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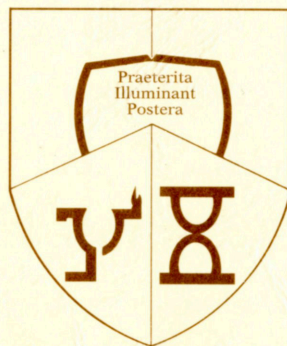
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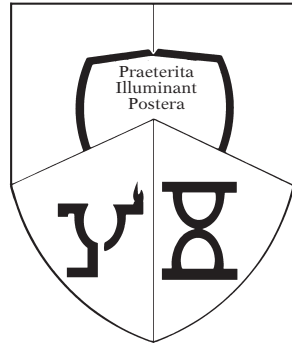


The
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Journal

December 2005
Volume 32, Number 2

Research on the Evolution of Accounting
Thought and Accounting Practice

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Research on the Evolution of Accounting
Thought and Accounting Practice

The Accounting Historians Journal

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December 2005

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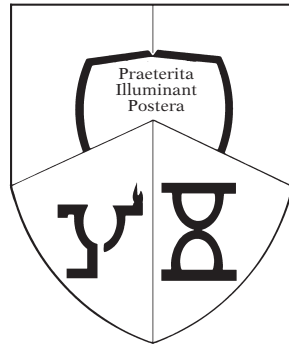
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ACCOUNTING HISTORIANS JOURNAL

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The *Accounting Historians Journal* is an international journal that addresses the development of accounting thought and practice. *AHJ* embraces all subject matter related to accounting history, including but not limited to research that provides an historical perspective on contemporary accounting issues.

Authors may find the following guidelines helpful.

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ACCOUNTING HISTORIANS JOURNAL

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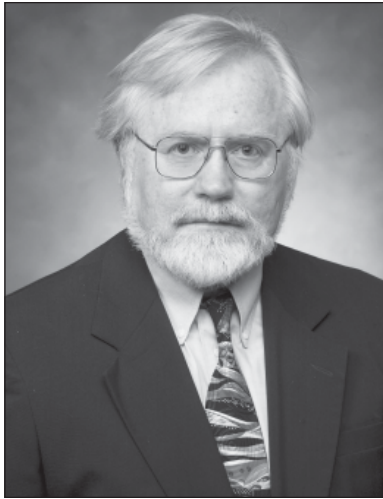
Manuscripts for review should be submitted by e-mail attachment to fleischman@jcu.edu and formatted in Microsoft Word. The identity of author(s) should not appear on the attached file — only on the accompanying e-mail transmission. Additional correspondence may be sent to Professor Richard Fleischman, Department of Accountancy, John Carroll University, University Heights, OH 44118 (telephone: 216-397-4443). There is no submission fee, although authors are urged to consider joining The Academy of Accounting Historians by completing the membership application form on the inside of the back cover. Papers which have been published, accepted for publication elsewhere, or are under consideration by another journal are not invited. The *Accounting Historians Journal* will accept a variety of presentation formats for initial submission as long as the writing style is reflective of careful scholarship. Notwithstanding, authors should attend to the following guidelines:

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Upon acceptance or an invitation to revise and resubmit, authors will be sent a style sheet which must be followed conscientiously for all subsequent revisions of the paper. Once the article is accepted, the editor will request the submission of a diskette prepared in Microsoft Word. If time permits, authors will be sent galley proofs. However, the inclusion of additional material will be severely limited.

Authors will be provided with 3 copies of the *AHJ* issue in which the manuscript is published. Reprints may be ordered by arrangement with the publisher.

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**WILLIAM D. SAMSON
(1947 - 2005)**

Readers will be sad to learn of the sudden death of William D. Samson on 15th September 2005. William D. Samson (Bill) was the Roddy-Garner Professor of Accounting, Culverhouse School of Accountancy, University of Alabama, Tuscaloosa. He was a former President of the Academy of Accounting Historians and Editor of the *Accounting Historians Journal*.

Bill's death occurred shortly before the December issue of *AHJ* was due to be sent to press. However, time has permitted the inclusion of a moving memorial from two of his closest friends and colleagues, Dale L. Flesher and Gary John Previts. A full tribute to Bill Samson's contribution to accounting history and the Academy of Accounting Historians will appear in the June 2006 number of *AHJ*. To that end Richard K. Fleischman, the incoming Editor, invites vignettes of Bill's life and work. Contributions should be sent by email attachment to fleischman@jcu.edu.

William Donald Samson
Memorial to an Accounting Historian,
Scholar and Friend

DALE L. FLESHER AND GARY JOHN PREVITS

Uniqueness is an attribute of greatness. Bill Samson was unique. No other accounting historian has had his likeness and his story told on the front page of *The Wall Street Journal*. Bill was the subject of such attention on July 16, 1997. But he would be the first to point out that being a 'poster child' for accounting history was not what pleased him the most. Rather, his life with Joan, their collection of pets, and perhaps the Harley which he drove with all the abandon of a 'rebel with a cause', were the center of the spirited person we grew to know so well. Indeed living was something Bill well did, beyond his writings and classroom teaching.

A 1969 graduate of Virginia Military Institute, Bill served as a platoon leader and infantry officer in Vietnam, 1970-71 with the 25th (Tropic Lightning) Division. In many ways the thought of a lightning bolt depicts Bill's furious energy about accountabilities for our profession's reputation and ethics, as well as the disposition he invested in writing about a topic about which he was interested. Bill's fury occasionally lent to outrage, which almost always, as a former colleague put it, was "brief and without malice". Nevertheless it was a memorable experience for those in its path.

It was our mutual respect for Paul Garner which brought the three of us closer together. The occasion was an Academy of Accounting Historians conference dedicated to Paul's memory. This event provided the impetus for us to explore early railroad annual reports. We also had many opportunities to work with Bill through the Academy. He held several offices in the Academy including terms as Editor of the *Accounting Historians Journal* (1990-1994), Secretary, and, of course, as President in 2002. Prior to that, Bill also spent many years in the service of the Academy and in recent years he has been the administrative guru of operations in Tuscaloosa, working closely with the Academy's administrator, Kathy Rice.

Bill's research and writing is, of course, where we had the greatest opportunity to work with him and to get to know him. Bill was a private person, but not secretively so. He enjoyed a good laugh and a practical joke, and could be 'counted on' to

carry his own weight on a project and then some. He tended, as most hard working professors, to feel the strain of conflicting commitments, and to let his coauthors know if he felt too much of an immediate task had landed on his plate, when in fact it could be more equitably divided.

He had a joy of writing, which exceeded almost any bounds, and a major challenge in dealing with his prolific style was to edit it. He was *not* one who would tell you “OK cut away, no pride of authorship”. Bill was very proud of his writing. He was, in short, an excellent story teller and case writer, and contributed greatly to our joint efforts on the accounting history of railroads such as the Baltimore and Ohio, the Mobile and Ohio and the Illinois Central. The ‘grunt work’ – data dredging and analysis – was left to us. Our role included mining the materials, panning for a discovery and, following long meetings or brief telephone chats, integrating these raw materials with Bill’s drafting. Bill would weave golden phrases into the pages of drafts. He read great quantities of materials to supplement the primary sources that had been unearthed and used these to support or frame the contributions of our common work. But the full details and the stories of all of this are for another, longer, exposition.

Our contribution to your legacy, Bill, will be to continue the work that we began together and that remains unfinished so as to contribute to our collegueship in the future as in the past. Yet, however much we try we will never be as colorful as Bill – wearing one of the ersatz neckties he discovered in some out of the way haberdashery, or donning his blue and white striped engineers cap at the start of a session reporting on one of our railroad papers. Neither will we ever be quite as interesting to our overseas colleagues. On completing a presentation in France, Bill was asked politely by one of our French colleagues, “What English dialect are you speaking?” Bill could talk “Southern” with the best!

Bill Samson – scholar, colleague, Academy leader and friend – Farewell. We will not only miss you, but we will struggle to find a way to fill the void, which in the final analysis, cannot be filled. For as we have noted, your uniqueness extended beyond the feature mentioned in *The Wall Street Journal* and reached into the minds and hearts of your family, colleagues and friends.

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Malcolm Anderson
John Richard Edwards
and
Roy A. Chandler
CARDIFF UNIVERSITY

CONSTRUCTING THE 'WELL QUALIFIED' CHARTERED ACCOUNTANT IN ENGLAND AND WALES

Abstract: Fundamental to the pursuit of the professional project by the Institute of Chartered Accountants in England and Wales (ICAEW), in the early years of its existence, was the construction of the "well qualified" chartered accountant. This involved the introduction of onerous examinations, lengthy vocational training and significant financial hurdles, which together confined membership to the wealthier sections of society. Prior studies concentrate on the *external* implications of the ICAEW's policies, and have accepted, though left unexamined, the significance of entry hurdles in achieving exclusionary closure. The major focus of this paper is to examine how the ICAEW differentiated its membership from outsiders on the grounds of education and training and how the fledgling Institute employed credentials to distinguish the "chartered accountant" brand from non-chartered accountants. In further contrast to prior studies, we examine the *internal* tensions generated as a result of the precise shaping of the ICAEW's definition of the "well qualified" chartered accountant.

INTRODUCTION

Whereas their counterparts in Scotland organized themselves into local societies from the 1850s, accountants in England and Wales made slower institutional progress. In 1870, accounting societies were formed in Liverpool and London, soon followed by Manchester (1871) and Sheffield (1877). The

Acknowledgments: Financial support for this research has been provided by the Centre for Business Performance of the Institute of Chartered Accountants in England and Wales. The authors wish to acknowledge the helpful comments of two anonymous referees, Stephen P. Walker and participants at the Accounting, Business and Financial History Conference, Cardiff, 2003.

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founding of a national body in 1872, the Society of Accountants in England (SAE), provided the stimulus for the 1870 London Institute to also open its doors to provincial members. In 1880, members from these five bodies successfully petitioned for a Royal Charter to create the Institute of Chartered Accountants in England and Wales (ICAEW). In the absence of legal protection, the ICAEW, like its predecessors, was unable to claim exclusive use of the title “accountant” to help its members procure work in an arena where the dubious practices of many “*soi-disant*” accountants was claimed to have brought the profession into disrepute [Walker, 2004a, p. 85]. The fledgling Institute therefore sought to construct a definition of chartered accountants as being: “a class of persons *well qualified to be employed in the responsible and difficult duties often devolving on public accountants*” [ICAEW, 1882, p. 5, *emphasis added*]. Of fundamental importance in the creation of this “well qualified” practitioner were two prerequisites. First, the stipulation that members should undergo a lengthy period of supervised vocational training underpinned by rigorous written examinations; and, second, the prohibition of a diverse array of non-accounting services, so as to create, and be perceived as, a body of specialist practitioners.

This paper examines in detail, the first of these innovations, which, together, created the “chartered accountant” brand image. We show how the ICAEW constructed a definition of the “well qualified” chartered accountant, by differentiating its membership from outsiders on the grounds of education, training and credentialism. Although this branding of the chartered accountant strove to fulfill an *external* or exclusionary “closure” function, this study, for the first time, illustrates the tensions that were created *within* the ICAEW as a consequence of the formulation of the definition of the chartered accountant in the period 1880-1900.

The paper is structured as follows. To place the study into an appropriate theoretical context, we draw on the relevant sociological literature of exclusionary closure and credentialism. The second section provides an historical context for the paper by examining the exclusionary tactics employed by the ICAEW’s five predecessor bodies in the 1870s. We then undertake a detailed examination of how the ICAEW defined the “well qualified” chartered accountant and consider the hurdles thereby created. The fourth section considers a series of internal tensions that arose as a result of the precise framing of this definition. The fifth section demonstrates how the ICAEW sought to shape

the public image of the chartered accountant – the highly qualified, well-trained, specialist practitioner – through promoting the "A.C.A." (Associate of the Chartered Accountants), "F.C.A." (Fellow of the Chartered Accountants) and "chartered accountant" credentials. The paper closes with a range of concluding comments.

EXCLUSIONARY CLOSURE AND CREDENTIALISM

The professionalization literature abounds with details of the formation of bodies across a wide range of professions. Whilst we do not subscribe to a literature that appears to equate the commencement of the professionalization process with the formation of a professional body [Kedslie, 1990a; Kirkham and Loft, 1992], we do believe that organizational formation is an important "signal of movement" towards occupational ascendancy by marking the commencement of a formal professional project [Carnegie and Edwards, 2001]. Whether inspired by altruism [Millerson, 1964], self-interest [Johnson, 1972], political motives [Willmott, 1986] or a combination of these factors [Lee, 1995], the importance of the professional body, in shaping their members into an educated and highly trained mould, has not been a subject of disagreement.

Organizational collectives or "qualifying associations" [Millerson, 1964], face the task of "producing the producers, that is, ensuring that all future entrants have passed through an appropriate system of selection, training and socialization, and turned out in a standardized professional mould" [Macdonald, 1995, p. 189]. For Larson, this moulding is critical:

Unlike craft or industrial labor, however, most professions produce intangible goods: their product, in other words, is only formally alienable and is inextricably bound to the person and the personality of the producer. It follows, therefore, that *the producers themselves have to be produced* if their products or commodities are to be given a distinctive form. In other words, the professionals must be adequately trained and socialized so as to provide recognizably distinct services for exchange on the professional market [1977, p. 14, *emphasis in original*].

Larson has also spoken of the "difficult and complex task of guaranteeing to the public's satisfaction the competence and probity of the producers" [ibid., p. 58]. In this section, we draw on the process of exclusionary closure to theorize the devices

employed by the ICAEW to produce competent producers wholly equipped to satisfy the needs of the market for professional public accountancy services, and in the process exclude those deemed incompetent. Associated with this production or certification role is the necessity for professionals both to differentiate themselves from others and to highlight their qualifications. We therefore consider the concept of credentialism and, later in the paper, address the ways in which the ICAEW promoted the “A.C.A.”, “F.C.A.” and “chartered accountant” designations. We illustrate the exclusionary tactics and credentials employed by professional bodies by drawing extensively from previous studies of the Scottish accounting societies (formed in the 1853 to 1866 period).

The Weberian concept of closure, encapsulated within the “professionalization project”, has been developed to explain the means by which interest groups strive to “translate one order of scarce resources – special knowledge and skills – into another – social and economic rewards” [Larson, 1977, p. xvii; see also Giddens, 1973; Parkin, 1979; Child and Fulk, 1982; Murphy, 1988]. According to Kirkham and Loft, “a ‘professionalisation project’ . . . involves linking specialist knowledge and skills with power in the form of a market monopoly. Professionalisation is a process by which producers of special services seek to constitute and control a market for their expertise” [1992, p. 3]. For Macdonald [1985, p. 113], “[t]he essence of closure is the definition of membership at a particular point in time, and the setting of criteria for deciding who may join subsequently.” These criteria, whether relating to control of entry, training or qualifications, are designed to restrict access to social and economic opportunities. For Kirkham and Loft [1992, p. 3], the establishment of “tough training and examination requirements” constitutes “one of the important tactical means of professional closure . . . to restrict access to occupational positions”. Similarly, Lee [1995] notes that professionals:

are perceived as organizing to gain market control of an occupational service by means of monopolistic exclusion of individuals deemed unworthy or unqualified to provide it (Larson, 1977). Professionals create explicit mechanisms to operationalize this strategy, including entry prerequisites, institutionalized programmes of academic education and work-related training and experience. Unless an individual satisfies these criteria, professional membership is impossible and certain service opportunities denied [p. 49].

This study seeks to redress the dearth of detailed research into what Macdonald terms, "the inevitable dilemma facing an occupation" [1995, p. 192]. He contends that "if too many are included as eligible, it may downgrade the whole membership, while if the line is drawn too narrowly, those left out may be of sufficient ability to form a rival body" [ibid.]. We examine how the ICAEW sought to operationalize a professional project, by looking *inwardly* at the decisions it took as part of a closure strategy based upon the skills, education and experience it deemed necessary to competently practice public accountancy. In doing so, we reveal, in harmony with previous studies [Chua and Poullaos, 1998; Walker and Shackleton, 1998] some of the complexities of implementing such strategies. This paper builds upon a number of general works [Stacey, 1954; Willmott, 1986; Macdonald, 1995] that have accepted, though left unexamined, the significance of entry hurdles in achieving exclusionary closure.

The process by which collectives seek to maximize rewards by restricting access to resources and opportunities to a limited circle of eligibles has been referred to as exclusionary closure. Macdonald [1995, p. 131], drawing on the work of others, defines this as: "the exercise of power by an occupational association in a downwards direction and is primarily concerned with the definition of the membership in such a way as to exclude those whom the professional body and its elite regard as 'ineligibles' (Parkin, 1979: 450) or 'outsiders' (Weber, 1978: 342)".

This closure process entails singling out certain social or physical attributes as a justifiable basis for exclusion. As Chua and Poullaos note, this may be based upon "on one or several dimensions: class (property ownership), credentials, race, sex, religion, language, etc." [1993, p. 692]. Generally speaking, Macdonald states that a group will "agree on definitions of membership for those already practising the occupational skills and frame these in a manner that is acceptable to the state; and it will also define the criteria to define future entrants to the professional body" [1995, p. 131]. The former is termed a "grandfather" clause [ibid.]. The manner in which the ICAEW satisfied the vested interests of those already in practice in 1880 was, as we will demonstrate later in the paper, to create a whole series of tensions in the post-Charter period as the markedly differential treatment of founders and non-founders became apparent.

