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Alan J. Richardson
QUEEN'S UNIVERSITY

CANADA'S ACCOUNTING ELITE: 1880-1930

Abstract: This paper provides an analysis of "elite" accounting practitioners during the formative years of the Canadian accounting profession (1880-1930). The social characteristics of this group in comparison with the Canadian population and the links between the accounting elite and other elite groups in society are used to evaluate the extent to which the profession achieved democratic ideals of access and social mobility for all members of society. The operation of the accounting profession as a democratic institution is argued to be an important aspect of the profession's claim to serve the public interest.

The professions have earned a place of privilege in western societies. They have gained legislative recognition, and often protection, of their occupational domains from the state. They also have been given rights of self-government within a narrowly defined sphere in recognition of the difficulties experienced by laymen in evaluating the quality of professional practice. The powers exercised by the professions have lead observers such as Gilb [1966, 1981] to characterize them as "private interest governments." In the same way that public governments act to translate a society's values (or sub-set of those values) into law and an authoritative allocation of resources, the professions act to create and enforce laws (eg. licensing and ethics), to impose taxes (eg. professional dues) and to provide access to market opportunities (eg. areas of restricted practice) and positions of political power (eg. executive positions in professional associations). The privileges granted to the professions by society carry a responsibility, meeting this responsibility justifies the continuation of those privileges.

The professions' place in society is justified by claims that they serve the public interest. Within liberal democracies the

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concept of the public interest has two implications for the professions. First, it implies that practitioners will meet the needs of *individual* clients within the norms of professional practice. This aspect of the public interest underlies confidentiality rules and the concern that all members of society should have access to professional services (eg. the Hippocratic Oath). It is also presumed that practitioners will limit themselves to areas in which they are technically competent and will ensure that the highest professional standards are followed. The public interest is thus served through the competent performance of socially valued skills equally available to all members of society.

Second, the public interest concept implies that the professions should be open to all members of society with the ability and desire to gain the necessary skills. The professions are seen as an important medium for social mobility [eg. Giddens, 1973; Parkin, 1979], they provide the career paths which allow individuals to achieve their potential in society. It is recognized, however, that in any society characterized by a complex division of labor and bureaucratic organizations all individuals will not be equal in wealth, status or power. Michel's [1958 [1911]] "Iron Law of Oligarchy" assures that the overall direction and policy will be set by an elite who occupy the "command posts" [Mills, 1956] of the profession. Most democratic theorists accept the existence of elites as a functional necessity [eg. Lipset and Bendix, 1959; but see Bachrach, 1967] but, to paraphrase Thomas Jefferson, require that elites should represent an aristocracy of achievement based on a democracy of opportunity. The public interest is thus also served through the provision of opportunities for individuals to advance their status in society through membership in a profession.

This paper focuses on the latter issue and presents an analysis of elite practitioners during the formative years of the accounting profession in Canada (1880-1930). Drawing on the theory of democratic elitism [cf. Bachrach, 1967; Prewitt and Stone, 1973], accountancy may be said to be a democratic institution, and, therefore, fulfill its responsibility to the public interest in the second sense described above, if three conditions are met. First, all members of society must have the opportunity to become an elite member of the profession. This implies that there should be no systematic biases in recruitment to the profession. The study of elites provides indirect evidence on this requirement by demonstrating the existence of ascriptive criteria affecting individual achievement in the profession. If

these criteria are public knowledge, self-selection to the profession will bias recruitment patterns.

The study of elites, however, provides direct evidence on a second requirement that all social interests be represented within the elite. As Porter [1957] has noted, the study of elites "is an attempt to discover the principles on which a social system allocates certain types of individuals to . . . positions of power and, thereby, denies power to others." Under ideal conditions one would expect that individual attributes unrelated to the instrumental performance of a task would be unrelated to success in that field of endeavor. It has been argued that this should be particularly true in the early years of the development of industrial economies when entrepreneurial activity is most prevalent and highly rewarded [Kaelble, 1981]. It is clear, however, that certain criteria such as gender, religion or ethnicity have and do affect the career success of individuals. By examining the social characteristics of elite accountants, the non-instrumental bases for stratification and occupational closure [cf. MacDonald, 1985] of the profession can be identified.

Finally, a third criteria for evaluating the profession's service to the public interest is to determine the extent to which the elite of the accounting profession is independent of elites in other sectors of the economy, and thus able to exercise "checks and balances" on each other. While the concept of independence of auditors is well established in the accounting literature, this criterion extends the profession's responsibility to that of remaining independent of larger social interests which might influence the profession's institutional structure or practices.

