively whether or not their businesses were doing well.

There are other references to traders and the keeping of accounts, and indeed the lack of account-keeping. The following, in the form of a letter, appeared in issue No. 136: "Upon Occasion of the mention of the Battel of **Pultowa**, I could not forbear giving an Account of a Kinsman of mine, a young Merchant who was bred at **Mosco**, that had too much Metal to attend Books of Entries and Accounts, when there was so active a Scene in the Country where he resided, and followed the Czar as a Volunteer. . .". A further letter in issue No. 288 shows just the opposite idea of a merchant and his accounts. The letter is written by someone who is "Placed as I am in **Leaden-hall-street** near the **India-Company**, and the Centre of that Trade" and is thus, it would be supposed, in a good position to observe; "Like a true Tradesman I hardly ever look into any Books but those of Accompts".

In addition to traders and merchants keeping books of account, it was thought quite proper for young ladies to keep accounts. Issue No. 306 contained the following:

You are asham'd of the Vagaries of Fancy which so strangely misled you, and your Admiration of a Beauty, merely as such, is

inconsistent with a tolerable Reflexion upon your self: The chearful goof humour'd Creatures, into whose Heads it never entered that they could make any Man unhappy, are the Persons form'd for making Men happy. There's Miss Liddy can dance a Jigg, raise Paste, write a good Hand, keep an Accompt, give a reasonable Answer, and do as she is bid, while her elder Sister Madam Martha is out of Humour, has the Spleen, learns by Reports or People of Higher Quality new Ways of being uneasy and displeas'd.

This appeared in a reply to a letter in the same issue from a lady whose face had been badly scarred from smallpox. It would seem that the women who make men happy may not be those who look beautiful but those with the necessary domestic arts and skills, one such being the keeping of accounts.

Many gentlewomen were able to read novels, write letters and cast household accounts [Marshall, 1974, p. 39]. Further evidence for this is provided by Jane Austen, this time around the beginning of the nineteenth century. In *Northanger Abbey* [1818] Catherine Morland is the heroine: "Writing and accounts she was taught by her father. . ." [p. 38]. When she went away from home her mother had the following to say: ". . . and I wish you would try to keep some accounts of the money you spend;—I will give you this little book on purpose." [p. 41].

Texts on double-entry bookkeeping were specially written for young ladies or had sections devoted to this topic. An anonymous work, *Advice to the Women and Maidens of London*, was published in London in 1678; the long title of which read as follows: *Shewing, that instead of their usual pastime; and education in needlework, lace, and point-making, it were far more necessary and profitable to apply themselves to the right*

understanding and practice of the method of keeping books of account; whereby, either single, or married, they may know their estates, carry on their trades, and avoid the danger of a helpless and forlorn condition, incident to widows. By one of that sex [ICAEW, 1975, p.72]. Despite the last phrase in the title, it is believed that the work was by Stephen Monteaige since it was included in *Debtor and Creditor Made Easie* from the second edition, published in 1682, onwards [Yamey, 1959]. Once included in this later work, the long title contained *To which is added a maiden scholars advice trained up in this learning: which the author recommends to be read and practiced in the first place* [ICAEW, 1975, p. 72].

Similar works which include an anonymous one in 1744 entitled *The Gentleman's and Lady's Accomptant. . .* [ICAEW, 1975, p. 79] and one by William Lorrain, published in 1807, which had the somewhat sexist title *Book-keeping by Double Entry. . . to which is added for the use of young ladies, a course of book-keeping by single entry* [ICAS, 1976, p. 32].

The human side of accounting appears in issue No. 248 of the *Spectator*, the subject for the issue being helping others.

I remember to have heard a Bencher of the Temple tell a Story of a Tradition in their House, where they had formerly a Custom of chusing Kings for such a Season, and allowing him his expences at the Charge of the Society: One of our Kings, said my Friend, carried his royal Inclination a little too far, and there was a Committee ordered to look into the Management of his Treasury. Among other things it appeared, that his Majesty waling incog. in the Cloyster, had over-heard a poor Man say to another, Such a small Sum would make me the happiest Man in the World. The King out

of his royal Compassion privately enquired into his Character, and finding him a proper Object of Charity sent him the Money. When the Committee read their Report, the House passed his Accompts with a Plaudite without further Examination, upon Recital of this Article in them,

For making a Man happy.- I. s. d.
10:00:00.

The importance placed on keeping accounts is brought out in issue No. 353 which consisted of just one letter on the topic of education. The author, having previously written letters on the "Education of Youth", explains that the purpose of the present letter is "'to give them a right Turn for the World, and enable them to make their way in it'". The advice was very much of a practical nature. Having discussed the importance of being able to write good English, the author goes on to say: "'Under this Head of Writing I cannot omit Accounts and Shorthand, which are learnt with little Pains, and very properly come into the number of such Arts as I have been recommending.'"

Conclusion

It can be seen from these extracts from the *Spectator* that accounting was highly regarded in the early eighteenth century and formed an important part of everyday life for the ordinary educated middle-class person as well as for the merchant.

This article has reviewed only one great literary work of the eighteenth century. There are other classic works which provided contemporary comment on the commercial world of the eighteenth and other centuries, some of which are written by authors who had themselves experienced the work of the bookkeeper, for example Daniel Defoe, who not only wrote what many believed to be the first English novel, *Robinson Crusoe*, published in 1719, but also *The Complete*

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English Tradesman . . . published in 1726 [see, for example, Parkinson, 1986].

In addition to these classic works, other authors or diarists set the history of accounting into its social context. These works provide an insight into the importance of accounting and its value to society as seen by non-accountants of the time. Works of literature, in addition to accounting texts and extant business records, can therefore provide a valuable source of material for the accounting historian.

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IN MEMORIAM

John L. Carey (1904-1987)

John L. Carey, who for 38 years was the Institute's chief staff executive, died in Salisbury, Connecticut, on October 24. Mr. Carey joined the staff in 1925, shortly after his graduation from Yale University. He was an integral part of virtually all developments in the profession until his retirement in 1969. His particular forte was in the ethics area and in communicating the history of the profession. He was the first non-CPA to have been awarded the AICPA's Gold Medal for Distinguished Service.