In the context of the organized Scottish accounting profession, Walker [1996] has highlighted how the societies introduced a range of “socio-cultural filtering” devices to prevent the profession from being tarnished by dishonorable behavior:

As claims to credibility and probity of the practitioner rested on membership of the professional organisation, the emphasis was placed by the association on the imposition of admission stipulations which would prevent the intrusion of those considered capable of malfeasance. Conditions of entry, qualification procedures and certification ensured that only those deemed *competent* and *reputable* were allowed through to offer services to the public [p. 14, *emphasis added*].

Lee asserts that the entry, education, examination and training requirements of the Scottish bodies “had the dual effect of explicitly revealing professional accountancy as a learned occupation with high standards, and also restricting the number of institutionalized members” [1995, p. 51]. These multifarious filtering devices traversed an extended period. The initial phase of screening “started with entry by invitation to a select few with an appropriate background and experience” [Lee, 1991, p. 198]. This “appropriate background” related to those who were “generally in the same social class as the small groups of organizers” [Kedslie, 1990b, p. 15].

In common with other professions, indenture, or articulated service, was already a feature of the accountancy occupational group in mid-19th century Scotland. The newly established organizations immediately adopted it. Apprenticeship fulfilled an important moulding function, “in fostering close connections and loyalties between practitioners. It comprised a medium for occupational socialization and the inculcation of professional ethos” [Walker, 1996, p. 15]. These training arrangements, which involved a mandatory indenture fee of 100 guineas in Edinburgh (25 in Aberdeen), were soon augmented by educational provision. The financial requirements of this professional training provided a significant hurdle to entry [Kedslie, 1990a; Lee, 1991; Walker, 1996]. For Lee:

Several things above all others evidence deliberate barriers to entry – the high financial cost of entry to membership and the length of training prior to entry; and the rapid stiffening of educational and examination standards designed to provide chartered accountants with a knowledge which was directly relevant to their involvement in practice [1991, p. 198].

Walker has shown how the stipulation of "substantial apprenticeship and entrance fees", the payment of which was deemed to provide "evidence of vocational commitment, pecuniary independence and gentility", restricted entry to the Edinburgh Society to "gentleman of professional standing" [1996, p. 14]. For Kedslie, these barriers meant that "the new profession was scarcely open to young men other than those from a professional or socially-privileged background" [1990a, p. 185]. Having insisted upon high entry standards and then having socialized recruits through a lengthy period of vocational training, professional bodies needed to satisfy themselves that recruits were technically competent. The examination of candidates was swiftly instituted in Scotland, with the Edinburgh and Glasgow societies holding oral examinations from 1855; though it was not until 1864 and 1885 respectively, that written examinations were established [Kedslie, 1990a]. The available evidence suggests, however, that exceptions were made to these arrangements [Stewart, 1974; Kedslie, 1990a].

To help prevent "the entry of the individual considered likely to bring the vocation into disrepute", the Edinburgh Society underpinned this certification role with a range of further filtering devices [Walker, 1996, p. 15]. These measures included the admittance of members at annual meetings ("where they would be visible to established professionals"), a robust nomination, seconding and approval system, as well as placing a restriction on the geographic area in which members could practice [ibid.]. Moreover, from 1860, the Edinburgh Society also sought to control the post-qualification activities of members by requiring potential entrants:

To sign a declaration that 'his exclusive object in Business is to follow the profession of an Accountant as defined in the Society's Charter'. This condition of membership ensured that the CA was restricted to contemporary prescriptions of 'professional' practice and was informally constrained by the standards of conduct associated with that status. The [Edinburgh Society] member was thereby distinguished from the non-credentialed and potentially unscrupulous 'accountant' who owed allegiance to no professional organisation [ibid.].

Having identified a range of attributes as the basis for exclusion, professional bodies then faced the task of differentiating their members, the "insiders", from those excluded, the "outsiders". The process of "exclusionary closure" is reinforced through

“credentialism”. Another concept fashioned by Weber, a credential, is defined by Roslender [1992, p. 23] as “some formal measure of competence such as a professional qualification which is accepted as being the basis for performing certain sorts of work”. For Parkin, credentialism represents “the inflated use of educational certificates as a means of monitoring entry to key positions in the division of labour” and serves as an effective exclusionary closure device in “protecting the learned professions from the hazards of the marketplace” [1979, pp. 54, 56]. Webb and Webb [1917] addressed, early on, the use of credentials by professionals as a means of differentiation. They noted how professionals “ring themselves round with diplomas, degrees and certificates, and to insist, in season and out of season, that all persons not possessing these particular hall-marks are incapable of performing the service” [p. 37].

Washington [2001, p. 14], in defining a credential as “a badge of achievement and proof of knowledge and confidence”, argues that it is something which “enhances a professional’s image both in the professional’s eyes and that of the public”. Freidson [1994, pp. 159-163], although sceptical about some credentials, nevertheless argues that they do serve to bridge an informational asymmetry between expert supplier and unwitting consumer. He acknowledges that from the consumer’s perspective, “credentialism may be seen as a necessary device for narrowing the range of choice and therefore simplifying the intrinsically problematic process of choosing a particular kind of specialist in a world where there are many kinds” [p. 159]. In this paper, we define credentials as the symbols associated with the possession of the professional qualification of the ICAEW. In England and Wales, the relevant credentials were the designation “chartered accountant” and the distinguishing “A.C.A.” and “F.C.A.” letters.

In Scotland, the accounting societies swiftly urged members to adopt the title “chartered accountant” and to utilize the “C.A.” designatory letters [Kedslie, 1990a]. The “C.A.” designation, originally a mere symbol of belonging to a society of accountants incorporated by a royal charter, was transformed “following the institution of increasingly sophisticated systems of professional education” [ibid.], into a “guarantee to the public of professional efficiency and good standing and conduct” [Privy Council, 1890, Appendix, pp. 76-77; quoted in Walker, 1991, p. 262]. Whilst the “mere use of a peculiar professional credential was, by itself, insufficient to gain market control”, the “prime source of the monopoly constructed by the Scottish chartered

accountants was to increase the currency of the notations by ensuring their recognition as a mark of professional and academic superiority over unorganized and unqualified accountants" [Walker, 1991, p. 262]. The lengths to which the various bodies were willing to go in defending the letters from outsiders highlighted the importance of the credential to the Scots, in spite of the fact that the term "C.A." was an "anomaly", given that it was the societies, and not their members, who had received royal charters [quoted in *The Accountant*, 13 February 1892, p. 141].

The distinctive "C.A." credential became a significant battleground in the late-19th and early-20th centuries when, in turn, the Scottish Institute of Accountants and the Corporation of Accountants Ltd., sought to adopt the same designation for their members [Kedslie, 1990a; Walker, 1991]. As Walker notes, in their defense:

the chartered bodies contended that so great was the divergence in the standard of professional education received by CAs and non-CAs, that to permit the lesser qualified to gain use of the identical CA notation would induce a host of deleterious consequences. The general standard of attainment among accountants would be lowered and efficiency thereby reduced, the public would be confused and damaged if they erroneously employed 'CAs' who had not received instruction under the regulations of the three established societies and overall, the impact would be to 'bring down the character of the profession and of the name C.A.' [1991, p. 271].

The adoption of such a functionalist or service-orientation stance, in conjunction with their superior resources, important linkages to the legal profession and a favorable contemporary political environment, enabled the chartered bodies to rebuff the encroaching bodies and defend their "C.A." monopoly [Walker, 1991]. Although their entry hurdles proved insufficient to stem competition, the supplemental use of credentialism by the chartered societies was "rapidly recognized among their clientele - the legal, commercial and manufacturing communities" [Walker, 1991, p. 261], and constituted "a professional mark of high pecuniary value" [quoted in Walker, 1991, p. 275].

ICAEW PREDECESSOR BODIES

Before analyzing how the ICAEW attempted to achieve closure in 1880 by the framing of its definition of the "well

qualified” chartered accountant, it is helpful to analyze the way in which the Institute’s five predecessor bodies each sought to turn out producers within its own “standardized professional mould” in the previous decade [Macdonald, 1995, p. 189]. This contextualization, Howitt [1966] and Walker [2004a, 2004b] apart, has largely been neglected in the literature. The corollary of this, we argue, has been the creation of the false impression that the year 1880 marked a near-seismic shift in the professionalization of accounting in England and Wales with, as we noted earlier, a number of authors dating the profession from this point.

The predecessor bodies of the ICAEW generally demanded that candidates should overcome a series of entry hurdles. They should possess experience (whether in articled service or otherwise), pass an examination, be recommended by a number of existing practitioners and/or be elected by ballot at a meeting of the membership. The first of the English accounting societies, the Incorporated Society of Liverpool Accountants, was unique in that it did not hold examinations. Membership was open to “any Accountant in Liverpool”, subject to candidates finding a proposer and seconder, and receiving at least three-quarters of votes at a ballot of the membership [Incorporated Society of Liverpool Accountants, 1870].

The elite Institute of Accountants (in London, 1870-1872), which supplied 20 of the 45 members of the ICAEW’s first Council [Parker, 1980a], demanded that entrants should have served at least five years (four years for those having been in partnership with a member of an accounting society) as either a clerk to a member of a society of accountants, or as a professional accountant. The stipulation that applications should be accompanied by a written recommendation from at least three fellows (for fellowship) and one fellow (associateship) was seen as being of “fundamental importance as the only real security they [the Council] can have for the professional competency and status of candidates” [Institute of Accountants, MS28404, p. 31]. The initial rules also stipulated that articled service, coupled with examinations,¹ was to become the sole route to entry from 1st July

¹The rules of the Institute did enable Fellows to recommend one of their clerks for admission as an Associate (without examination) up to July 1871 [Institute of Accountants, MS28407, p. 3]. The Institute’s examination arrangements were later adopted, almost without alteration, by the Manchester and Sheffield societies. The Minute Book of the Manchester Institute reveals that almost immediately after its formation, the examiners obtained information from the Glasgow and London Institutes as to “the nature and extent of the

1876, though this date was subsequently put back two years [Institute of Accountants, MS28407]. Articled clerks were also required to "undergo such examinations in their knowledge of book-keeping and accounts, of mercantile and bankruptcy law, of the duties of auditors, and of the practical working of liquidations and bankruptcies, as the Council shall from time to time direct" [Institute of Accountants, MS28407, p. 3]. Examinations appear to have been *viva voce* throughout the 1870s [Institute of Accountants, MS28408/2, pp. 237-238]. An analysis of unpublished material indicates that entry without rigorous examination was, however, common [Institute of Accountants, MS28407, MS28408]. In 1879, for example, the Institute's Secretary acknowledged that the examination "is dispensed with in many cases" [Institute of Accountants, MS28408/3, p. 343].

The SAE, the largest of the ICAEW's predecessor bodies at the time of merger, demanded somewhat shorter qualifying levels of experience, with as little as two years articled service required for graduates of leading universities [Society of Accountants in England, 1875, pp. 10-11]. Moreover, the range of environments in which the experience could be gained was broader than solely public practice. Accountants employed by corporations or public bodies for three years, for example, were also eligible to join [ibid.]. Nevertheless, applications for membership had to be accompanied by a written recommendation from two associates [ibid., pp. 10-12]. As with the Institute, success in examinations fairly soon became the sole route to entry: "no candidate shall be eligible for admission as an associate after the 1st day of January, 1878, until he shall have passed an examination as to his proficiency to the satisfaction of the Examiners of the Society" [ibid., p. 11].² Rule 57 of the Society stated that the examinations would incorporate "subjects usually occurring in the practice of the profession of a Public Accountant" [ibid., p. 22]. Held over one day, the examinations comprised three elements: Education (English composition, Arithmetic, Latin and French, Euclid and Algebra); Accountancy (Book-keeping, including companies', commercial and partnership accounts; Audits; Chancery – official liquidations, receiver-

examinations which candidates have to undergo before admission to those Institutes" [20 March 1871, p. 11]. It is curious that the Sheffield Institute should follow the guidelines of the Institute of Accountants when 16 of its 21 founder members were, or had previously been, members of the SAE (including two Council members).

² Whether this date was stated in the Society's founding rules and regulations is unclear, due to the absence of surviving records.

ships and managerships. Bankruptcy, liquidations and composition; Estate accounts and Executorships); and Responsibility of Fiduciary Agents (Under the Joint-Stock Companies Acts, Bankruptcy Act, Law of Trustees, Law of Partnerships) [*The Accountant*, 30 March 1878, p. 5].

The rules for admission to associateship of the Manchester and Sheffield Institutes were almost identical. Candidates had to be 21 years of age, have served five years as clerk to a professional accountant, pass an examination, be recommended by either two fellows (Manchester) or Council (Sheffield) and be approved by two-thirds of Council members (Manchester) or all members (Sheffield) [Manchester Institute of Accountants, 1871, p. 4; Sheffield Institute of Accountants, 1877, p. 4]. In Manchester, the oral examination, instituted from the outset, was due to give way to a written test of competence in 1876 [Manchester Institute of Accountants, Minute Book, p. 188]. The available evidence suggests, however, that from the mid-1870s associates were admitted following a ballot, with no mention of examinations in the Minute Book [*ibid.*, pp. 153-154, 223, 226, 260, 270, 271]. The Sheffield Institute appears to have relied on the oral examination throughout its short life. Hoe, for example, states that at the first general meeting it was noted that four "Associate Members had been admitted after satisfactorily passing an examination conducted by the President – Alfred Allott – and the Vice-President – W.H. Watson" [1977, p. 9]. The rules of both bodies also provided for the admission of Associates by recommendation [Manchester Institute of Accountants, 1871, p. 5; Sheffield Institute of Accountants, 1877, pp. 4, 5].

Whilst the initial admission rules at the SAE provided for articulated service, at the Institute of Accountants and the provincial societies at Manchester and Sheffield, after an initial period when non-articled clerkship was permitted, articulated clerkship soon became a compulsory requirement. Given the intangible nature of their work, so "inextricably bound to the person and the personality of the producer" [Larson, 1977, p. 14], three of the English societies, following the Scots, provided for the use of distinguishing letters or credentials by members. In Manchester, members were permitted to append "F.M.I.A." (Fellow) or "A.M.I.A." (Associate) to their names [Manchester Institute of Accountants, 1871, p. 6]. The national SAE provided for the use of "F.S.A.E." (Fellow), "A.S.A.E." (Associate), "Hon. M.S.A.E." (honorary member) or "Stud. S.A.E." (Student) [Society of Accountants in England, 1875, p. 11]. The Sheffield Institute bestowed the letters "F.S.I.A." and "A.S.I.A." on its fellows and

associates respectively [Sheffield Institute of Accountants, 1877, pp. 5-6].

In summary, by 1880 articulated service and credentialism was common and the trend towards the examination of candidates to test competence was gathering pace, though was still far from comprehensive.

CONSTRUCTING THE 'WELL QUALIFIED' CHARTERED ACCOUNTANT

The petition for the ICAEW's Royal Charter acknowledged the role of its predecessor bodies in "the elevation of the profession of public accountants as a whole", but asserted that more could be achieved collectively:³

It would greatly promote the objects for which the said societies have been instituted and would also be for the public benefit if the members thereof were incorporated as one body as besides other advantages such incorporation would be a public recognition of the importance of the profession and would tend to gradually raise its character and thus to secure for the community the existence of a class of persons *well qualified* to be employed in the responsible and difficult duties often devolving on public accountants [ICAEW, 1882, p. 5, *emphasis added*].

In order to produce this "well qualified" practitioner, two alternative prerequisites were stipulated: "long actual experience in the profession or service for a long time in the capacity of a Public Accountant's Clerk or else the passing of appropriate examinations under the supervision of the Corporation" [ibid.]. The introduction of examinations, "of such a character as to test the knowledge of candidates not only in bookkeeping and accounts but also in the principles of mercantile law and in the law and practice of bankruptcy and of the winding-up of companies", would, it was asserted, "have an educational effect of a highly beneficial kind" [ibid., p. 6].

The Charter also prescribed the method of training and, in stipulating a five-year articulated term, the ICAEW followed the "favourite period" settled by solicitors and architects before

³Support for this argument comes from *The Accountant*. It referred to the activities of untrained and incompetent persons described as accountants in the 1870s as being "the thorn in the side of all respectable accountants" [21 December 1878, p. 3].

them, as well as the Scottish bodies and the elitist Institute of Accountants [Reader, 1966, p. 118]. As Reader has noted, “[w]hen governing bodies came to fix the length of time required for articles, or whatever term they employed, they were not inclined to underestimate the abstruseness of their craft, nor to over-estimate their pupils’ ability to unravel it” [ibid.].