The paper is organized as follows. The first section describes the sample selection procedures and method of analysis to be followed. This is followed by a three-way comparative analysis between (1) the Canadian accounting elite, (2) the Canadian (non-accounting) social elite and (3) the general population (where applicable). This analysis covers education and careers, ethnic and religious affiliation, and political preferences and offices, and social and service club memberships. The paper concludes with a discussion of the results.

METHOD

While the *concept* of an elite is established in the sociological literature, the *operationalization* of the concept has been problematic [cf. Giddens, 1974; Moyser and Wagstaffe, 1987]. In essence, the problem of operationalization concerns (1) establishing the boundaries of the functional or institutional sphere

for which an elite is to be identified and (2) identifying specific individuals within this sphere who qualify as members of the elite. For example, in Porter's [1957] classic study of the Canadian economic elite, the economic sphere was defined as 170 "dominant" corporations identified by their control of assets and market share in their respective industries; the Canadian economic elite was then identified as those directors of the dominant corporations resident in Canada. Both of these aspects of Porter's definitions have been challenged. Ashley [1957] suggests that the dependence of economic activity on the banking industry and the dense network of interlocking directors between the banks and other sectors of the economy is such that the directors of banks alone define the economic elite. Pahl and Winkler [1974] have also suggested that the key decision-makers in corporations are the members of the executive committees and only these members should be considered part of the elite [cf. Heap, 1974, for other definitional problems in Porter's work].

The operationalization of an "accounting elite" is no less beset with difficulty. One possibility is to use an inventory of institutional positions in order to define the elite analogously to Olsen's [1980] study of *The State Elite in Canada*. It would be possible to identify directors of professional associations, senior partners in accounting firms and accounting educators as part of the elite. This approach, however, would omit accountants in industry and the public sector, and would ignore accountants in public practice who were not members of accounting associations. The latter oversight would be particularly serious in the early years of the profession prior to its consolidation.

It is also difficult to use work roles to establish basic boundaries on the sphere of influence as may be possible in professions such as medicine or law. Accounting has developed licensing and certification processes relatively recently and over the last hundred years the occupation of accountancy has referred to a shifting task domain. For example, much of the early accounting work focused on bankruptcies but has grown to include and be refocused on auditing, taxation and management advisory services [cf. Jones, 1980]. The term "accountant" thus is a linguistic category with a shifting task referent; in part any study of the evolution of accounting is a study of the semantics of occupational labels. It would bias any study of the profession to impose *a priori* constraints on the task domain into which this term was mapped at any point in history [see Stewart *et al.*, 1980, for an extended discussion of this issue].

The resolution of these issues adopted in this study is to use the methodology of Mills [1945] and Lipset and Bendix [1962] to identify the elite. Their approach is to recognize that elite status is a complex mixture of social prestige, wealth and power. The elite is not, therefore, restricted to any set of institutional positions; rather, it is recognized that allocative and authoritative dominance may also be exercised informally. They rely on the complex social judgments of the editors of biographical dictionaries as the basis for the identification of the elite. These judgments may then be validated by analysis of the elites' standing on objective but partial measures of power and privilege (eg. institutional and market positions). Subclassifications of the elite into functional areas can be accomplished based on the biographical data relying on the historical contingent terms in which individuals position themselves within society. Lipset and Bendix [1962] provide a comparison of this method with other approaches to elite identification which indicates its validity.

The subjects of this study are those individuals listed in *Canadian Who's Who* [1910 and/or 1936 editions] and/or *Who's Who in Canada* [1910 - 1930 editions]. *Canadian Who's Who* was first published in 1910 by the Times Publishing Company of London, England. In 1932, the copyright to this title was purchased by Alfred Leonard Tunnel and, in 1936, in association with Sir Charles George Douglas Roberts, produced a second edition. The 1936 edition incorporated *Canadian Men and Women of the Time* (Edited by Henry James Morgan) which had been published in 1898 and 1912. *Who's Who in Canada* was published by International Press Ltd. These data bases are widely used as a means of gathering data on the elite of Canadian society [eg. Porter, 1967; Clements, 1975; Olsen, 1980].