A further hurdle to entry involved the ICAEW’s entrance fees. For new members, these were levied at rates of ten guineas (for associates) and 20 guineas (fellows), with members of the predecessor bodies being required to pay half those sums [ICAEW, 1882, p. 17]. In addition, an annual subscription ranging from one to five guineas was payable, with the charge being dependent upon membership status and locale [ibid.].⁴

To signal to the public that they were employing a competent practitioner, accountable for his actions, the Charter specified that members were eligible to use the following credentials after their names: “A.C.A.” (for associates, “representing the words Associate of the Chartered Accountants”) or “F.C.A.” (for fellows, “Fellow of the Chartered Accountants”) [ibid., pp. 17-18]. Whilst the Charter did not specifically state that members should describe themselves as “chartered accountants”, legal advice taken by Council in 1881 confirmed that this was permissible [ICAEW, MS28459/1, p. 12]. The later bye-laws (effective from 21st March 1882), however, did prohibit members acting in partnership with non-ICAEW members from appending either the designatory letters or the description “chartered accountants” to the name of the firm [ICAEW, 1882, p. 44].

In the remainder of this section, we examine in detail the ICAEW’s specification of the education and training requirements within its overall definition of the “well qualified” specialist chartered accountant, and consider the concomitant financial hurdles thereby created.

Examinations: Although examinations were not a new phenomenon in English accounting societies, the approach embraced by the ICAEW was far more rigorous than hitherto had been the

⁴An indication of the magnitude of these sums is provided by historical price indices which equate £1 in 1880 to approximately £50 today [*The Economist*, 13 July 1974, p. 62; *Accountancy*], though a more realistic multiplier based on the starting salary of a newly-qualified accountant, would be much greater, in the region of 240-400 for those employed in London. This multiplier is based on the typical starting salary of a chartered accountant in the late-19th century of around £100 [Edwards, Anderson and Matthews, 1997], and the findings of the 2003 salary survey by Accounting Appointments [www.accountingappointments.co.uk/candidates/salarysurveys.asp].

case. Indeed, the adoption of the three-tier (preliminary, intermediate and final) system was in accordance with the desires of the leader column of *The Accountant*, which argued that "in order to secure public confidence there must be a basis of assured competency" [26 April 1879, p. 4]. It called for a system based around that of the established and well-respected Incorporated Law Society [ibid.]. Moreover, given the esteem in which the Edinburgh Society was generally held, it appears to have been no coincidence that the ICAEW's model of testing bore strong similarities to that adopted north of the border.

The Council of the ICAEW appointed an Examination Committee in April 1882, and three months later the first of the Institute's biannual examinations were held at preliminary and final levels. The first Intermediate Examination was held in June 1883. Although described as a means "to test his [the aspiring chartered accountant] general education", the Preliminary Examination clearly served a status-oriented exclusionary function [ICAEW, 1882 p. 51]. In the words of W.G. Howgrave, the Institute's Secretary:

the object of a Preliminary Examination is simply to test whether a person desirous of entering a profession has received such an education as will render him a fit member of the profession after going through the necessary technical training, and it is therefore necessarily confined to such educational subjects as may be considered to be the basis of culture [*The Accountant*, 11 January 1896, p. 29]. Similarly, for 'M', a correspondent in *The Accountant*:

[I]ts chief object is to keep the profession select. If . . . anyone who had been in a Chartered Accountant's office for a short period of years could present himself for the Intermediate Examination, the profession would soon become very inconveniently crowded with a lot of uneducated men, which would necessarily lower its status with the public [16 January 1892, p. 54].

Howgrave's terminology is consistent with Carr-Saunders and Wilson's conviction [1933, p. 7] that a student, aspiring to professional status, should be able to "show that he is a 'gentleman of respectability' and has received a general education up to school certificate standard". As Webb and Webb noted, the institution of examinations by professional bodies generally, served to "exclude from membership, whether or not this is deliberately intended, candidates coming from the 80% or 90%

of the population not getting secondary schooling in youth" [1917, p. 31]. Also, as we reveal later in the paper, the financial requirements of articulated clerkship demanded that potential entrants came from a wealthy family.

The subjects examined in the 'preliminary', wholly in writing, were: writing from dictation; writing a short English composition; arithmetic; Algebra, to include quadratic equations (inclusive); euclid (the first four books); geography; history of England; Latin, elementary; and in any two of the following subjects, one of which must be a language: Latin; Greek, ancient; French; German; Physics; Chemistry; Animal Physiology; Electricity, Magnetism, Light and Heat; Geology; Higher Mathematics [ICAEW, 1882, p. 50].

The ICAEW clearly placed great importance on the role of the Preliminary Examination, which was sat prior to commencing articles.⁵ First, unlike the very brief examinations of the predecessor bodies, it was prepared, twice yearly, to devote a significant period of time (three days) to its entry-level examination alone. Second, by instituting a written rather than a *viva voce* examination, the Institute committed itself to an onerous marking function. Third, despite criticisms of its scope, the ICAEW maintained, and through the introduction of further optional subjects, enhanced the "basis of culture" rationale of the examination. Fourth, an examination of the 'preliminary' pass rates (Table 1) confirms that it was "something more than a formality" [*The Accountant*, 19 February 1898, p. 209; see also, *The Author*, 1886, pp. 24-25; *The Accountant*, 29 September 1894, p. 847, 21 December 1895, p. 1032]. On average, across the period 1882-1900, 65.0% of candidates were successful in the examination. Pass rates, however, varied greatly, from a low of 38.5% in July 1882, to a high of 80% (June 1900). Grouped together pass rates were as follows: 1882-1885 – 60.9%; 1886-1890 – 59.8%; 1891-1895 – 58.9%; and 1896-1900 – 71.2%. The trend of pass rates in the late-1880s and early-1890s was falling, and thereafter, rates increased markedly beyond those established in the early-1880s.

⁵ Graduates of any UK university or those having passed a range of other university and schools' moderation examinations were exempt from the 'preliminary' and were required to serve articles for a reduced period of three years [*The Author*, 1886, p. 25]. In 1893, an addition to Bye-Law 76 stated that "any person, not being under thirty years of age, who at the date of his application shall have been for ten years continuously in service as a clerk to a Chartered Accountant, shall be exempted from the Preliminary Examination" [*The Accountant*, 27 May 1893, p. 500].

TABLE 1
ICAEW Examinations – Candidate Pass Rates, 1882-1900

Year	Preliminary Examination		Intermediate Examination		Final Examination		Examination Equivalent to the Final Examination	
	No. of candidates	Pass Rate %	No. of candidates	Pass Rate (%)	No. of candidates	Pass Rate (%)	No. of candidates	Pass Rate (%)
1882	32	46.9	—	—	42	69.0	8	62.5
1883	70	62.9	35	91.4	63	65.1	8	75.0
1884	88	65.9	120	77.5	119	62.2	4	75.0
1885	84	59.5	49	87.7	148	64.2	5	60.0
1886	95	65.3	59	83.0	250	63.6	6	33.3
1887	73	61.6	70	72.9	143	70.6	7	57.1
1888	127	63.8	103	80.6	59	71.2	0	—
1889	105	59.0	112	72.3	64	73.4	3	100.0
1890	108	50.0	120	85.8	85	76.5	1	100.0
1891	129	48.8	150	76.0	106	62.3	20	75.0
1892	174	56.3	138	81.2	135	64.4	29	82.8
1893	226	60.2	165	74.5	140	76.4	23	39.1
1894	235	57.9	185	66.5	131	71.0	13	46.1
1895	251	65.7	194	83.0	150	75.3	15	86.7
1896	249	65.5	207	70.5	151	77.5	17	23.5
1897	296	68.2	204	78.4	193*	63.2	15	53.3
1898	356	69.4	271	66.8	225	52.9	8	37.5
1899	371	73.6	260	71.9	250	66.4	8	50.0
1900	316	77.5	328	66.2	236	63.1	2	100.0

Notes: The table is compiled from the summation of the June and December examination statistics each year, with the exception of 1882 (July and December examinations) and 1887 (when there was an additional March sitting for the Final and Examination Equivalent to the Final Examination). Statistics relate to the number of students taking examinations and do not discriminate between prior attempts (if any).

* One candidate was disqualified in December 1897.

Source: ICAEW, MS28411/1-4.

Successful candidates then embarked upon five years' articulated service. Halfway through this vocational period of service the Intermediate Examination provided the first formal test of professional competence (those who commenced articles prior to the Charter gained exemption). In not less than two years (one year for graduates) after successfully completing the 'intermediate', the Final Examination had to be passed. Both examinations were conducted partly in writing and partly *viva voce*, until the latter element was discontinued between 1889 (intermediate level) and 1892 (final). The professional examinations tested candidates in book-keeping and accounts; auditing; the adjustment of partnership and executorship accounts; the rights and duties of liquidators, trustees, and receivers; the principles of the law of bankruptcy; the principles of the law relating to joint stock companies; the principles of mercantile law; and the principles of the law of arbitration and awards [ICAEW, 1882, p. 53]. Following a recommendation from the Examination Committee [ICAEW, MS28428/1, p. 72], Council resolved that after the June 1884 sitting the examination of candidates at intermediate level would be confined to the first four subjects listed above [ICAEW, MS28411/1, p. 317].

The Institute clearly wished to demonstrate to the market place that the chartered accountants who graduated through its system of education and vocational training were specialist practitioners with tested competence and lengthy experience in the core areas of accounting as well as being well grounded in legal principles. Moreover, through its annual reporting and the speeches made by its principal office-holders, the ICAEW demonstrated the importance it attached to its professional examinations. Although ostensibly directed to members, they reached a wider audience through, for example, publication in *The Accountant*. Throughout the period to 1900, the examination pass rates and prize winners featured prominently in the Council's report to the general meeting [ICAEW, MS28410/1]. Similarly, presidential addresses were frequently used to publicize the importance of the examinations. In his address to the first ICAEW autumnal meeting, Frederick Whinney argued that the twin requirements of articulated clerkship and examinations would ensure that "members of the Institute will in course of time become more and more fitted for the discharge of the responsible duties devolving upon them" [*The Accountant*, 23 October 1886, p. 596].

Six years later, in addressing the general meeting of the ICAEW, President Thomas Welton lauded the "security we have

taken, in the way of articles and examinations, for the *proper* training of the next generation of accountants" [*The Accountant*, 7 May 1892, p. 382, *emphasis added*]. This, he argued, would "certainly be more and more appreciated by the public" [*ibid.*]. The pivotal role of the ICAEW's examinations as part of its strategy to establish its own credibility, as well as that of its members to outsiders, was addressed by President John George Griffiths at the dinner held to celebrate the Diamond Jubilee of Queen Victoria. Before a host of distinguished guests, Griffiths asserted that the ICAEW was "very careful" in respect of its examinations and by rejecting "a great many candidates", the Institute had "borne in mind [its] . . . duty to improve . . . the status of our profession" [*The Accountant*, 24 July 1897, p. 732].

A detailed analysis of the examination statistics, discussed by Griffiths, reveals that pass rates at the professional stages were higher than at the 'preliminary', though only marginally so in the case of the Final Examination. Intermediate Examination pass rates averaged 74.3% across the period 1883-1900, with 82.3% being recorded initially (1883-1885), before falling off to 79.1% (1886-1890), 76.1% (1891-1895) and 70.2% (1896-1900). This progressive fall was not, however, discernible at the final stage, where pass rates were far more volatile. In the 'final', 82.1% of candidates were successful in June 1889, yet two years later, just 43.1% satisfied the examiners. Grouped together pass rates were 64.2% (1882-1885), 68.9% (1886-1890), 70.4% (1891-1895) and 63.8% (1896-1900) and averaged 66.6% over the whole period.⁶

After passing the Final Examination, candidates applied for admission to the Institute by completing a printed form, and submitting a certificate from the accountant with whom the applicant had trained, stating that fact, and that the applicant was "a fit and proper person" for admission [*ibid.*, p. 45]. Bye-

⁶Pass rates at the Examination equivalent to Final averaged 59.9% over the period 1883-1900. This examination, "in all respects...the same...as the Final Examination", provided an entry route for non-articled candidates already serving in the profession on 21st March 1882 (the date of commencement of the first bye-laws) [ICAEW, 1882, pp. 55-56, 1891, pp. 64-65, 1902, p. 2]. Whilst section 12 stated that five years from the introduction of the bye-laws, "service shall mean service under articles", section 14 of the Charter did provide Council with "dispensation in certain cases with literal compliance with the Charter" [ICAEW, 1882, pp. 14-15]. The upsurge in the numbers taking the examination equivalent to the final from 1891 coincided with a modification to the bye-laws. This formalized the non-articled route for those in practice or service prior to March 1882 and who had served continuously for five years in practice or service up to the time of their application [ICAEW, MS28410, p. 128].

law 33 did, however, empower the Council to “refuse to admit or elect to any degree of Membership, any person whom they shall not consider to be a fit and proper person to be so admitted or elected”, though we have found no evidence that this resulted in anyone being excluded in the period to 1900 [ibid., p. 40].

We now turn our attention to the vocational aspect of the ICAEW’s definition of the “well qualified” chartered accountant.

Articles: Whilst the ICAEW’s examinations formally tested the understanding of a body of knowledge, the period of articulated clerkship provided trainees with the opportunity to apply their knowledge and also to develop skills in areas that the education process was not intended to address. The importance placed upon articulated service by the founders of the ICAEW would appear to have been entirely logical. As we have seen, learning by doing, either with or without articles, was the standard method of preparation for a career as a public accountant prior to 1880 (and is the method which would have applied in the case of the founders themselves). In terms of their definition of the “well qualified” practitioner, the ICAEW’s prescription of a lengthy period of articulated service would ensure that on completion, chartered accountants possessed a sound practical training in the main elements of public accountancy, and, as we discussed earlier, would be “turned out in a standardized professional mould” [Macdonald, 1995, p.189].

Provided that a candidate had surmounted the Preliminary Examination hurdle and was not less than 16 years of age, the ICAEW initially required entrants to serve five years’ (three for graduates) articulated clerkship with an Institute member. Aside from socializing members and inculcating a “professional ethos” [Walker, 1996, p. 15], articles served an important filtering function, as discussed earlier [Kedslie, 1990b; Lee, 1991, 1995]. The requirement that aspirant chartered accountants should find an ICAEW member willing to supervise them over a lengthy period, and in their own office, provided a further hurdle in ensuring that recruits came from what Kedslie termed, an “appropriate background” [1990b, p. 15]. The logic of adopting this method was, according to one contemporary, that “the examining bodies satisfy themselves that candidates for membership have been properly trained in the duties of their profession”, and that “in the main, service under articles affords a guarantee of training which can be obtained in no other way” [*The Accountant*, 9 October 1897, p. 939]. It was presumably in order to maintain the quality of training that the Institute decreed that no member

could have more than two articulated clerks at any one time, other than in exceptional circumstances.⁷ In order to try to create a specialized practitioner and, it can be suggested, to avoid association with businesses that threatened their status, articulated clerks, like their qualified brethren, could not engage in any other business or occupation during the period of service (except with permission of Council) [ICAEW, 1882, p. 46].

A model set of Articles of Clerkship, as settled by the Institute,⁸ provides an indication of the level of commitment required of both clerk and principal:

you, the Articled Clerk, on your side covenant with your Principal that you will faithfully and diligently serve him and your Employers as his and their Clerk, and will readily and cheerfully obey and execute his and their lawful and reasonable commands, and will faithfully serve your Principal and your Employers at all times during your term of Articles as a Clerk ought to do in all things whatsoever, the Principal, on his side, covenants that he will accept you as his Articled Clerk during the term agreed upon, and shall and will throughout the said term, to the best of his ability and power, afford you such reasonable opportunities and work as may be required to enable you to acquire the art, science, and knowledge of a Professional Accountant; and if you serve him well and faithfully he will, at the expiration of your term, give you the certificate required by Bye-Law 55 of the Institute for the purpose of your being admitted as a Chartered Accountant [*The Accountant*, 30 November 1895, p. 976].

In return for providing an environment for the articulated clerk to learn the profession of public accountancy and, it can be argued, to help ensure recruitment of the right kind of person by denying access to those without the necessary financial support,

⁷ The restriction may also have served to control the supply of chartered accountants to the market [Walker, 1988; Kedslie, 1990a] or to prevent principals using multiple indenture premiums as a cash generating mechanism.

⁸ There is no evidence to suggest that adoption of the model articles was compulsory. Nevertheless, the prescription *per se* would appear to be important to the ICAEW in its attempt to raise awareness of the "well qualified" chartered accountant. It is acknowledged that variations around this model would inevitably have occurred [see Walker, 1988, pp. 129-131, for examples in Edinburgh], though unlike its counterparts in Edinburgh and Aberdeen the ICAEW did not stipulate a mandatory indenture fee. For a colorful insight into some earlier examples of indentures in England [see Howitt, 1966, p. 237, and Moore and Smalley, 1992, n.p.].

it would appear that a premium was usually payable. The exclusionary nature of articulated clerkship was reinforced by the “general rule to allow no remuneration to an articulated clerk during his term; but sometimes arrangements for a small progressive salary are made, commencing probably at £10 for the first year, and rising by yearly increments of the same amount” [The Author, 1886, p. 28].⁹

The premium, according to a later editorial in *The Accountants' Magazine*, “brings a good type of young man, in the same way as the law of supply and demand brings an economic price for goods of other kinds” [June 1942; quoted in Parker, 1980b, n.p.]. The amount of premiums paid:

varies considerably according to the circumstances of each particular case, and the professional standing and repute of the firm. There are many Accountants, with but moderate qualifications and limited practices, who are, no doubt, open to take articulated clerks at premiums varying from fifty to eighty guineas. In large well known firms the premium would probably be at least one hundred, and might possibly reach two hundred guineas [The Author, 1886, p. 27].

These amounts are broadly corroborated by information disclosed in the correspondence section of *The Accountant* [25 March 1893, pp. 268-269; 1 April 1893, pp. 295-297; 6 May 1893, p. 417; 3 June 1893, p. 519; 14 April 1894, p. 339]. More general assessments of premiums payable were: “from 150 to 400 guineas” [*The Accountant*, 20 September 1890, p. 499]; “from 100 guineas to 300 guineas” [*The Accountant*, 27 February 1892, p. 185]; and “ranging from one hundred to three hundred guineas” [*The Accountant*, 22 April 1899, p. 455].

Financial Probity as a Hurdle: The length of articulated service, the usual requirement for a premium to be paid, the general absence of a salary, and educational requirements (particularly

⁹The Institute’s form of articles leaves a blank space for the amount of premium, “but it is noticeable that the form contains no provision for salary” [The Author, 1893, p. 24]. The salary of £10 per annum in the first year rising by increments of £10 annually would sum to £150 and could, based on available information, have represented the return of the initial premium to the articulated clerk. In Edinburgh, Walker notes that “it seems likely that apprentices did receive a salary though the provisions and the amount varied among firms” [1988, p. 133]. He cites examples of two firms where a salary was paid to apprentices constituting the return of their indenture fee with interest over 5 years [ibid.].

the 'preliminary', necessitating a secondary schooling), conspired to restrict entry to the ICAEW to the well-off and the well-educated. It can be argued that such requirements were instituted to enable the profession to gain legitimacy in the eyes of the public by suggesting that its members were of similar backgrounds to those entering the established "gentlemanly" professions of the church, medicine and law. In the words of Francis William Pixley (ICAEW President, 1903-1904), "[t]hose who have been articled to our members since the date of the Charter come from the same class as do those who are now at Woolwich, Sandhurst, and the Inns of Court. They have been educated at the same class of schools" [quoted in Kitchen and Parker, 1980, p. 26]. Further, it can be argued that these entry requirements worked in harmony with the ICAEW's disciplinary apparatus to demonstrate that the governing body demanded financial probity amongst its members. The nature of the public accountant's work clearly placed him in a position of trust when dealing with clients' financial affairs. For the public to trust their agent, they needed to be confident that the latter was beyond reproach. Whilst this could never be guaranteed, one means of minimizing the temptation of misappropriating a client's funds would be to ensure that the agent was himself financially sound. An indication of the wealth needed to become a chartered accountant is provided in the *Pall Mall Gazette* of 1890:

It is unadvisable and altogether imprudent to become a chartered accountant unless one had a capital of at least £2,000 or £3,000, or influential friends in business circles. The two combined is desirable, but the latter the more important. A good practice or a partnership may be obtained by either, but, without either, neither [quoted in *The Accountant*, 20 September 1890, p. 500].¹⁰

The probity of its members was of such importance to the Council of the ICAEW that they incorporated a series of financial wrongdoings (bankruptcy; conviction for felony, misdemeanor or fraud; making an assignment with creditors; and the non-payment of fees) in the list of offences that would trigger disciplinary action [ICAEW, 1882, pp. 19-20]. Although it is difficult to demonstrate the extent to which the above ideals were achieved, the body took a firm stance with regard to those who

¹⁰These sums would translate approximately to £120,000 and £180,000 today [*The Economist*, 13 July 1974, p. 62; *Accountancy*].

became embroiled in financial difficulties [Chandler et al., working paper]. It can be argued that such decisiveness in following closely the disciplinary provisions of the Charter conveyed a strong signal to other chartered accountants and also to the business community. To the former, the message was clearly that if they desired to retain their membership, they had to manage their own finances properly. To the latter, both by their actions against wrongdoers and the subsequent publication of their exclusion in *The Accountant*, the ICAEW demonstrated that its members were accountable for their actions, including their own financial management. The leading article of *The Accountant* strongly approved of such a stance, noting "It would be fatal to the existence of the Institute if members were allowed to take advantage of membership to do acts that would inevitably insure their expulsion, and then for the Council to allow them to resign. The proper thing to do is expel them, and to publish the fact" [17 November 1883, pp. 2-3].

TENSIONS ARISING FROM THE CONSTRUCTION OF THE 'WELL QUALIFIED' CHARTERED ACCOUNTANT

Having specified how the ICAEW constructed its definition of the "well qualified" chartered accountant we now turn our attention to a series of tensions that were created as a result of the precise framing of this definition. First, critical contemporary comment of the subjects covered by the examinations is reviewed. Second, we address the variation in the standard of the examinations. Third, we consider tensions created as a result of entry without examination. Finally, we examine problems arising between principals and clerks through the failure of articulated clerkship to deliver a broad vocational training.

The Scope of the Chartered Accountant's Examined Knowledge: The definition of the sphere of knowledge deemed necessary to be "well qualified to be employed in the responsible and difficult duties often devolving on public accountants", at all levels, proved controversial [ICAEW, 1882, p. 5]. 'A Student', in a letter to *The Accountant*, for example, noted that "the subjects we students are expected to be prepared in quite frightens me....what have practical people like accountants to do with the Latin classics, and of what use to them are Mechanics, Elementary Chemistry, Physiology and Geology?" [22 July 1882, p. 5]. 'A Sympathiser' referred to the "extreme difficulty, and, often, sheer inutility, of some of the [Preliminary Examination] ques-

tions set", arguing that "several of the antiquated subjects [should] be done away with" [*The Accountant*, 21 December 1895, p. 1032]. 'A Student' further questioned the composition of the papers on professional subjects, noting:

I would further ask whether the examination of candidates on subjects such as the powers and duties of an arbitrator, and the laws of executors and administrators, does not make it look like a preparation for the legal profession....Certainly the subjects selected convey to my mind the idea of a cross between a "Varsity man" and a lawyer [ibid., 22 July 1882, p. 5].

Many other correspondents objected to the emphasis on law within the examination structure [*The Accountant*, 15 July 1882, p. 5; 7 October 1882, p. 5; 16 September 1882, p. 5]. Criticism of the examinations was not restricted to the ranks of the articulated clerk, whose complaints might be dismissed on the grounds that they had a direct vested interest in making them easier. Robert Whitehill, for example, writing following his success in the Final Examination, concluded that "the examiners expect the accountants of the future to be better informed on these subjects [mercantile law and the law of arbitration and awards] than most lawyers are found to be at the present time" [*The Accountant*, 19 August 1882, p. 5]. Similarly, Harold V. Aldred (later convicted for his part in the fall of an audit client, Dumbell's Bank), argued that "it is Bookkeeping and Accounts which should be the first and foremost study of a student of accountancy, and I fear that there has always been a tendency on the part of the Council to lead the student into the study of intricate points of law at the sacrifice of practical questions in accountancy" [*The Accountant*, 8 November 1890, p. 616].

Criticism of the ICAEW's examinations was not confined to making them either easier or limiting their scope. For 'C.W.', the relative lack of mathematical and actuarial content was a source of regret. His justification for their inclusion was that, "[t]here is no study more calculated to improve the reasoning powers and induce habits of exact thought than mathematics, and this study should be especially invaluable to a Chartered Accountant" [*The Accountant*, 25 October 1890, p. 582]. He then argued that, "[t]here can be no doubt that the Scotch practice of uniting the accountant and actuary has done much to give our brethren across the border the prestige which they enjoy" [ibid.].¹¹

¹¹'C.W.' clearly refers to the Institute of Accountants and Actuaries in Glasgow and the Society of Accountants in Edinburgh, both of which incorporated the

Assessing the Standard of Competence the 'Well Qualified' Chartered Accountant Should Possess: A second significant issue was the standard required to pass examinations designed to ensure that those holding themselves out to the public as expert chartered accountants were indeed fully qualified to discharge their duties. Some of the difficulties in testing written competence were addressed by Edwin Waterhouse, the President of Chartered Accountants' Student Societies in both London and Birmingham and a member of the ICAEW Examinations Committee [Edwards, 1986]. He remarked how he "found the selection of suitable questions, and the classification of the merits of the candidate's answers, a most responsible and difficult task" [Jones, 1988, p. 125]. The setting of relevant questions remained a somewhat intractable problem across the period [*The Accountant*, 19 August 1882, p. 5, 16 September 1882, p. 5, 1 December 1883, pp. 3-4, 14 December 1895, p. 1008, 21 May 1898, p. 527, 27 January 1900, pp. 101-102].

The ICAEW's pass standard remained undefined officially, but W.T. Butterfield (an associate of both the ICAEW and Institute of Actuaries), revealed that:

It is commonly understood that the minimum marks for a pass are, in accountancy subjects, 50 per cent., and in legal subjects 33 per cent., but the whole marks received must reach at least 50 per cent. of the marks obtainable. Further, if a candidate aggregates 66 per cent. he is understood to have qualified for honours, and if he secures about 80 per cent. he may get a prize. From this it will be seen, that the Examination Committee attaches greater importance to proficiency in practical matters than to skill in answering legal conundrums [*The Accountant*, 22 December 1900, p. 1174].

Butterfield's comments received a degree of official corroboration from the ICAEW President, J.J. Saffery, as well as from two separate pieces of information disclosed in unpublished pages of the ICAEW's *Book of Circulars* [MS28432, n.p.]. Saffery notes that, "[w]ith regard to the standard of proficiency considered desirable for attainment in legal subjects by our stu-

necessity for accountants to be skilled in actuarial work into their Royal Charter petitions. However, as Lee [2000, pp. 27-29] demonstrates, whilst Edinburgh accountants were heavily engaged in insurance managerships, the title of the Glasgow society was pure spin, with 88% of its founders having no manager, director or audit connection to insurance companies.

dents, it should be borne in mind that this is fixed on lines necessary for knowledge and for guidance, but *not* for *practice*, in the common acceptance of the word" [*The Accountant*, 11 October 1890, p. 534, emphasis in original]. The *Book of Circulars* discloses that, for the inaugural Preliminary Examination, an overall pass mark of around 40% was operative, given that the lowest scoring successful candidate attained an average mark of 41.9%. Second, a memorandum dated 14 June 1888, headed "for the information of the Members of the Examination Committee only", wholly corroborates Butterfield's comments in relation to the pass, merit and prize standards in the professional examinations.

Contemporary comment on the standard of the examinations was such as to indicate that entry to the Institute placed great demands upon students. At the third AGM, Vice-President Frederick Whinney offered no apology for the alleged stiffness of the examination papers, and stated candidates who wished to become members of the Institute would be "obliged to fit themselves for entrance rather more than those who have been with us for some time" [*The Accountant*, 10 May 1884, p. 11]. For 'Articled Clerk', "If we are to judge from the books given, the students will have a very great deal of work to do", [*The Accountant*, 15 July 1882, p. 5]. The Author [1893, p. 47] described surmounting the Institute's examinations as "the greatest ordeal of his [the articled clerk's] life", and noted that he should "devote at least three hours a day to the mastery of his subjects for at least the last four or five months preceding his examination, if he covets any further distinction than a mere pass". For 'A.C.A.', "it is generally admitted it is no easy matter to pass through the critical stage of qualification for the Institute" [*The Accountant*, 28 November 1896, p. 976]. G. Walter Knox, ICAEW President in 1897, commented that, "[s]ome people say that our examinations are too hard; others say that they are not sufficiently severe; so that I fancy we are somewhere upon the right lines" [*The Accountant*, 8 May 1897, p. 479].

The need to ascertain a benchmark level of competence that accountants must possess in order to be "well qualified" was addressed by a leading article in *The Accountant* in the following terms:

it is highly important that, as far as possible, a fixed standard should be observed upon which only a pass will be granted, irrespective of the necessary casual variation in the severity of the various papers; but a

fortiori should there be some fixed standard in connection with those candidates who are placed in the Honours List, and still more so with regard to those who are specially selected for the distinction of a prize [*The Accountant*, 7 May 1898, p. 465].

While the pitching of the standard of knowledge considered necessary to deem a candidate fit to become a member of the Institute was problematic, so too was ensuring a degree of consistency in the application of that standard over time. Citing cases where without further study candidates could easily pass the same paper they had failed six months earlier, a swingeing leading article in *The Accountant* concluded:

It seems to us that this lack of continuity in the standard exacted from candidates is a greater blemish in connection with the examinations than the fact that the standard in some subjects is normally higher than that in others which might be regarded as even more important. Both, however, are faults which should, as far as possible, be amended [30 April 1898, p. 438].

'Disinterested' supported such a stance by questioning whether the "extraordinary differences in the results" (as revealed in Table 1) were due to the candidates or, "more likely", to the examiners [*The Accountant*, 19 January 1895, p. 56]. "One cannot but think that the difference is due to the mode adopted by different examiners in awarding marks. If so, this should surely be remedied" [ibid.]. We acknowledge that in both the setting and marking of the examinations, there was no certainty that the Institute was able to maintain consistency over time, particularly in relation to the 'preliminary', in which the ICAEW would have been reliant on non-accountants to undertake the examinations.

The corollary of this variation in standards, if it existed, was that the Institute was unable to guarantee the fitness of its members (in terms of their complete knowledge of the syllabus) to serve in the market place. The leader column of *The Accountant* addressed this point in 1895. It noted that there was "room for improvement" in the effectiveness of the examinations, and "deplored" the fact that "no doubt capable men still occasionally fail, and – worse still – incapable men not infrequently get through" [27 April 1895, p. 375]. This situation was seen to be "inevitable so long as the written papers of candidates continue to be the only criteria by which the examiners can judge", though there was little opposition to the abolition of the *viva*

voce examination [ibid.]. Nevertheless, the ICAEW was clearly sufficiently concerned about the administration of its examinations in the late-1890s to undertake a review of existing arrangements. 'Scrutator' neatly captured the difficulties it faced:

Where the examiners are frequently changed there is sure to be great variation in the standard of questions set; and I have known cases where I considered the Intermediate questions set were more difficult than those set at subsequent Final Examinations. But the remedy is a difficult one to find, as, supposing an examiner were appointed for a considerable period, his questions would very probably run in the same groove [*The Accountant*, 29 December 1900, p. 1192].

In July 1899, the Council of the ICAEW approved the recommendations of the Examinations Committee, which carried out the review. It established that the examiners for the professional examinations should be "continued in their office for a period not exceeding three years" and that "the same examiner be not necessarily appointed in a given subject for both the Intermediate and Final Examinations" [ICAEW, MS28426/7, n.p.]. The former measure would, it is assumed, have ensured greater consistency than previously, when members of the Examination Committee served as examiners assisted by qualified persons who held such office for one year, though were eligible for re-appointment [Bye-Law 68, ICAEW, 1891, p. 55]. The latter clause would address Scrutator's concern over questions running "in the same groove", but offered the potential to conflict with the consistency objective.

Much of the above discussion clearly relates to perception rather than fact. The reality may be that the standard of the ICAEW's examinations was appropriate and that there was consistency in the application of that standard over time. However, in striving to construct the chartered accountants' image as the embodiment of a collective of well-trained, suitably qualified, competent practitioners specializing in the delivery of core accounting services, such perceptions could have proved damaging, particularly when penned by the lead writer in *The Accountant*.

Entry without Examination: Admission to the ICAEW without examination, on the basis of prior affiliations (the founders of the ICAEW) or previous experience had been provided for in "grandfather clauses" in the Royal Charter [ICAEW, 1882, pp.

11-12]. Indeed, in the 20 years to 1900, over one-half (1,843, or 52.6%) of the 3,501 individuals admitted to the ICAEW had not passed an ICAEW examination [Table 2].¹² Of this number, 600 (32.5%) were admitted on account of being members of one of the predecessor bodies (598) or signatories to the Royal Charter petition (2), while a further 1,129 (61.3%) joined under the original transitional arrangements based on three (or five for fellow-

TABLE 2
Examination v Without-Examination Entry
to the ICAEW, 1880-1900

Year	Admissions having passed Final Examination		Admissions without Examination*		Total admissions*
	No.	% of all admissions	No.	% of all admissions	
1880	0	0.0	949	100.0	949
1881	0	0.0	242	100.0	242
1882	15	17.0	73	83.0	88
1883	35	31.8	75	68.2	110
1884	42	53.2	37	46.8	79
1885	48	56.5	37	43.5	85
1886	80	66.7	40	33.3	120
1887	132	73.7	47	26.3	179
1888	64	71.1	26	28.9	90
1889	57	69.5	25	30.5	82
1890	65	70.7	27	29.3	92
1891	63	69.2	28	30.8	91
1892	102	83.6	20	16.4	122
1893	105	70.9	43	29.1	148
1894	116	75.3	38	24.7	154
1895	104	81.9	23	18.1	127
1896	111	79.9	28	20.1	139
1897	117	76.5	36	23.5	153
1898	129	80.1	32	19.9	161
1899	156	94.0	10	6.0	166
1900	117	94.4	7	5.6	124
Total	1658	47.4	1843	52.6	3501

* Statistics include the 600 members who were admitted to the ICAEW as founders, either on account of them being members of one of the five predecessor bodies (598) or signatories to the petition for the Royal Charter (Guthrie and Wade).