Both listings include the major political, industrial, academic, artistic, and religious figures of the time in addition to numerous individuals who had been nominated to them (in the case of *Canadian Who's Who*) or whose name had appeared in major newspapers or magazines (in the case of *Who's Who in Canada*). The listings are not identical, but together provide a representative cross-section of Canada's social elite. It must be noted that both sources had a policy of having individuals verify the information included under their name. While this adds to the reliability of the data, it allows for a self-selection bias; individuals failing to confirm or provide information were not included. This feature may explain the absence from this list of such prominent accountants as George Edwards (although other

members of his firm were included) and John Hyde and E.R.C. Clarkson (although their sons are included and their entries note that their fathers were prominent Chartered Accountants). Other prominent names (such as Samuel Harman, president of the ICAO at the time of incorporation) are missing because they were deceased at the time of compilation of the first volume in 1898. The list produced thus provides a representative sample and not a comprehensive listing of elite accountants over the first fifty years of the profession's existence.

Two samples from these data bases are used in the analysis. The first sample uses all individuals listing accounting or auditing as part of their biography (this may be as an occupation or as part of their training). This selection criteria produced seventy-nine (79) names which are listed in Appendix A. The second sample consists of a random selection of non-accounting listings. For convenience, this sample consisted of the first non-accounting listing appearing on the same page as an accounting listing (the non-accounting sample is thus matched for year of listing). This selection criteria also produced seventy-nine (79) names. Where appropriate, comparison data on the general population has been drawn from the 1891 or 1931 Census of Canada.

THE ACCOUNTING ELITE'S POSITION IN THE PROFESSION

The method of identifying the accounting elite in this study is essentially reputational. It is a necessary starting point to validate this definition of the elite by analysis of this group's position within institutions and the market place (a further validation would require evidence of the decision-making roles taken by this group, but such information is as yet unavailable). If this method is valid, this group should include, for example, the executives of accounting associations and senior partners of the larger accounting firms.

The group identified as the accounting elite in this paper were significantly involved in organized professional activities. Among the 79 accountants, 66 were CAs (23 were FCAs), 1 was a member of the Society of Accountants and Auditors, and 1 was a member of the Corporation of Public Accountants of the Province of Quebec (CPAPQ); 11 indicated no memberships in professional bodies. Among the CAs, 3 listed additional memberships in the Canadian Society of Cost Accountants (CSCA), 3 in the Society of Accountants and Auditors, 4 in the National Association of Cost Accountants (USA), and 1 in the CPAPQ. The

list includes 25 Presidents of various CA Institutes, 1 President of the CPAPQ and 1 President of the CSCA. A further 17 had served on the executive board of professional associations.

Among the accounting group, 18% were employed in industry, 3% in education, 4% in the civil service, 75% in public accounting (2 in other pursuits). By comparison, among the non-accounting groups, 21% were in industry, 15% in education, 17% in civil service and 47% in other pursuits (primarily professions). Among the public accounting group, 45% were partners in the large public accounting firms while the remainder were in small partnerships. Particularly prominent among the large firms are P.S. Ross and Company of Montreal with six partners listed and the Clarkson partnerships (names varies over this period) also with six partners listed. All of the (then) major public accounting firms are represented in the elite.

The accounting sample, based on these data, appears to include those individuals in key positions within both professional associations and accounting firms. It appears reasonable to use this group as a sample of the elite in the profession. The remainder of this paper will examine the social characteristics of this sample and their position in society compared with the general population and the elite in other sectors of Canadian society. In all cases, the implicit hypothesis is that the elite will be representative of Canadian society if recruitment to these positions reflects democratic ideals.

Birthplace and Religious Affiliation

The birthplaces of the two elite groups and the Canadian population as a whole are listed in Table 1. For comparison, census data for 1931 and 1881 are included. The 1931 census data reflect the population for the time period in which the elite were identified. The 1881 census data reflect the population at the likely period of birth of the 1931 elite (this follows the assumption of Clement, [1975], but note that this comparison assumes either low rates of immigration or the slow integration of immigrants into society). Neither the accounting nor the non-accounting groups are representative of the population as a whole regardless of the census year used for comparison. The proportion of native born among the non-accounting elite (75.9%) is roughly equal to the proportion of native born in the population (77.6%). The accounting elite has a lower proportion of native born (57.5%) and has an unusually high proportion of individuals born in Great Britain (England, Scotland or Ireland) compared with either the population as a whole or the non-

accounting elite. Ontario born individuals are overrepresented in both elite groups, while Quebec born individuals are underrepresented. This finding is consistent with Porter's [1957] study of the economic elite of Canada in the mid 1950s which found that in spite of the rough equality of numbers between those with English and French backgrounds (the two dominant cultures in Canada at the time of Confederation), those of Anglo-Saxon origin dominated the elite.

Cook and Brown [1974] note that the industrialization of Quebec did not advance the social status of francophones in the same way as anglophones. The background of French immigrants led them to develop small scale manufacturing based on craft skills. The social values of this group, reflecting Catholic teachings, did not favor rapid capital accumulation and thus the investment funds in the province tended to remain under anglophone control. Observers of the growing anglophone economic dominance of this province lamented the lack of economic leaders among the francophone population but in spite of these concerns, few francophones achieved positions of economic power [Cook and Brown, 1974: 131-135].

Table 1
Percentage of Distribution of Birthplace

Place of Birth	Elite		1931 Census of Canada	1881 Census of Canada
	Accounting	Non-Accounting		
British Columbia	0	1.20	2.39	0.8
Prairie Provinces	0	4.82	12.55	1.8
Ontario	36.25	34.94	26.93	34.0
Quebec	18.75	15.66	25.98	30.8
Maritime Provinces	2.50	19.28	9.73	18.8
<hr/>				
Sub-total for Canada	57.50	75.90	77.58	86.20
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England	23.75	9.64	7.19	3.9
Ireland	7.50	2.41	1.04	4.3
Scotland	10.00	4.82	2.70	2.7
<hr/>				
Sub-total for Great Britain	41.25	16.87	10.93	10.90
<hr/>				
Other	1.25	7.23	11.31	3.0

Chi-Square = 28.1 df = 8 p<0.05 accounting elite vs non-accounting elite

Chi-Square = 107.3 df = 8 p<0.05 accounting elite vs 1931 census

Chi-Square = 23.2 df = 8 p<0.05 non-accounting elite vs 1931 census

Chi-Square = 115.2 df = 8 p<0.05 accounting elite vs 1881 census

Chi-Square = 23.4 df = 8 p<0.05 non-accounting elite vs 1881 census

The skewed ethnic origins of the accounting elite becomes particularly noticeable when compared with other levels of the occupational status hierarchy within accountancy. The 1931 Census provides data on the country of origin of two groups within accountancy: the lower level bookkeepers (and cashiers) and the higher status group of accountants and auditors. The degree of detail of origins reported in Table 1 is not available on these groups in the Census data. Table 2 provides a comparison of the ethnic origins across bookkeepers, accountants and the accounting elite. As this Table shows, at increasing levels of this status hierarchy, there is an increasing proportion of the group born in Great Britain and a decreasing proportion born in Canada. Although this trend is marked, "nativism" does not appear to have been a major issue in Canada unlike Miranti's (1988) observations of New York State.

Table 2
The County of Origin of Accountants, Bookkeepers and the Elite

Country of Origin	Percentage of		
	Accounting Elite	Accountants	Bookkeepers
Canada	57.5	59.7	73.3
Great Britain	41.3	35.1	21.1
Other	1.2	5.2	5.6

The data on birthplace and religious affiliation are not independent as different regions tend to be dominated by particular religions. The relationship between elite membership and religious affiliation does, however, provide additional information on the ascriptive criteria affecting membership in the elite. Both the accounting and non-accounting elites show significant differences in religious affiliation compared with the population as a whole, particularly the high proportion of Anglicans. The two elite groups are only marginally different with the accounting elite being more homogeneous than the non-accounting elite.

In comparing Table 1 and 3 it may be noted that there is a disparity between recruitment from Quebec (which is predominately French-Canadian, francophone and Roman Catholic) and the proportion of Roman Catholics in the accounting sample. It may be inferred from this discrepancy that accountants were selectively recruited from the anglo-saxon minority in that province.

Table 3
Percentage Distribution of Religious Affiliations

Religion	Elite		1931 Census of Canada
	Accounting	Non-Accounting	
Anglican	41.67	34.29	15.76
Baptist	4.17	10.00	4.27
Presbyterian	15.28	20.00	8.39
Protestant	8.33	4.29	0.23
United	16.67	15.71	19.44
Sub-total for Protestant Sects	86.12	84.29	48.09
Catholic	6.94	14.29	41.30
Jewish	0	1.43	1.50
Other	6.94	0	9.11

Chi-Square = 13.8 df = 7 p<0.06 accounting elite vs non-accounting elite

Chi-Square = 295.3 df = 7 p<0.05 accounting elite vs census

Chi-Square = 124.5 df = 7 p<0.05 non-accounting elite vs census

Political Affiliations and Political Office

The political affiliations of those members of the elite stating a preference is shown in Table 4. Although both elite groups are similar in the large proportion claiming to be independent, they differ markedly in their affiliation to the two main parties (a rough cross-cultural comparison with the USA would equate the Conservatives and Republicans and the Liberals and Democrats). The accounting elite has strong Conservative allegiances while the non-accounting elite overall favors the Liberal party. As Porter [1967] notes, the political spectrum covered by these parties in Canada is narrow and skewed to the right. Both parties are linked to the business community and political affiliations of this nature are unrelated to such things as memberships on Boards of Directors. It may be noted that