Sources: BPP, 1930, Appendix C, p. 23; Boys, 2004.

¹²In the narrower period from 1882 (when the ICAEW began to hold qualifying examinations) to 1900, 71.8% of all admissions were by examination. Entry without examination had been virtually eliminated by 1900, with just fifteen members admitted in this manner between 1901 and 1920.

ship) years practicing experience or five years service to a public accountant [BPP, 1930, Appendix C, p. 23; Boys, 2004]. Having set such rules to allow existing practitioners into the ICAEW fold, the Institute backtracked on its examination closure strategy in 1893 by introducing a new non-examination route. This required evidence of ten years' experience and the approval of three-quarters of Council members and accounts for the remaining 6.2% of non-examined entrants in the period to 1900 [Bye-Law 35, ICAEW, MS28410/1, p. 153; BPP, 1930, Appendix C, p. 23]. What motivated such a change of policy which not only threatened to undermine the status of the Institute, but also created tension between those sitting three levels of examinations over five years and those admitted on the grounds of experience alone?

In the absence of any general official explanations as to its Bye-Law 35 admissions policy, our analysis suggests that the ICAEW, in following the Glasgow and Aberdeen bodies (who introduced a ten-year rule in 1890), clearly wished to add practitioners of some standing to its number [Shackleton, 1995, p. 33]. Forty-nine (or 42.2%) of the 116 members so admitted in the period to 1900 were already members of the Society of Accountants and Auditors (SAA) [The Society of Accountants, various years].¹³ Indeed, 13 had joined the Society in its year of formation (1885), three of whom were founder Council members (Sissons, Senior and Terry).¹⁴ The non-SAA cohort included some accountants whose firms were known to hold listed company audits at the time [*Burdett's Official Intelligence*; ICAEW, *List of Members*]. The possession of sizeable audit clients was clearly valued by the ICAEW, as evidenced by the Council minute justifying the admission of W. Grisewood in 1899: "the applicant has been in practice for eighteen years, has several

¹³The ICAEW Council Minute Books include 116 members admitted between 1893 and 1900 via this route, yet those disclosed by the ICAEW to the 'Goschen Committee' [BPP, 1930, p. 23] number 114. The unexplained divergence occurs in 1896 when the former source records 18 admissions, with the latter counting just 16.

¹⁴This finding serves to challenge Garrett's conclusion that whilst "some" Society members joined the ICAEW, the "leading incorporated accountants, declined and stood by the Society" [1961, p. 7]. Thirty-five of the 49 SAA members who later joined the ICAEW had been members of the Society for at least five years prior to joining the chartered body. The relationship between the ICAEW and the Society (which grew four times as quickly as the ICAEW in the 1888-1902 period) is beyond the scope of this paper [Garrett, 1961; ICAEW, *List of Members*].

large audits and is highly spoken of and recommended by the Liverpool members of the Committee and that prior to his commencing practice he had five years experience in the accountancy department of the Mersey Docks and Harbour Board" [ICAEW, MS28411/4, p. 320].¹⁵ A further indicator of standing among this group is that, unusually for the time, some were principals in practices operating from more than one location [Matthews et al., 1998].

Having constructed a definition that required the "well qualified" chartered accountant to serve a lengthy period of articles and pass a series of rigorous examinations, the issue of members being admitted to the Institute without taking examinations proved to be highly divisive.¹⁶ Numerous commentators in *The Accountant* associated entry without examination to the lowering the Institute's status in the eyes of the public [5 December 1891, p. 852; 3 September 1892, pp. 665-666; 10 September 1892, p. 681; 29 April 1899, p. 469]. The leader column noted, for example, that "Doubtless some members have been enrolled under the Charter who will never add to the prestige or increase the reputation of the profession" [*The Accountant*, 28 April 1883, p. 3]. This was seen as "inevitable" given that "persons should be admitted as members, not because they could satisfy the Council as to their standing and qualifications, but by reason of their being members of some previously existing society, or having been a certain number of years in practice" [ibid.].

'Examined' highlighted the damage that could be caused to the Institute's reputation by reproducing a shoddy set of accounts prepared by a member recently admitted under Bye-Law 35:

¹⁵ Aside from Grisewood, there are just two further cases where explanations for admission are provided in the Council Minute Books. These relate to Robert Clover and A.G. Sayers, both admitted in 1900. The former was admitted on the basis of having been "in service and practice since 1876"; the latter, on the grounds that he had "passed in the two book keeping and the auditing papers of the Final Examination" [ICAEW, MS28411/4, p. 333].

¹⁶ This was particularly the case in the 1890s. Members probably felt that by then sufficient time had elapsed since the Charter for candidates desirous of joining the Institute to have been admitted. Moreover, the onset of attempts to achieve state recognition in this decade (some of which would have allowed other accountants to join the ICAEW on an equal footing without serving articles or passing rigorous examinations) would also appear important. It is also possible that awareness of the issue increased as a result of the introduction of the ten-year rule. In the five years prior to 1893, annual admissions without examination were marginally in excess of 25; in the five years from 1893, they were over 33. More than half (52.5%) of all non-examined admissions in the period 1893-1900 entered through the ten-year rule.

If this is a sample of the work of persons admitted in this manner, surely it will be detrimental to the reputation and high standing attained by the Institute, apart from the question of fairness to articulated clerks and their examinations? Ought there not to be at least one test of a man's qualifications before admitting him? Could not the leaders of our profession take the matter up and remedy a growing evil without further delay? [*The Accountant*, 29 April 1899, p. 469].

Similar discontent was evident at the ICAEW's 18th AGM, when a motion to require Bye-Law 35 entrants to pass an examination and to restrict the number of such admissions to three per annum was tabled [ICAEW, MS28410/1, p. 216]. Although this motion was defeated, the fact that Sayers (see footnote 15) was required to pass three core Final Examination papers in 1900 indicates that the Council clearly felt the issue was of concern and that it needed to test the competence of such applicants. This process was formalized when Bye-Law 35 was repealed in 1904 and replaced by Bye-Law 35A, which required persons with ten years continuous experience as a public accountant to pass the Final Examination. This Bye-Law, in turn, was soon revoked, with just 14 members admitted under it in the years 1905, 1906 and 1907 [BPP, 1930, Appendix C, p. 23].

Criticism of members admitted without examination was not, however, confined to Bye-Law 35 entrants. One contemporary, 'Fex', spoke of "the incompetents taken in in 1880", while Charles Eves (admitted to the ICAEW in 1887) referred to the "great number of very undesirable members who were necessarily admitted" through the transitional experience-based "grandfather clauses" [*The Accountant*, 19 December 1896, p. 1047; 23 January 1897, p. 101]. W.B. Peat, the Institute's 18th President (1906-08), was equally candid in his assessment of some of the early entrants [Howitt, 1966, p. 257]. He referred to "a batch of [96] nondescripts" who were elected on one day [22nd September 1880]. Of this number, "22 . . . were struck-off for improper conduct; mercifully 38 of them died . . . and a dozen or so resigned" [*The Accountant*, 8 May 1909, p. 658]. Support for these and numerous other contemporary comments that, when faced with the "inevitable dilemma" of where to draw the line of exclusion [Macdonald, 1995, p. 192], the Institute initially cast its net too widely, can be found by examining the ICAEW's disciplinary records. Whereas 254 (or 12.1%), of the 2,098 members admitted to the Institute in the period 1883 to 1899 (inclusive) were

either suspended or excluded during their careers, for those admitted prior to 1883, the disciplinary rate was almost 50% higher [ICAEW, MS28411/1-4; MS28465/1].¹⁷

Further evidence of concern that entry without examination lowered the status of the profession is provided by the practice of some chartered accountants who “advertised themselves as such ‘by examination’” [*The Accountant*, 29 October 1892, p. 813]. Although described as “not very dignified” by a correspondent ‘J.B.’, this practice, however widespread, would appear to illustrate worries over the devaluation in the “chartered accountant” brand [*The Accountant*, 29 October 1892, p. 813]. Such sentiments were clearly shared by the influential leader column of *The Accountant*, which spoke of improvements being “effected in the membership by the dying-out of *older and less qualified members*, and by the admission of *new and thoroughly qualified members*” [18 March 1893, pp. 237-238, *emphasis added*].

Tensions Arising as a Result of the Institution of Articled Service: The accepted rationale for articled service was that it afforded clerks a practical opportunity to learn the profession of public accountancy. From the public, or user perspective, articled service allied to rigorous examinations ensured that practitioners were “well qualified”, both academically and practically, to satisfy the needs of the market place. The correspondence section of *The Accountant* indicates that for a number of clerks, the wording of the Institute’s model articles was nothing more than a sham. Whilst the model articles stated that the principal would, among other things, “enable you to acquire the art, science, and knowledge of a Professional Accountant”, the experiences of a number of clerks appear to have been somewhat different [*The Accountant*, 9 March 1895, pp. 224-225; 30 November 1895, p. 976; 12 February 1898, p. 179].

For ‘Justice’, “there are still many who merely take in articled clerks to save the expense of having to pay wages to others, and not only that, articled clerks have to pay a big premium for the privilege of being taken in (in both senses)” [*The Accountant*, 22 January 1898, p. 99]. To remedy this “scandalous” situation, Justice argued that the Council of the Institute

¹⁷ Two hundred and thirty (or 18%) of the 1,280 members admitted in 1880, 1881 and 1882 were disciplined during their careers [ICAEW, MS28411/1-4; MS28465/1].

"should lay down in a general way what rights an articulated clerk is to have . . . so that if he does not get them, he has a right of action under his articles and the bye-laws against his principal for breach of contract" [ibid.]. Quasi-official recognition of the problem is provided by an editorial in *The Accountant*, which acknowledged that "[t]he duty of a principal to his articulated clerk relative to teaching is somewhat hazy" [16 March 1895, p. 245]. However, along with a number of other writers [see, for example, *The Accountant*, 16 March 1895, p. 248; 7 December 1895, p. 983; 14 May 1898 p. 491] it stressed that "an agreement to teach a clerk his business does not imply an undertaking to make him fit to pass the Institute examinations, nor does it imply that the clerk is entitled to be taught the theoretical side of his work by the principal" [16 March 1895, p. 245].

'Justitia' [*The Accountant*, 12 February 1898, pp. 178-179] eloquently and forcibly expressed the full range of concerns of articulated clerks:

Never by any chance shall I see in this office any bankruptcy or liquidation work and procedure, although there is plenty going on. All that I do know has to be picked up haphazard. The principals will do nothing and the clerks, of course, are either too busy to attend or will remind you that your premium was not paid to them. I . . . only ask if it is right and proper that these things should be. If you apprentice your son to a watchmaker you would expect him to be turned out, at the close of the apprenticeship, a competent workman (I assume he has average capacity). But surely the same principle applies in the articulated clerk's case? I think, under the present conditions, it is nothing short of barefaced swindling to take premiums from articulated clerks under the pretence of teaching them their profession.

The corollary of the above was that, provided the articulated clerk passed the Final Examinations and his principal agreed that he would be a fit member of the Institute, he would be able to hold himself out to the public as a "well qualified" chartered accountant, even though the nature of his vocational training meant that he had little or no experience in important areas of the discipline. An indication that the above reflected concerns that needed to be addressed would appear to be demonstrated by the growth of both student societies and private tuition/coaching, though of course this is impossible to prove, as the best students may have used such provision either to reinforce

or to further their knowledge.¹⁸ Indeed, both were recommended by T. Savage Smith as mechanisms to assist students whose principals specialized in just one area of accountancy [*The Accountant*, 3 March 1894, p. 203].

PROMOTING THE 'WELL QUALIFIED' CHARTERED ACCOUNTANT

In the previous two sections of the paper we have outlined the comprehensive education and training program designed to ensure that chartered accountants were “well qualified” to offer core accounting services in the market place. Having so equipped the chartered accountant, one of the ongoing difficulties faced by the ICAEW, as had been the case with its predecessors, was that of differentiating its own membership from other “accountants” in the professional, commercial and public domains.¹⁹ In 1884, for example, a leading article in *The Accountant* headed “Accountants’ and Accountants”, offered the following comparison:

The effrontery with which gentlemen, at a loss to know what business title to assume, take that of accountant, is on a par with that of those ladies of easy virtue, who when found brawling in the Haymarket in the small hours of the morning, and subsequently having an interview with the magistrate at Marlborough Street, in response to the latter’s query as to their profession, or occupation, invariably reply ‘Please, your worship I am an actress’ [29 March 1884, p. 6].²⁰

¹⁸By October 1883, following the lead of their counterparts in Birmingham, students’ societies had sprung up in Manchester, Liverpool, Newcastle, London, Sheffield, and Bristol [*The Accountant*, 20 October 1883, p. 12]. Their utility appears to have been considerable from the outset [see, for example, disclosure of prizes won by members in *The Accountant*, 6 January 1883, p. 4, 18 April 1891, p. 290]. Webster Jenkinson described the employment of a coach as “almost essential to the man who wants to get ‘placed’” [ibid., 28 April 1900, p. 398]. Formalized tuition began in 1884 when H. Foulks Lynch, “a solicitor of twenty years experience in the preparation of pupils for law examinations”, founded his correspondence college [Foulks Lynch & Co, 1955, pp. 9, 11].

¹⁹As early as 17 July 1880, the leader column of *The Accountant* castigated Richard Seyd, compiler of statistics on failures, for neglecting in his treatment of “accountants” in financial trouble to differentiate between “accountants properly so called, and the numerous persons who assume the title without either justification or anything like professional qualification” [p. 4]. Heeding this call, from 1881, the compiler disclosed separately, failing “members of any institute of accountants” [ibid., 9 July 1881 p. 12].

²⁰For cases of “accountants” in trouble where *The Accountant* is at pains to point out that they are not “chartered accountants”, see, for example, 15 March

Eight years later, *The Accountant* lamented that, "[h]ardly a week goes by without some so-called 'accountant' being brought before the magistrates to answer for some, more or less, disgraceful piece of misconduct; and, in consequence, an honourable profession runs the risk of being considered decidedly 'mixed' as regards the status of its members" [13 August 1892, p. 626].²¹

The magnitude of the ICAEW's task in branding itself was further demonstrated in 1896 with the publication of criminal statistics which showed that after journalists, accountancy was the profession with which the criminal was "most anxious to claim connection" [quoted in *The Accountant*, 6 June 1896, p. 462].

In this section, we consider the implementation of a credentialism strategy by the ICAEW, which, as discussed earlier, is seen by Freidson to be a "necessary device" to provide the consumer with the information to choose a specialist "in a world where there are many kinds" [1994, p. 159]. We demonstrate how the ICAEW used the "chartered accountant" credential to enhance its status and to provide "a ready means of distinguishing between real professional accountants, and outsiders, who are so in name only" [*The Accountant*, 16 October 1880, pp. 4-5]. The ICAEW's Charter application had argued that differentiation, through incorporation, would result in "public recognition of the importance of the profession and would tend gradually to raise its character" [ICAEW, 1882, p. 5]. However, as time passed "the technical omission from the Charter of 1880" to protect ICAEW members from those falsely describing themselves as "chartered accountants" or employing letters to convey such an impression, became a more pressing issue [*The Accountant*, 2 March 1895, p. 195].²² The 1890s, there-

1881, 29 March 1884, 5 July 1884, 13 March 1886, 19 May 1888, 5 July 1890, 30 June 1894, 19 October 1895, 21 December 1895, 25 April 1896, 6 June 1896, 6 March 1897, 8 May 1897, 2 December 1899.

²¹The same weekly note was also highly critical of the Police in accepting the statements of prisoners as to their occupation, as it was "likely to prejudice our profession in the eyes of the undiscerning public" [*The Accountant*, 13 August 1892, p. 626].

²²The Manchester Institute had foreseen potential problems arising from the exclusion of such penalties for misuse in January 1880 [Manchester Institute of Accountants, Minute Book, p. 302]. The Institute of Accountants responded to their concerns by stating that a penal clause could not be incorporated into the Charter, but that the prevention of the fraudulent use of the letters could be addressed by the new Council through a Bill [Institute of Accountants, MS28408/3, p. 446; Manchester Institute of Accountants, Minute Book, p. 303].

fore, were marked by a series of attempts to obtain legislation to protect the title of chartered accountants and their spheres of work.