Table 4
Percentage Distribution of Political Affiliations

Affiliation	Elite		1930 Federal Election Results by Ridings Held
	Accounting	Non-Accounting	
Conservative	48.60	25.70	55.90
Liberal	20.00	51.40	35.90
Independent	31.40	20.00	1.20
Other	0	2.90	6.90

Chi-Square = 612 df = 3 p<0.05 accounting elite vs election results

Chi-Square = 20.5 df = 3 p<0.05 accounting elite vs non-accounting elite

Chi-Square = 252 df = 3 p<0.05 non-accounting elite vs election results

none of the accountants claimed affiliation with the "other" political parties which were represented in the legislature. These parties represented agricultural interests (eg. the United Farmers Party) which were not represented among the elite accountants.

Table 5 displays the political offices held by each group. There is no statistically significant difference between the two groups but there is evidence that the accounting group tends to be active at a lower level, i.e. focused on more narrow constituencies, than the non-accounting group. The high proportion of accountants on Boards of Trade suggests an indirect influence on, at least, municipal politics. Weaver [1975], for example, notes the strong influence of Boards of Trade on civic reform during this period.

Table 5
Political Office

	Percentage of Elite	
	Accounting	Non-Accounting
Board of Trade (or Commerce)	25.3	8.9
Political Party Office	3.8	3.8
Alderman	2.5	0
Reeve/Mayor	8.9	5.1
Member of the Provincial Legislature	5.1	6.3
Member of Parliament	0	1.3
Member of Senate	0	2.5

Chi-Square = 9.4 df = 6 NS

Directorships

Acheson [1973:189] argues that between 1880 and 1910, Canada shifted from an economy of small family concerns or partnerships to one in which joint stock companies were the dominant organizational form. One measure of accountants' roles in controlling these enterprises is the extent to which they had gained seats on the Boards of Directors. On average, members of the accounting elite held 1.562 directorships while the non-accounting elite on average held 1.651 directorships (NS). The types of organizations in which each group held directorships is summarized in Table 6. There is no significant difference in the rates of participation in the types of organizations for which each group served as directors. It may be noted that 42.9% of directorships held by the accounting elite and 54.4% of directorships held by the non-accounting elite were

concerned with non-profit organizations. These groups were clearly involved in leading roles in all the major institutions of society.

Table 6
Directorships

Type of Organization	Percentage of Directorships Reported	
	Accounting Elite	Non-Accounting Elite
Charity/Religious	15.3	13.8
Finance/Banking	12.2	14.7
Manufacturing	30.6	23.3
Utility/Transportation	10.2	6.9
Natural Resource	4.1	0.9
Professional	5.1	12.1
Other*	22.5	28.5

* Primarily hospitals

Chi-Square = 8 df = 6 NS

Social and Service Clubs

Both elite groups were members of numerous social and service clubs. These clubs appear to have serve two functions [Clements, 1975]. First, they were a meeting place where deals could be struck and information exchanged. Second, and perhaps more importantly, membership in these clubs served as signals about the social characteristics and position of individuals. The accounting group, on average, belonged to 0.654 service clubs and 3.086 social clubs while the non-accounting elite, on average, belonged to 0.535 service clubs and 2.488 social clubs. In neither of these cases is there a statistically significant difference between the two groups. The three most common social and service clubs joined by each of the elite groups are listed in Table 7. Based on the complete list of memberships, there are no significant differences for membership by the elite groups in either social clubs (chi-square = 14.8 df = 13 NS) or service clubs (chi-square = 10.4 df = 8 NS).

Education

The data sources used in this study provide a listing of the educational institutions attended by each individual. These institutions were categorized in hierarchal order as public schools (1), high school and private commercial schools (2), and universities and colleges (3). The average educational attainment of the accounting elite on this scale was 1.872 while the

Table 7
Social and Service Club Memberships

Service Clubs	Percentage of Elite Reporting Membership*	
	Accounting	Non-Accounting
Mason	35.4 (1)	31.6 (1)
Rotary	13.9 (2)	5.1 (3)
Kiwanis	5.1 (3)	1.3
IOOF (Odd Fellows)	1.3	7.6 (2)
Social Clubs		
Canadian	20.3 (1)	11.4 (1.5)
Montreal	16.5 (2)	6.3 (4.5)
St. James	11.4 (3)	7.6 (3)
University	3.8	11.4 (1.5)
Manitoba	3.8	6.3 (4.5)

see text for a statistical comparison

* the bracketed numbers give the rank of each club in terms of the percentage of the elite reporting membership.

educational attainment of the non-accounting elite was 2.566 ($F = 28.3$, $p < 0.01$). The educational level of the accounting group to 1910 was not significantly different than the group listed in the 1930's (1.875 vs 1.871 NS). The non-accounting group, however, showed some increase in the average education over this period (2.25 vs 2.642, $F = 3.6$, $p = 0.06$). Acheson [1973:200] provides similarly classified data for the industrial elite of 1885 and 1910 which yield values of 1.42 and 1.9 respectively. These data suggest that accountants' education may have initially exceeded that of clients but that they soon found themselves at a disadvantage.

Accounting education was available in universities in Canada as early as 1913 and the Chartered Accountants began a program of correspondence courses in conjunction with Queen's University in 1920. The senior members of the profession, however, were more likely to have gained their training from commercial schools and apprentice programs. The state granted accounting associations the right to certify the competence of their members but has never been involved in setting minimum qualifications. These forms of education allow selection of candidates to be based on the particular values of accounting firms or associations. Access to designations such as the state administered CPA in the United States was not an option in Canada.

Gender

Both elite groups in the sample were predominately male. The accounting elite, however, had no female members while 7% of the non-accounting elite were women ($F = 6$ $p < 0.05$). The 1931 Census provides evidence that the gender bias evident at this level of the occupational status hierarchy was not as extreme at other levels. Among the accountants and auditors category in the 1931 Census 3.5% were women, while among the bookkeepers and cashiers category 42% were women. The importance of gender to success may be indirect. The service and social clubs to which the elite belonged tended to be exclusively for men (eg. the National, York, Toronto, Montreal, etc. among social clubs and the Masons etc. among service clubs). This reflected a general bias in society at this time and created obstacles to the integration of women into the elite.

DISCUSSION

The results presented above may be summarized by distinguishing between the attributes of the elite groups (gender, education, birthplace, religion and political preferences) and their achievements (political offices, directorships, service and social club memberships). The attributes are regarded as relatively enduring qualities of individuals upon which social selection mechanisms may be based. The achievements represent the institutional positions to which individuals aspire and are selected. Grouped in this manner, the results comparing the accounting and non-accounting elites show a striking pattern; on all attributes these groups differ, but in terms of achievements they are the same (see Table 8).

Table 8
Summary of Comparisons Between the Accounting and Non-Accounting Elites

Variable	Comparison of Accounting and Non-Accounting Elite
Gender	exclusively male
Education	less educated
Birthplace	more foreign born, particularly from U.K.
Religion	more homogeneous, more Anglican
Politics	more likely to support the Conservative party
Political Office	No significant difference in number or type of offices
Directorships	No significant difference in number or type of directorships
Service Clubs	No significant difference in number or type of clubs
Social Clubs	No significant difference in number or type of clubs

This pattern suggests that accountants have successfully integrated into Canada's social elite. They participate in the social networks which allow the exchange of information and the development of trust between groups in different functional areas. They have also taken their place in the political and economic offices which allow them to influence economic development and policy. At the same time, however, it is clear that the accounting group was evolving according to social criteria statistically different from that of the social elite in general. It is to these criteria that the discussion now turns.

The differences between the accounting elite and other groups noted in the analysis above reflect the social context in which accountants sought to improve the status of their occupation. In the late 1800s, accountancy was disorganized, subject to frequent scandals and generally held in low repute. The early accounting associations sought to improve their position in the profession by differentiating themselves from the mass of practitioners. The exclusiveness of the early associations was in part based on competence but the effectiveness of this program of status enhancement also was due to the social characteristics of members.

The period examined in this article was one of great instability in Canada; a period which Cook and Brown [1974] characterize as "The Great Transformation." The formal creation of the nation in 1867 was, at the beginning of the period, still a part of living memory and could not be taken for granted. It also was not clear what form the Canadian identity would take as the nation developed. The traditional ties to England were strained by the influx of immigrants from Europe and by the growing economic influence of the United States. The relationship between French and English speaking groups was tense particularly at times when Canada was called upon to support wars (the Boer and First World Wars) which francophones regarded as British concerns. Canada was becoming an urban nation during this period. In the cities, social inequalities were magnified and the control of traditional institutions over society were weakened [cf. Bothwell *et al.*, 1987]. All of these factors created circumstances in which social characteristics were valued as signals of individuals' values and beliefs, and as indicators of how they might behave in the face of changing social conditions.