One of the initial difficulties faced by the Council of the ICAEW was the task of persuading its members to describe themselves as “chartered accountants”, so as to be distinguishable from other “accountants” or “public accountants”, and to use the correct designatory letters. In 1884, for example, having heard that “some members were using the [Scots] initials ‘C.A.’” [ICAEW, MS28411/1, p. 365], Council sought legal advice to establish their powers “to induce members to confine themselves to the use of the initials prescribed by the Charter” [ICAEW, MS28459/1, p. 55]. Having recently made arrangements to issue “a circular letter to their members requesting them only to use the Initial letters referred to in Clause 17 of the Charter” (ICAEW, MS28459/1, p. 191), the solicitors’ opinion was that it would be “premature” to consider further action, which would “require very grave consideration” [ICAEW, MS28459/1, p. 55]. It would appear that the circular was less than completely successful as *The Accountant* of 31 July 1886 provided an angry riposte to a member who described himself as “F.I.C.A.” [p. 449]. After castigating the member concerned, it stated that “The letters ‘A.C.A.’ and ‘F.C.A.’ will, let us hope, some day count for a little in the eyes of the commercial community; such variations as that mentioned will tend to bring them into contempt” [ibid.; 9 May 1885, p. 4].

The ICAEW faced similar difficulties in ensuring that all of its members described themselves as “chartered accountants”. Some four and a half years following its formation, the Council discussed three letters “as to the use of the term of Chartered Accountant” [ICAEW, MS28411/1, p. 385]. The outcome was that the Secretary “was directed to inform the writers that there was no objection to the use of the term ‘Chartered Accountant’ by Associates” [ibid.]. Three years later, a weekly note in *The Accountant* bemoaned the fact that even some eminent chartered accountants persisted in describing themselves as “public accountants”, thereby failing to promote the “chartered accountant” credential:

The term ‘public accountant’ or ‘accountant’ is now generally used by people who were either not suitable for admission to the Institute seven years ago, or who are not competent to pass the tests prescribed as one of the tests of membership. It is to be greatly regretted that some firms of chartered accountants, who ought to

be the last to require the obvious moral of these facts to be pointed out to them, persist in making themselves look odd and singular by signing 'public accountants,' and exhibiting a marked distaste to acknowledge that they belong to the Institute. The Great Eastern Railway accounts are signed by 'public accountants,' and so are many other similar accounts which come before a large circle of business and professional men, though the term 'chartered accountant' is really the legal description of the signatories. What seems the least understandable point about such oddity is that, if members of the Institute generally, and the Council in particular, mean what they say, they desire the general public, the Courts, and the Legislature to exercise a discrimination between chartered accountants and people who usually describe themselves signing 'public accountants,' which some of the most notable of themselves positively refuse to do [17 September 1887, pp. 523-524].

The following year, Council implored members to describe themselves as "chartered accountants":

That with a view to educating public opinion in favour of Chartered Accountants, it is very desirable that wherever possible members of the Institute being appointed Auditors to Limited Liability Companies should describe themselves in the prospectuses of such companies as 'Chartered Accountants' [ICAEW, MS28411/2, pp. 287-288, emphasis added].

That a circular be issued to the members of the Institute strongly urging upon them *for the sake of uniformity* that in describing themselves as 'Chartered Accountants' upon their letter paper and door plates they should not add to that description any branches of the business of accountants included in that term such as auditors or arbitrators [ibid., p. 328, *emphasis added*].

The case of Mr. A.C.W. Rogers, who enquired whether he could add the words "Income Tax Adjustment Agency" to his sign in 1894, serves to illustrate how this stance was maintained. The Report of the General Purposes Committee, to whom the issue was referred, was unequivocal in stating that "the Council disapprove generally of additions to the term 'Chartered Accountant' and especially to the employment of the word 'Agency'" [ICAEW, MS28426/6, pp. 7-8; see also ICAEW, MS28411/4, p. 102, 113].

The ICAEW's leadership also faced a continual battle to uphold the integrity of their brand from an army of imitators. The

problem was that this possibility had not been anticipated and dealt with in the Charter, as revealed by Counsel John Rigby and F. Whinney, appointed to look into the matter in 1890:

We are of opinion that the members of the Institute of Chartered Accountants in England and Wales are not invested under their Charter with any exclusive legal right to style themselves Chartered Accountants or to carry on business under that style so as to entitle the Institute and its members to a legal remedy which would enable them to restrain other persons in England and Wales from assuming a similar designation even if assumed dishonestly or fraudulently.

. . . the Institute will be without a remedy against the dishonest assumption of the style of Chartered Accountant by persons not entitled to it unless special legislation can be obtained confirming the right to use the name to members of bodies incorporated by Charter and making it illegal for other persons to use the name [ICAEW, MS28459/1, pp. 113-114].

The Institute implemented a number of piecemeal measures to protect the standing of members. In May 1886, for example, they instructed solicitors “to take such steps by obtaining an injunction or otherwise as may appear desirable” against Mr. H.S. Merrett, someone who had described himself as a “Chartered Accountant” [ICAEW, MS28459/1, p. 69].²³ Four years later, in similar circumstances, Council decided to write to persons falsely describing themselves for an explanation. They were informed “that if they do not undertake to abstain from describing themselves as Chartered Accountants an advertisement will be put in the local papers stating the fact that they are not members of this Institute” [ICAEW, MS28459/1, p. 121]. In 1896, Council successfully obtained an injunction against John Stewart Morton (who had failed the Final Examination 13 times), preventing him from describing himself as “a chartered accountant” [ICAEW, MS28410/1, p. 187; *The Accountant*, 17 October 1896, p. 833]. Similarly, on 1st June 1898, it was reported that “an injunction had been obtained against Mr. T. Laing, who represented himself as a Chartered Accountant” [ICAEW, MS28411/4, p. 239]. Under a heading “Usurpation of the Title ‘Chartered Accountant’”, *The Accountant* congratulated

²³ Whilst Merrett was subsequently found to be a Scottish Chartered Accountant entitled to describe himself as such, the case nevertheless highlights the resolve of Council.

Council on the injunction and urged "that if some means could be devised of publishing the facts of the case more widely they might have a wholesome deterrent with regard to others" [18 June 1898, p. 623]. In May 1899, Council reported to the annual meeting that, "injunctions have been granted against two persons improperly representing themselves as Chartered Accountants, in both cases with costs" [ICAEW, MS28410/1, p. 221].

In 1891, the ICAEW (through Lord Herschell) introduced a bill to the House of Lords proposing to make it a penal offence for unauthorized persons to use either the description "chartered accountant" or the associated designatory letters [ICAEW, MS28410/1, pp. 137-148]. Passed by the Lords, the bill failed to get through the Commons in successive years [*ibid.*, p. 139; *The Accountant*, 28 July 1894, p. 670]. Thereafter, the Council promoted a series of bills, either on its own or in conjunction with other societies, designed to create a register of public accountants and, generally, also to restrict to chartered accountants the right to perform the work of a public accountant [Macdonald, 1985]. The first of these attempts, in 1893, for example, stated that it would be unlawful for any person not on the register, "[t]o take or use any name, title, description, or addition by letters or otherwise stating or implying that he is a Chartered Accountant, or that he is in practice as a Public Accountant or Public Auditor" [Section 19a, Chartered Accountants' Bill, quoted in *The Accountant*, 18 March 1893, p. 244]. Further, and in the manner described earlier by Webb and Webb [1917] and Roslender [1992], it also sought to restrict to practitioners with the appropriate credential to "the office of Auditor of any Public Company, Receiver in Chancery, or of an expert appointed by any Court to report on Accounts, or of Liquidator of a Company, or of Trustee of any Estate to be administered under Bankruptcy Law" [Section 19b, Chartered Accountants' Bill, quoted in *The Accountant*, 18 March 1893, p. 244].²⁴

Frederick Whinney explained the public interest rationale for the bill in the following terms:

They [the Council] wanted all practitioners who followed the calling of a public accountant to be Char-

²⁴ Persons contravening section 19 were liable to be fined up to £20, with a further fine payable "not exceeding one pound for every day on which the offence is repeated after conviction" [Chartered Accountants' Bill, quoted in *The Accountant*, 18 March 1893, p. 244]. Section 20 dealt with non-Chartered Institutes, Societies or other bodies of accountants who adopted the chartered designation or letters implying chartered status, with fines of up to £50 provided for.

tered Accountants – men who had given some guarantee to the world that they were able to exercise the duties of their calling, and men who at the same time would be subject to the control and under the jurisdiction of the Council of the Institute, who could expel them if they did anything whatever which was discreditable to a public accountant [*The Accountant*, 27 May 1893, p. 503].

This initiative, and a number of others, foundered on “the dilemma of exclusiveness versus market control” [Macdonald and Ritzer, 1988, p. 257]²⁵ with, in the end, the ICAEW unwilling to include the memberships of all existing accounting bodies.

In addition to the above somewhat negative measures, the Council of the ICAEW took steps designed to raise awareness of the significance of the “chartered accountant” credential within the commercial and professional community. Early meetings of the Council incorporated discussion of the institutional means to achieve greater recognition given that in the endeavor to portray an image of professionalism, members were not permitted to advertise their services. From the outset, the Institute was eager to publish their list of members [ICAEW, MS28411/1, p. 120]. Thereafter, this annual publication was increasingly used as a device to promote the ICAEW and its members among influential circles. At their meeting of 5 December 1883, Council resolved to print 1,500 copies of the 1884 list to be circulated free of charge to members (who numbered 1,316 at the end of 1883) and to be “sent to the judges and others” [ibid., p. 280].

The contents of an undated circular (issued around June 1892) indicate that, in the years that followed, the Council was increasingly proactive in bringing the chartered accountant before a much broader constituency of influential persons [ICAEW, MS28432/2, n.p.]. In excess of 500 copies of the list

²⁵ This dilemma was described by Whinney in the following terms: “It was an axiom that when they sought to make a profession a restricted one – that was to say, a profession which could only be exercised by those who were duly qualified, they must, in order to get the consent of the Legislature, take in all those persons who, at the time the Bill was passed, or within a very short time previously, were practising that calling. . . . If they went in for restrictive legislation confined to the members of the Institute they could not possibly get a bill passed. If they wanted restrictive legislation they must take in all those who had anything like a reasonable title to be considered within the purview of the Bill. . . . The President of the Board of Trade said ‘I cannot give you a monopoly,’ and thereupon they had to modify their Bill, and they did modify it so as to make it a pure Registration Bill – one which would protect their title” [*The Accountant*, 27 May 1893, p. 503].

were distributed to accounting societies, government offices (such as the Inland Revenue, Board of Trade, Treasury, Home Office, Foreign Office and Admiralty), Judges, the Bankruptcy Court, 50 Official Receivers, over 70 banks (including the Bank of England), clubs, hotels, the provincial societies of the Incorporated Law Society, 64 chambers of commerce, 50 national and regional newspapers, 36 town clerks, a range of literary and other societies (including the Institute of Bankers, Institute of Actuaries, Institution of Civil Engineers, Incorporated Law Society), the libraries of the Houses of Commons and Lords, and a miscellaneous category (incorporating the Secretary of the Stock Exchange, the Registrar of Friendly Societies and Kelly & Co., publishers of trade directories).²⁶

Another important component of the ICAEW's promotional strategy was mounted through the columns of the weekly journal *The Accountant*. Initially the Institute agreed to place a whole page advertisement in the journal at a cost of ten pounds per month [ICAEW, MS28411/1, p. 3]. Thereafter, the Council supplied more and more information about its activities and also arranged with its publisher, Gee & Co., for both copies of, and extracts from, the journal to be distributed to provincial newspapers [see, for example, ICAEW, MS28411/1, pp. 29, 116, 252, 360; MS28411/2, p. 344]. Indeed, from 3 January 1891, *The Accountant* restyled itself as "The organ of *Chartered Accountants* Throughout The World", having previously been "A medium of communication for *accountants* in all parts of the United Kingdom" [*emphasis added*].

Council also ensured that the Institute's membership was placed in a series of directories used by the commercial and professional community.²⁷ For example, within six months of formation, the Council resolved to place copies of the Charter and a list of members in the *Accountants Diary & Directory* for 1881, at a cost of £50 [ICAEW, MS28411/1, p. 40]. They arranged to insert the same promotional material in both the *Law*

²⁶ Leading officials from many of these organizations were invited to the ICAEW's regular dinners, as part of the chartered body's wider promotional strategy. The dinner held to celebrate Queen Victoria's Diamond Jubilee, for example, was attended by a host of government officials, politicians, members of the judiciary, businessmen, bankers, leaders of other professional bodies, the nobility and clergy [*The Accountant*, 24 July 1897, pp. 724-734].

²⁷ A Report of the General Purposes Committee indicated a wider audience for such a strategy. It was "of opinion that it is desirable to take opportunities when they arise of letting the general public know more of the facts relating to the Institute" [ICAEW, MS28426/4, p. 40].

List [for 1894, ICAEW, MS28411/3, p. 293] and the *Lawyers Companion and Diary* [for 1901, ICAEW, MS28411/4, p. 381] at annual costs of £50 and £40 respectively. The Institute's leaders were also eager to promote the body and its membership in more general trade directories. In August 1889, for example, Council arranged with Kelly & Co to place the names of ICAEW members in a separate list in their London and country directories, subject to the members describing themselves in the commercial portions of the directories as "chartered accountants" [ICAEW, MS28411/3, p. 18]. John Corderoy ACA had spoken of the need to promote the "chartered" credential in this manner some four years earlier, imploring Council, "[t]o arrange with the publishers of the various directories to print a separate heading for 'chartered accountants,' and not include them in a long list of accountants, comprising an increasing number only such in name" [*The Accountant*, 28 March 1885, p. 7].

CONCLUDING COMMENTS

Prior studies of the early years of the professional project in accountancy in England and Wales have concentrated on the *external* implications of the ICAEW's policies, particularly the resultant proliferation of accounting bodies and the internecine warfare associated with the highly-charged registration issue that soon came to the fore. The existence of entry hurdles to the ICAEW, that were significant in achieving exclusionary closure, has been accepted but left unexamined. A key part of the ICAEW's professional project involved differentiating its members from outsiders on the grounds of their levels of general education, and their ability not only to pass rigorous technical examinations, but to fund a prolonged period of vocational training. Part of this process of "producing the producers" restricted entry to the ICAEW to the affluent and the well-educated and as a result, contributed to the formation of the SAA. We examine the need to establish credentials to distinguish chartered- from non-chartered accountants in the market place, and in further contrast to prior studies, reveal the *internal* tensions produced by these endeavors to achieve exclusionary closure.

The ICAEW's system of training had "the great advantage for an infant profession of being highly visible to the audience who mattered most, that is the business community who purchased the profession's services" [Macdonald, 1995, p. 196]. The combination of supervised personal training and compulsory ex-

amination was also already recognized in society, being the chosen method of preparation for entry to the Scottish accounting bodies and the legal profession, whose status the ICAEW sought to equal. Moreover, by rapidly instituting a comprehensive system of examinations, the ICAEW placed itself ahead of certain occupational groupings (in particular, engineers and architects) which had organized somewhat earlier, and also contrasted itself markedly with the activities of its predecessor bodies.

The definition of the "well qualified" chartered accountant did, however, attract criticism and create a series of conflicts within the newly formed ICAEW. Whilst the Institute's governing body repelled calls to modify its mode of vocational preparation for the profession and reduce the law content of its examinations, it did take action to rectify variations in examination standards that threatened to undermine the quality of the "chartered accountant" designation. Paradoxically in terms of its closure strategy, having established a three-tiered system of rigorous examinations, which at the final level failed an average of almost 35% of candidates despite them having overcome the 'basis of culture' preliminary and technical intermediate hurdles, the Council created a new non-examination entry route in 1893. Despite criticism of its policy and the attendant risks of damage to its image, it appears that the governing body of the Institute was clearly willing to adapt its rules, almost on an *ad hoc* basis; to facilitate the admission of certain practitioners denied entry by the initial framing of the "well qualified" chartered accountant.

The importance of the incorporation of the ICAEW by Royal Charter and the creation of the "well qualified" chartered accountant, however contentious, was well recognized by contemporary commentators. *The Accountant*, for example, argued that the Charter would "secure public confidence", by enabling "the public and the press certain means of distinguishing between competent and reputable accountants, and those outsiders who figure in the newspaper reports 'described as accountants'" [26 April 1879, p. 4, 3 April 1880, p. 3]. Similarly, for Frederick Whinney, the creation of the "chartered accountant" and the "distinct marks attached to his name", would enable a "broad distinction [to] . . . be drawn between the *real members of the profession*, and those untrained and incompetent persons who now so frequently announce themselves as accountants" [*The Accountant*, 1 May 1880, pp. 5-6, *emphasis added*]. However, as we have demonstrated, the importance of the "chartered accountant" credential appears, initially, not to have been fully

appreciated by all the members, with the ICAEW Council struggling to persuade even some of the leading names to adopt it. For the nascent Institute attempting to convince the business and professional communities that only those who had surmounted its rigorous education and training hurdles were worthy to undertake the work of the public accountant, this was particularly problematic. With established accountants continuing to generate substantial fees based on their reputation and track record, and not on the back of the “chartered” credential, as the numbers of training firms and accountants increased, so the ICAEW faced a growing imperative to establish the brand image of the “chartered accountant.” This required members to shift from an individual or firm-based identity to a collective or association-driven identity.²⁸ We chronicle in the paper the ICAEW’s early attempts to meet what has proved to be an ongoing challenge. According to a recent ICAEW President:

Our activities in 1994 have focused on strengthening the value of the qualification ‘chartered accountant.’ That is not, however, a new objective . . . It is a shared interest in the value of the title that has always united all members . . . For the qualification chartered accountant to maintain its status as a premium brand it must continue to be seen as combining the higher standards of professional education and training with technical excellence . . . maintaining that brand image [ICAEW, 1995, p. 4].