In many cases, social characteristics also signalled technical competence. Porter [1985] has noted that the Canadian educational system has been notoriously slow in adapting to

changing occupational demands. As a consequence, in many technical areas (eg., architects, physical scientists, physicians and surgeons) recent immigrants form a high proportion of qualified practitioners. In accounting, given the type of qualifications required, Great Britain was the natural recruiting ground. This was supported during this period by the dominance of British foreign investment [McDougall, 1958], creating a natural flow of personnel along with assets. As well, British investors may have preferred auditors and accountants of known quality. It may be noted that when Queen's University became the focal point of Canadian accounting education in 1920, it went to England to recruit the required faculty members.

The United States usurped England's place of privilege as the main source of funds in the early 1920s. There is some evidence that this changed the focus of the profession from the UK to the USA. For example, when the CSCA adopted examination and training requirements in 1927, it followed the USA example rather than the UK in the content of its curriculum [Allend, 1982]. It would be worthwhile testing the hypothesis that the recruitment of non-native born accountants after 1930 focused increasingly on the United States.

In spite of the importation of technical experts from Great Britain, the accounting elite lagged behind the educational levels achieved by other members of Canada's elite. The evidence presented above suggests that this gap was widening over the study period. The education of accountants was clearly an issue in the profession during this period. In 1880, bookkeeping was taught at the public school level with more advanced education available privately or by experience. By 1913, largely through the efforts of the Chartered Accountants, it was possible to earn a Bachelor of Accountancy degree through the University of Saskatchewan [Editorial, *Canadian Chartered Accountant*, V.3, 1913/1914:50] and by 1920, the education program for all Chartered Accountants was administered through Queen's University [Creighton, 1984:106-108]. The rapid advancement of educational requirements in accountancy appears to be related in large part to attempts to differentiate groups of practitioners [Richardson, 1987], but may have also been related to the elite's perceived "under education" compared with their social peers. The relative lack of educational criteria on which accountants could differentiate themselves resulted in a greater emphasis on social characteristics.

Canada is an ethnically plural society in which many

cultures are represented. The social elite, however, are primarily English speaking of British descent. This is particularly true of those in positions of economic power [Porter, 1957]. The dominance of immigrants from Great Britain and native-born from outside Quebec reflects this bias among the accounting elite. One piece of evidence that this bias affected more than just the elite of the profession is the formation of the Institute of Accountants and Auditors of the Province of Quebec (IAAPQ) in 1912, to represent the interests of French-speaking accountants in Quebec. This group successfully argued for incorporation on the basis of the lack of francophone accountants in existing associations [Editorial, *Canadian Chartered Accountant*, V.3, 1913/1914:119].

The differential representation of birthplaces and cultures also is reflected in the religious affiliations of the accounting elite. The dominance of Anglicans reflects in part the recruitment of men from Great Britain, but also captures the differential emphasis of protestant education systems on commercial education when compared with catholic school systems (the institutional reflection of Weber's *Protestantism and the Spirit of Capitalism*). The low percentage of Jews in the accounting elite appears to generalize to the organized profession. Creighton [1984:301-302] notes that Jewish accountants practiced exclusively with Jewish clients and experienced difficulty integrating into the organizational hierarchy of the ICAO. It was not until the mid-1960s that Jewish accounting firms began to play a significant role in the market place.

It is noteworthy that on the social characteristics where there are differences between the accounting and non-accounting elite, the accounting elite shows an exaggeration of the characteristics which differentiate the non-accounting elite from the Canadian population as a whole. Although they differ statistically, the two elite samples share the ascriptive criteria used to achieve social closure. The data presented does not indicate whether or not these criteria assured simply that the traits of the accountants would be homogeneous or also ensured the intergenerational stability of accountancy. There is evidence that the latter may also be true, for example, the larger firms [eg. Ross and Clarkson] were, by 1930, controlled by second generation accountants (sons taking over the practices of their fathers) and the requirement of apprenticeships with low or no salary restricted entry to those families with financial resources to support their sons through their period of training. These

data suggest that a study of intergenerational mobility in accounting would also be worthwhile.