Whilst registration and attempts to monopolize work through legislation failed, an indication of the progress made by a profession so vilified by sections of the judiciary and press before the ICAEW was granted its Royal Charter [Walker, 2004a] is provided by ‘E.F.H.’, a correspondent to *The Accountant*, in 1896:

Thanks to our Royal Charter, and the ability and discretion displayed by the members of the Institute ever since its incorporation . . . the mind of the public is beginning to get settled down in the opinion that the profession of an accountant (without undertaking multifarious and incongruous trading pursuits) is not only a useful one, but one of importance and absolute necessity to the commercial world generally.

²⁸ Chua and Poullaos [2002, p. 426] demonstrate the importance of the “symbolic capital” attaching to individual accountants’ names in the market for accountancy services in the Transvaal in the early 20th century.

This impression is, I would suggest, the natural outcome of the efforts of our Institute (and its predecessors), in marshalling and training members for their important duties involved in the 'calling' of a public expert in matters of account [12 December 1896, p. 1022].

To what extent it can be stated that chartered accountants became an "absolute necessity to the commercial world" is unclear. However, the fact that the burgeoning number of ICAEW members were deemed to be the most competent professional grouping to act as "a sort of attorney or registrar-general of the births, marriages, and deaths of every kind of commercial enterprise, partnership contraction, and legal dissolution" would imply that the definition of the "well qualified" chartered accountant, although contentious, was something highly valued, and through its varied promotional activities, both visible and recognizable in the market place [*The Accountant*, 11 October 1890, p. 534].

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**ACCOUNTING'S USES IN
EXPLOITATIVE HUMAN
ENGINEERING: THEORIZING
CITIZENSHIP, INDIRECT RULE AND
BRITAIN'S IMPERIAL EXPANSION**

Abstract: This historical study starts from the argument that financial economic quantification using accounting concepts and analysis has always been an essential and integral part of effective policies and activities for Britain's empire building. Theories of citizenship are used in particular to examine the close association between accounting and imperial policies during British indirect rule in Fiji. Through an examination of archival data and other relevant source materials, the paper highlights the ways in which accounting helped translate imperial forms of oppression and injustice into everyday work practice. Indirect rule generally required the separation and subordination of the native population as subjects, and their exploitation within imperial hegemonic structures. This research is about a British regime of specific and deliberate power construct through which the indigenous population of subjects were oppressed and excluded from citizenship and from civil society. Focus is on the social, economic and institutional relations that determined a unique pattern of inequality and the way in which accounting was effectively mobilized to serve the aims of British imperialism through indirect rule.

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INTRODUCTION

“Citizenship would be a privilege of the civilised; the uncivilised would be subject to an all-round tutelage” [Mamdani, 1996, p.17].

“Subjects are always disproportionately placed in opposition or domination through the systemic decentring of multiple power relations which play the role of support as well as target or adversary” [Bhabha, 1994, p.72].

Accounting and financial management techniques, computations and practices have been both implicated and directly used in political systems that promote unjust, inhumane, oppressive and racist policies [Davie, 2000, 2005; Fleischman and Tyson, 2000, 2004; Jacobs, 2000; Funnell, 2000; Neu, 2000a, 2000b; Achary, 1996]. This study makes a further contribution by examining the significant role of accounting in the implementation of British imperial policies relating to the subjectification of the Native population in the peripheries. It provides new insights into accounting’s regulatory role in the production of a quantified and imperialistic knowledge about British imperial rule. An examination of British expansion into Fiji¹ in the

¹ British expansion into Fiji was dependent upon collaboration with indigenous Chiefs. This meant that an indigenous social structure based on a hierarchy of Chiefs became an essential requirement in the complex processes of British imperialism and empire-building in the South Pacific. Indigenous Chiefs’ collaboration was secured by employing Chiefs as government officials. The nature of European rule within the collaborative system is reflected by the following quote from *The Fiji Times* [29 July 1871]: “we require their sanction . . . In all other respects, the European will rule . . . and if a prominent figure be a native whether in the form of a king or president, it is only a puppet, the strings of which are pulled by the white man.” The British-indigenous collaborative form of imperialism enabled domination and control, both prior to and after a formal annexation. British expansion at the time followed what Gallagher and Robinson [1953, p. 13] referred to as the principle of “trade with informal control if possible; trade with rule when necessary”. Formal rule in Fiji, through annexation on 10 October 1874, became necessary to protect British settlers and plantation owners’ trade interests as well as to secure a strategic expansion into the South Pacific within a broader context of metropolitan scramble for colonies. More importantly and in the context of the arguments of this paper, after annexation the collaborative system of empire management and expansion was reinforced through the legislation of Native Regulations. As Davie [2000, p. 335] highlights “[t]he Native Regulations and the chiefly-based structure of control and power permeated virtually every aspect of indigenous society. What was thought to be traditional chiefly privileges became part of an “indirect” system of British domination.” That is, the control of the indigenous population

late 19th century shows that accounting computations were an integral part of indirect rule. Indirect rule was a colonial project that translated an indigenous form of social stratification into an administrative system for the domination of Native peoples. It was a tribal approach to imperial government that dispersed customary laws within “the wider context of alien domination” [Mamdani, 1996, p.110]. Indirect rule enabled exploitation of the moral discipline, trust and respect associated with clan-based communal social structures for despotic purposes. It also enabled human engineering for exploitative development of labor as an economic resource. Insofar as the Native policy decisions were sustained indirect rule gave a pre-eminent position to accounting. The archival material related here reveals that accounting had multiple functions in this project. Accounting and budgeting were not only essential to highlighting the financial status of the colony. They were also used by the British colonial officials and European plantation owners to help prosecute a particular privileged form of citizenship which gave pre-eminence to Europeans and their exploitative interests.

Collaborative themes of indirect rule have recently been used in accounting research studies. For example, Davie [2000] applied these themes to widen the compass of accounting history to examine the interests that accounting calculations and explanations served in imperial forms of rapprochement. However, the concern of that research was not citizenship. Annisette [2000] also used imperial collaborative themes to study the accountancy profession in Trinidad and Tobago. However the concern of that paper was not expressly citizenship or accounting calculations and explanations but rather the organization of the accountancy profession. In the current study archival data,² hitherto not available or examined by accounting historians, and other relevant materials are used to show how accounting came to promote policies that actually denied the Natives citi-

through their Chiefs. The indirect system of rule also enabled the introduction of a poll tax based on Native labor and as imperialism progressed, the introduction of a Native communal taxation scheme.

²Archival data for this study was obtained at: the National Archives, Kew, London; the National Archives of Fiji, Suva, Fiji; and the following libraries in Australia: State Library, Sydney; Australian National University, Canberra, Australia. The dichotomy between archival and other sources used here is not intended to privilege different types of source materials but rather to provide information about searching for the location of required archival data. The paper acknowledges that the choice of source material is selective and therefore biased and to this extent analyses must be viewed as subjective.

zenship rights on their native land. In particular, the focus is on two inter-related aspects of British imperial rule in Fiji. First, emphasis is placed on the creation of a Native Authority within the British controlled Fijian central governments and on the way in which accounting became involved in institutionalizing inequality and oppression. This was achieved through ensuring that individual and influential Chiefs of high Fijian societal ranking became members of the Executive Council of the Native Affairs Office, and Chiefs of lower ranking were engaged as government employees to manage operations in the villages. Second, the paper highlights the way in which oppression and injustice came in two further forms of forced labor. Prior to annexation in 1874 a relatively heavy poll tax was imposed uniformly but differentially as between indigenous Fijian men and women to be paid for through forced labor. From annexation to 1913 a further important provision was a requirement that Native taxation be communally rather than individually based and paid in kind. Multiple and diverse factors contributed to an emphasis on generating "considerable revenue" from the Natives [CSO³ Despatches 1877-1880, No. 37 of 1878]. It was this emphasis on revenue that was crucial in defining the nature of citizenship practiced at the time. How to finance colonial activities was to be determined by the prevailing belief that the Fijian natives in the periphery needed protection and civilizing but within their own customary institutions of authority. Accounting played a central and primary role in representing one kind of rational calculative justification for subjectification.

With the above stated focus the paper contributes to research in accounting history that demonstrates the social consequences of an imperial approach to government. In complementing Neu [2000b] and Tinker [1980, 1991] this research study contradicts Solomon's [1991] general argument with respect to accounting's neutrality within political economic contexts such as colonialism. There is now an emerging accounting research literature that provides greater understanding of accounting calculations in differing indigenous cultural contexts [Davie, 2000, 2004; Gallhofer and Chew, 2000; Jacobs, 2000; Neu, 1999, 2000a] as well as in politicized contexts of race and ethnicity [Davie, 2005; Fleischman and Tyson, 2000, 2004].

³The following abbreviated references are used in this paper: CO – Colonial Office; Cd or C. – Command Paper; CSO – Colonial Secretary's Office; LCP - Legislative Council Paper of Fiji; NR – Native Regulation; PP – Parliamentary Papers; SP – Stanmore Papers.

Research into the function of accounting calculations in these somewhat sensitive arenas however remains largely unexplored. This study complements and responds to such calls within a historical context of British imperial rule. In doing so, it adds to our awareness of the suppressed voices in the accounting literature. Of particular significance to this paper is Funnell's [2000, p.187] call for accounting historians to give "matters of justice" greater "prominence" in their research studies.

The next section provides theoretical notes on citizenship rights and on British indirect rule. This is followed by an outline of the initial acts of indirect rule and citizenship rights in Fiji prior to annexation in 1874. Thereafter a critical examination is offered on the ways in which accounting became closely aligned with indirect rule and citizenship rights in Fiji after British annexation. The section explores how and the reasons why accounting became an integral part of British imperial rule in Fiji with specific reference to strict requirements for the colony's financial sufficiency. The arguments of the paper are summarized in the concluding section.

CITIZENSHIP AND INDIRECT RULE: CITIZEN PRIVILEGE AND SUBJECT TUTELAGE

Ideas of citizenship are numerous and varied. T. H. Marshall's [1950] seminal essay on *Citizenship and Social Class*⁴ presents the bedrock ideas of citizenship. Marshall theorized three interdependent rights-based dimensions of citizenship consisting of civil rights, political rights and social rights. Marshall defined the civil element of citizenship as "the rights necessary for individual freedom – liberty of the person, freedom of speech, thought and faith, the right to own property and to conclude valid contracts, and the right to justice" [p. 10]. The political element of citizenship he defined as "the right to participate in the exercise of political power, as a member of a body invested in political authority or as an elector of the members of such a body" [p. 11]. "By the social element" he meant "the right

⁴Marshall has been criticised for ignoring how citizenship rights were earned through class struggles [Giddens, 1982, 1991]. It has been suggested that ideas of citizenship developed in a circuitous manner [Birbaum, 1997 quoted in Insin and Wood, 1999] and that his analysis is limited to just one form of inequality, namely class, when in fact there are other forms of inequality in society [Turner, 1986]. Although these criticisms seem valid, his central concepts remain influential, and continue to form the basis for new concepts of citizenship.

to a modicum of economic welfare and security to the right to share to the full in the social heritage and to live the life of a civilised being according to the standards prevailing in the society" [p. 11]. Citizenship in these terms can be seen primarily as a yardstick for measuring an individual's societal worthiness and membership. Boundaries of citizenship are contextually embedded and are problematic, as access to membership can emerge in "specific places in response to specific struggles and conflicts" [Insin and Wood, 1999, p. 5]. Rawls [1999, p. 3] points out that, "in a just society the liberties of equal citizenship . . . are not subject to political bargaining or to the calculus of social interests". As Held [1991, p. 20] notes "citizenship is above all about the involvement of people in the community in which they live". To this extent, debate about citizenship, he argues, must involve examination of the "very nature of the conditions of membership and political participation" [ibid.]. Through such an examination accounting historians can explore the relationship between accounting and the ways in which citizenship operates in different societal contexts. In this paper, emphasis is given to the role of accounting within political economy struggles as between social groups linked within a system of power relations as defined by British indirect rule for empire building.

In the context of imperial rule citizenship in the peripheries operated as an instrument of control through social stratification as well as exclusion. Claims of status were not only to a hierarchical social structure but also to race-based ethnicity. The basic ideas of racial difference in these states were incorporated into the political identities⁵ of social groups as civilized citizens and so-called uncivilized subjects. Where "[c]itizenship would be the privilege of the civilised [colons]; the uncivilised [natives] would be subject to an all-round tutelage" [Mamdani, 1996, p.17]. Like all colonial powers the British, from the mid-19th century, ruled through a dual system of control: one for the ruling 'civilized' citizens who had civil, political and social rights and another for the so-called 'uncivilized' Native subjects who were denied similar citizenship rights. There were two complementary ways of controlling the Native subjects: direct rule and indirect rule. Direct rule was a centralized form of despotism, defined by the so-called 'civilized' laws of Britain. It did not

⁵The social groups were political in the sense that they were imperial creations and impositions for control and domination (for detailed discussions see, for example, Bhabha [1994]; France [1969]; Mamdani [1996]).

recognize Native institutions. Mamdani [1996, p.17] describes direct rule in European colonies more generally as “the reintegration and domination of natives in the institutional context of semi-servile and semi-capitalist agrarian relations” which “signified an unmediated – centralised despotism”. In contradistinction, indirect rule was a decentralized form of despotism that exploited Native institutions. It was a system of control that creatively molded and, where not present, invented customary political institutions to empower a hierarchy of collaborating chiefs by gazetting them as Native Authorities (see, for example, Afigo [1987]; Crowder and Ostuntokun [1987]; France [1969]; Geschiere [1993]; Padmore [1936]). Indirect rule was about governing the subject peoples through their own indigenous Chiefs “with newly defined powers and accountability” [Mamdani, 1996, p. 63]. Padmore [1936, p. 315] defines the principle of indirect rule as: “the system of governing the Blacks through their own chiefs and political institutions under the control of European officials . . . The Whites, however, hold the real political, financial, and military powers in their hands, while the chiefs serve as their marionettes”.⁶

In this way, the subject populations in the peripheries were “disproportionately placed” to “play the role of support as well as target or adversary” [Bhabha, 1994, p. 72]. It was not only a calculated way of denying citizenship rights to a vast majority of the subject population. Indirect rule was also an inventive form of social engineering for exploitation. These aspects of the theorizing can provide a useful lens for accounting historians to examine the relationship between accounting and the ways in which inequality can be institutionalized in different contexts of social arrangements. In terms of Marshall’s theorizing of citizenship rights indirect rule in Fiji did not give the Natives the freedom to, for instance, individually own land or to engage in valid contracts. It did not give the Natives political or social rights as they did not have the freedom to democratically choose their ruler nor did they have the right to social security. Indirect rule

⁶A more apologetic understanding of the collaborative aspect of indirect rule is reflected in Gallagher and Robinson’s [1953] definition of imperialism. In challenging the traditional Euro-centric perspective they emphasise the non-European dimensions in the peripheries. They argued that British expansion and trade depended upon informal control through collaboration if possible and with formal political rule only when absolutely necessary. This explanation has since been developed to emphasise the unequal bargains between the Europeans and the indigenous collaborators in the peripheries (see for example, Robinson [1972]; Mommsen [1986]).

in this instance ensured decentralized despotism which gave the Supreme Chief, the European Governor, absolute power to for example, call upon the Natives to supply free labor to generate revenue for the Treasury. The following two sections examine the nature of citizenship rights during British indirect rule in Fiji and the ways in which accounting calculations became an integral part of it.

INDIRECT RULE AND CITIZENSHIP RIGHTS PRIOR TO ANNEXATION

On Setting the Foundations of Indirect Rule: In Fiji, European presence became prominent somewhat later in the mid-19th century.⁷ The foundations of a non-European, local dimension of British expansion became evident in 1867. Then Cakobau, an indigenous Chief more pliable to European control, was ostensibly installed as the King of Fiji and a government formed in his name [Fiji Times, 1869]. The Cakobau Government appointed Native Chiefs as provincial governors, chief magistrates, police inspectors and sergeants, and clerks to govern the Native subjects. The creation of a Ministry of Fijian Affairs further reinforced the governing of the Natives through their traditional Chiefs and political institutions [Constitution Act, 1871, Cakobau Government]. An outward correspondence from the Native Affairs Office to a Provincial Governor dated 12 April 1872 is revealing. The traditional authorities not only had to “be chiefs of rank” but they also had to “be influential chiefs” [Native Affairs Office, Outward Correspondence, 1872, Vol. 1, Set 45]. Customary powers of the Chiefs were thus incorporated into an Executive Council where a hierarchy of Chiefs as Native Authority became a decentralized arm of imperial rule. However, although the Chiefs were the pillar of Native Authority and had absolute power over the Natives they were merely puppets of the European rulers. This was the basis of indirect rule in Fiji. It set in place an inexpensive and effective mode of control over the Natives [Davie, 2000; McNaught, 1974]. This is probably

⁷By the second half of the 19th century the major powers of Europe had assumed sovereignty over most of the tropical world. In the South Pacific the rush for colonies occurred during the latter half of the 18th century. Similar to other British colonies, the influences crucial to the making of 19th and early 20th-century British colonies in the South Pacific were multiple, diverse and contradictory. Fiji was attractive for a number of reasons: it had strategic geographical importance; it was a source for cotton for the Lancashire textile industry; and it provided fertile land for sugar cane plantations for the Colonial Sugar Refinery Company, a Sydney based partnership of unlimited liability.

why, contrary to most if not all responses from the periphery, imperial officials in Fiji were able to positively respond to the Treasury's attempts in London to reduce salaries [Davis and Huttenback, 1986, p.19].