To return to the three issues in the introduction:

1. accountancy in its formative years in Canada does not appear to have been open to all members of society, factors such as gender [cf. Richardson and McKeen, 1988], religion and ethnicity affected the ability to enter the professional associations, gain an accounting education and achieve success (elite status) in the profession;
2. the elite of the profession does not represent the full array of social interests, the elite are homogeneous with respect to social backgrounds and contemporary experiences and, therefore, are unlikely to advance the general interests of society or potential accounting practitioners;
3. the elite of the profession is significantly linked with other sectoral elites, both functionally (eg. through directorships) and socially (eg. through clubs), members of the accounting elite are not independent in this sense.

CONCLUSION

Recent sociology of the professions and accountancy, in particular, has argued for the need to examine the emergence of professional institutions and the development of professional technologies in historical context [Larson, 1977]. This follows from the observation that ahistorical research tends to reify current social arrangements and to portray them as functional necessities. Historical research corrects this tendency by exploring the problematic development of the professions and identifying the alternatives foregone in arriving at current structural arrangements. This paper focuses on the formative years of the accounting profession in Canada (1880-1930). It attempts to enrich our understanding of the forces shaping accountancy in Canada by examining the social characteristics of key decision-makers in the profession during this period. These characteristics provide evidence about the interests shaping the structure of the profession.

The data presented in this paper demonstrate the integration of the accounting profession into Canada's social elite by the 1930s. The characteristics of this group of elite accountants suggests that success in the profession during this period was based on ascriptive criteria which ensured the homogeneity of the elite. Specific incidents in the history of the profession were cited to argue that these criteria affected the rank-and-file of the profession and not just a select group. The data thus suggested

that the integration of accountancy into the overall pattern of social control by sectoral elites had significant implications for who would be allowed to practice and, by implication, the way in which accountancy was practiced.

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APPENDIX A
THE ACCOUNTING ELITE 1880-1930*

1 Adams, Arthur William	41 Laporte, J.R.
2 Adams, Ernest Hall	42 McCannel, Donald H.
3 Adamson, William James Thompson	43 MacLachan, W.M.
4 Allen, Loftus Annesley	44 Mapp, K.A.
5 Anderson, John	45 Martin, Norman L.
6 Anscomb, Herbert	46 McCannel, Donald A.
7 Apedaile, Joseph Leonard	47 McClelland, D.M.
8 Barber, George	48 McDonald, George Cross
9 Belanger, Aurelien	49 McLennan, F.D.
10 Bender, Joseph M.	50 Mitchell, Alister F.
11 Bennett, E. James	51 Molson, H deM
12 Blatch, George L.	52 Mulholland, G.M.
13 Bronskill, Frederick George	53 Nash, Major A.E.
14 Brown, Samuel G.	54 Neff, Arthur C.
15 Carmichael, W.R.	55 Peckham, S.B.
16 Chambers, Norman G.	56 Pettit, W.H.
17 Clarkson, Geoffrey T.	57 Roberts, C.P.
18 Coulter, Thomas J.	58 Ronald, W.S.
19 Crawford, J.E.	59 Rooke, George C.
20 Crehan, Maj. M.J.	60 Ross, Brig. Gen. J.G.
21 Crowell, Harvey E.	61 Ross, J.W.
22 Dalglish, K.W.	62 Russell, G.A.
23 Dowie, Col. L.A.	63 Scott, G.W.
24 Durnford, George	64 Scott, Charles S.
25 Dykes, R.F.	65 Shanon, C.A.
26 Fisk, Arthur K.	66 Shepard, A.B.
27 Fleming, C.A.	67 Stiff, F.J.
28 Gonthier, George	68 Sutherland, James B.
29 Gordon, Ltd. Col. H.D.L.	69 Thomas, D.S.
30 Guilfoyle, H.E.	70 Thompson, W.H.A.
31 Henderson, W.A.	71 Thompson, J.C.
32 Higgins, Fred P.	72 Thompson, W.G.
33 Hindsley, N.	73 Tindale, Arthur S.
34 Howson, Ernest J.	74 Turville, Frank P.
35 Hudson, J.D.	75 Wade, Osler
36 Jamieson, Henry Tomkinson	76 Webb, Lt. Col. H.J.
37 Jephcott, W.G.H.	77 Whyte, Andrew
38 Johnson, J.W.	78 Wilson, J.
39 Kennedy, Robert H.	79 Winter, George E.
40 Kerr, G.R.	

* All accountants listed in *Canadian Who's Who* (1st and 2nd Edition), *Who's Who in Canada* (1910 - 1930), and/or *Canadian Men and Women of the Times* (1889 and 1910).