An 1874 hand-written wages record is particularly revealing in this respect [in Thurn Papers, MS2, No. 13]. Although the single-entry accounts do not reveal much about the accounting practiced they do reveal much about contemporary ideas of human rights and equality. The distinction between the civil and the customary is manifested in, for example, the accounting of the "Salary Expenditure". The "Salary Expenditure of the Ad-interim Government"⁸ lists salary payments to both European officials and Native Chiefs. There are two striking features: the accounting classifications; and the amounts paid. The ledger records show in three separate columns the "name", "appointment" and "yearly salary". Salary payments to Native Chiefs were classified in two ways. They were mostly recorded as "General Expenses" or clearly described as "Native" followed by a description of the position held under the appointment column. The salary differences between the personal rights-bearing colons and the subjected Natives highlight contemporary practice of difference. In all cases it was a native Fijian that received the least amount in any ledger account. On average it appears that a Native Chief received only about 15% of a European's salary.

In the 1870s colonial expenditure far exceeded revenue generated from various sources [CSO MP 516/79 of 1879; *The Cyclopaedia of Fiji*, 1907]. It is clear from the archival documents "that the financial position of the Colony [w]as not one of a satisfactory nature" [PP of 1876, Vol. LIV, p. 52]. A number of reasons contributed to the urgency for financing imperial activities in Fiji. The Cakobau Government was in an embarrassing financial position with an outstanding debt of close to £337,000⁹ [PP of 1874, C. 1011]. The debt was "incurred [primarily] for the purposes of the white settlers, and the balance . . . for the benefit of high chiefs, principally Cakobau" [Derick, 1950, p. 230]. Other factors included: malcontents amongst the Europeans [Derrick, 1950]; lack of European investment in the colony due to

⁸The Ad-interim Government was a care-taker government prior to annexation in October 1874.

⁹These included £150,000 debt of the Cakobau Government [Stanmore Papers, Vol. XIX]; disputed amount of £87,000 owing to the land pledgers [Hansard, Vol. CCXXI, 1874, p.1275]; and £100,000 loan from the Treasury in Britain [Hansard, Vol. CCXXX, 1876, p. 1691].

unsettled land disputes [*Hansard*, 1876, Vol. CCXXXI, p.1157]; Britain's colonial policy on self-sufficiency [*The Cyclopaedia of Fiji*, 1907, pp. 113-114; Robinson, 1978, p. 142]; and an unsuccessful attempt to raise money from a newly established bank [Derrick, 1950]. Engaging collaborating Chiefs on the cheap was only a partial answer to the finance problem. A further British imperial answer to the finance problem was extraction of forced Native labor for taxation purposes.

Forced Labor. Initial Acts of Subjectification: Forceful acts featured prominently amongst the methods used for balancing the books of accounts. A labor tax in the form of a heavy uniform poll tax of £1 per man and 4s per woman was imposed on Fijians. Native participation was enforced in two ways which also defined the two principal groups of beneficiaries: by the European controlled government and by European plantation owners. One method involved taking away Natives from their villages for some 20 days per year to provide free labor for "public works" as assigned by the British ruled Central Government. Since the prevailing conceptions of public welfare generally excluded the indigenous population,¹⁰ public works in this context meant building infrastructure for European trade. But more significantly, the tax system was also a means for obtaining forced labor for European planters. The Natives were "consigned to servitude under the operations of the law" to contract with European planters "for a year or more of gratuitous service" in return for payment of their tax and default penalties¹¹ [CSO Despatch #22/26, No.22 of 1876]. For livelihood the Natives depended on wild crop gathering, extended family contributions and village economies. In short, trade for the Europeans spelt servitude for the Natives. Given the required overriding urgency for financial solvency, European need for cheap labor and the nature of subjugation, two factors became important – a heavy reliance on collaborating Native Chiefs and the imposition of necessary punishments. A 22 October 1872 outward correspondence from the Treasury to the European Officials, for

¹⁰The development of the indigenous state of well-being was subsidised by the Wesleyan and the Catholic Missions. Also, a 19 September 1883 minute prepared in response to a petition to H. M. Queen indicates that the Natives as "the principal contributors to the revenue . . . contributed to an expenditure in which they [had] either no interest or at best only a remote one" [SP, Vol. V].

¹¹According to the same despatch this was possible because the "unknown consequences of disobedience" instilled "a mysterious terror over the minds of the natives".

example, shows the significance of Native customary authority [Ministry of Finance, Colony of Fiji, Outward Correspondence, 1872-1873]: "I may rely on you using your best endeavours with the Chiefs to secure their cooperation in collecting the Native Taxes as speedily & as thoroughly as possible".

The official government machinery for punishing defaulters was jail. But as this was a relatively expensive option, defaulters were often punished by "imprisonment on plantation" for indefinite periods [CSO Despatch #22/26, No. 22 of 1876]. There were also "cases in which most or even all of the men in whole districts were dragged from their homes and sold as labourers to European planters" [Derrick, 1950, p. 231]. But despite these draconian measures and the Chiefs' involvement extra-economic coercion through forced labor did not contribute much to the Central Treasury as management was difficult and defaulters were still plenty. The need for an alternative method to balance Treasury budgets became urgent. There was a search for a "substitute for the existing system which would bring larger returns to the Treasury" [LCP, No. 11 of 1886]. As a result, coercion through forced individual labor was replaced by coercion through forced communal cropping. This is discussed in the next section.

COLONIAL SOCIAL ONTOLOGY

Forced Communal Cropping. A Civilizing Mission?: After British annexation in 1874 a full-fledged regime of indirect rule was established through: (a) geographical divisions of the colony into provinces and further sub-divisions of districts made up of villages; and, (b) strictly enforced Native Regulations. The rules of the system defined the basis for claims to liberty and governed the rights and duties of the Natives and in doing so forced them into living a particular way of life. Davie [2000] outlines the ways in which Native Regulations defined every aspect of the native Fijian people's domestic and everyday work and social life. There were, for example, regulations relating to the communal ownership of Native land [Native Lands Ordinance No. XXI of 1880; No. V of 1888; No. XXI of 1892]; dealings between the Natives and other inhabitants of the colony [Native Ordinance No. X of 1883]; functions and status of Native Courts [Ordinance No. VIII of 1876]; regulations that defined the duties and social obligations of the Natives [NR 4 of 1877; CSO 3434/1900 of 8 August].

Accounting too became an integral part of these despotic laws. There were regulations relating to the accounting for

Native Taxes and Expenditures [LCP No.21 of 1886; LCP No.25 of 1891]; accounting for Provincial Court Fines and Fees [NR No. VIII of 1876]; and, accounting for Provincial Deposit Funds [NR No. 2 of 1891]. The establishment of various councils – the Council of Chiefs, the Provincial Councils and the District Councils consisting mainly of province, district and village Chiefs – fortified the powers of the Chiefs within the colonial hegemony [NR No. VIII of 1876; Native Taxes Ordinance of 1876; NR No. III of 1912]. Among the rewards for collaboration the Chiefs acquired: salaried civil service positions (see for example, McNaught [1974] for an extended analysis); a 10% share of Native taxation refunds [PP of 1904, Cd 2240] and rights to “lala”¹² which entitled them to demand labor from their subjects “without any cost to themselves” [CO83/62, 1895] as it was “lawful for the chiefs to demand the personal services of his people” for their privileges and the Chief’s protection [NR No. 6 of 1912]. Collaboration also gave the Chiefs certainty of security from intra-tribal wars and possible domination by other imperial powers. Display and demonstration of more sophisticated war weapons forced mountain Chiefs’ collaboration. Monetary penalties imposed upon Native Chiefs held responsible for not helping European officials forced the collaboration of coastal Chiefs. For example, fines were imposed on Chiefs or their salary payments either withheld or forfeited [LCP No. 21 of 1886]. The Chiefs thus simultaneously supported and also became the target of indirect rule.

Incorporation of a Native customary authority implied a harmony between the interests of the ruling few Europeans and the subjected many Natives.¹³ At the same time it provided a convenient pretext for denying the Natives the rights of citizenship by withholding political rights from them since governance under customary law meant that the Natives individually could not be enfranchised. Political rights of the Native people were

¹²Although *lala*, described as “gratuitous services . . . rendered by the Common people to the Chiefs” was a customary institution sanctioned by some European rulers the tyranny that it represented was also strongly criticised by some. For example, im Thurn, the Governor in the early 1900’s described Native governance as depriving indigenous people of respect and dignity. In his address to the Council of Chiefs he stated that the Fijian people were “not allowed any liberty to think and act for themselves” [im Thurn papers, 1905, File No. 33]. In the same address the Governor highlighted two reasons for this: (a) customs imposed upon the people by the Chiefs; and, (b) the Colonial government making those customs into laws for the Natives.

¹³For example, in 1879 there were approximately 110,000 native Fijians and less than 500 Europeans [LCP No. 11 of 1886].

represented in the Legislative Council by collaborating Chiefs, nominated by the Council of Chiefs and selected by the European Governor as the Paramount Chief.¹⁴ The success of the political institution so created also depended upon adequate financial support. To secure financial sufficiency meant imposing liberty-diminishing constraints which denied the indigenous people equal economic and social rights. Native Regulations defined the subject population's obligation to the Native rulers, to the European controlled Government and also to the Christian religion [Native Labour Ordinances No. X of 1877; No. XXIII of 1880; No. IV of 1883]. The regulations legitimized the provision of free labor and food as "obligations of the Fijians to his (sic) chiefs, the government and his (sic) church" [CSO 3434/1900]. The regulations also continued to "enable planters, under certain circumstances, to acquire the enforced services of Fijian villagers" [CO 83/34, 1884]. The Fijian Colonial Government in this respect can best be described by what Friedman refers to as "an agency of legitimised coercion" [1970, p. 152]. The Natives did not have the right to choose an alternative way of life – they were enslaved by ordinance.

A striking feature of post annexation British imperialism in Fiji was the substitution of Native taxes in labor for Native taxes in kind. The inclosures to the despatch of 16 October, 1874 (also reproduced as Parliamentary Papers of 1876, Volume LIV), are particularly illuminating. There are a number of important observations to be made from these colonial documents. First, it is clear that there was a strong desire to promote the idea that the substitution was "for the purpose of enabling the Native [p]opulation to provide their [t]axes in a manner accordant with Native [c]ustoms" [Inclosure 3, p. 83]. The traditions that the colonial powers privileged as the customary were payment of taxes in produce and a communal social system headed by a hierarchy of Chiefs. The communal system was based on the argument that: "[t]he only law hitherto known to the Fijians is the command of his Chief and the customs of his tribe" [Inclo-

¹⁴The indigenous Fijians did not acquire democratic voting rights until 1963. Indeed, the Chiefly hegemony set in place by British indirect rule continues to haunt Fijian society into the 21st century. A 19th century British imperial expediency is today significantly instrumental in defining Fiji's socio-political economy. Since independence in 1970 the Great Council of Chiefs has continued to be at the apex of power in Fiji. When the Alliance Party, a party with allegiance to the Chiefs lost the general election in 1987 two military coups were staged to maintain the Chiefly hegemony, lost through democracy. Another coup was staged in 2000 also in the name of the Chiefly hegemony.

sure 1, p. 73] and that “[t]he individual, as regards rights and obligations, is not (sic) known to Fijian law” [p. 80]. Second, economic calculations also played an important part. It was said that communal Native taxes in kind would not only be “more in accordance with native customs” but would also be “productive of a larger amount of revenue” [p. 83]. The following quote shows the role revenue and cost calculations played:

If the several districts are assessed in the quantities of produce . . . and one-half, or 10-20th of the value, is paid to the revenues as assessed taxes, it would leave 7-20th to be paid to the producers, and 3-20th to go towards paying for the machinery provided in each district; that is to say, the revenue rate on the quantities of produce there named would be 7s. By this calculation, the native revenue should be about 11,000*l*, not perhaps in the first year, but as soon as the system begins to work. Up to the present time, and by seeking to raise the tax in money, the sum of 4,000*l* per annum has barely been reached [Inclosure 1, p.78].

Third, once Native taxation was associated with custom it became necessary for the custom “to be properly defined and settled in order to produce a very fair amount of revenue from native sources at a moderate cost of collection” [Inclosure 1, p. 73]. Accordingly, tradition and custom were creatively sculpted and given the force of law.

Of particular interest here is the Native Taxes Ordinance, 1876. It set in place a new way of financing post-annexation imperial activities. Under that Ordinance every district was compelled to cultivate land and to plant crops as payment in kind for a communal taxation system. These became commonly known as ‘Government Gardens’ and/or as ‘Government Plantations’. The respective Provincial and District Councils of Chiefs were responsible for their proper and careful management. Since “collection and shipment under white supervision [were] very expensive” these were also left to the Natives [CSO 86/1156 of 1886]. The government assessment of each district’s contribution to the Fijian Central Treasury was based on population size, soil fertility and degree of civilization [CSO Despatches 1877-1880, No. 37 of 1878].

Simple two-column tables were produced to show the pound sterling equivalent of Native taxes to be paid by each province or district. Exactly how these amounts were calculated is not clear. But there were claims that revenues due from the Natives, as an accounting classification, were calculated using

the contentious Colonial Government's "own notions of value and weight" [*Fiji Times*, 10 August 1878; quoted in CO83/16, 1878 p. 270]. These were "so fixed" as to ensure "large profit to the Government when sold" [CO83/16, 1878, p. 270]. Whatever the methods utilized the amounts calculated provided a basis for holding districts or provinces financially accountable. Restrictions on movements outside the "Home Districts" [Native Land Ordinance Part II, 1885] ensured an abundant supply of free labor as well as a maximum collection of revenues for the Colonial Government. Allegations of oppression, slavery and servitude [LCP No. 11 of 1886; CO83/16, 1878; CO83/62, 1895] were dismissed by official claims of philanthropy: that the policy both protected the traditional communal social system as well as taught the "semi-civilised" Natives "European agriculture" [*Fiji Times*, 16 September 1895; CSO Despatch #22/26, No. 22 of 1876; CO83/16, 1878]. Despite mounting reports of oppression, unjust and inhumane treatment, social dislocation, deprivation of respect and dignity, and infringement of liberty the official ideology remained unchanged as one of civilizing the Native peoples. In this way an imperialist financial need was represented in terms of the Natives' need as requiring protection, preservation and civilizing.

Cultivation of Government Gardens/Plantations was located at the interstices of the market and barter systems of economic relations. Contemporary tribal economy was based mostly on barter [Wilkes, 1845, p. 250]. The taxation regulations prevented the Natives from contracting for wage-labor [LCP, No. 21 of 1886]. Money was therefore in little circulation among the Natives. This provided a political justification for forced cropping: that the scheme was better adjusted to the native lifestyle because payment in money was "inconsistent with the state of Fijian society" [F/83/1/1 of 30 November, 1933]. Paradoxically, as more money came into circulation among the Natives and as trading transactions with the Natives increased a differential pricing system came into operation. The Natives had to pay the "native price" for their purchases which meant paying "double the amount" of that asked of Europeans [*The Cyclopedia of Fiji*, 1907, p.148].

Moreover, according to a despatch of 24th March 1878 European merchants paid only about half the market value for commodities that were produced and traded by Natives [CO 83/16]. A quote from a European planter in the same correspondence provides a possible explanation for differential pricing: "We don't want them to be well off. If they were starving, they

would be much more ready to go over to labour for us in other islands”.

In spite of such wants a correspondence dated 24 March 1878 from the Governor to the Secretary of State described the regime as “attempts on the part of the Government to benefit the natives” [CSO Despatches 1877-1880, No. 37 of 1878]. It was also argued that the communal “system [was] the one most suited to Fijian peculiarities,” and that it “achieve[d] the maximum collection” of revenue for the Treasury [F/83/1/1, 1933]. Moral imperatives thus appeared paramount. Pecuniary considerations for Empire were, however important imperatives. Colonial revenue and expenditure calculations showed that “[t]he Treasury was empty”, and at the end of 1875 the Governor of the Colony had only £16,000 to meet an estimated expenditure of £70,000 [*The Cyclopaedia of Fiji*, 1907, p.135]. The new accounting-inclined regime was therefore a political as well as a financial necessity. The following discussion shows how accounting-based arguments became an integral and important part of British rule in Fiji.

Accounting Justification and Interrogation: As the system of injustice developed, accounting and its calculations were used as bases for multiple and, conflicting discourses. Accounting calculations were produced in abundance to justify the new regime of servitude. Given the precarious financial status of the Fijian State of later 19th century it was essential to highlight economic and financial success. The calculation and presentation of precise accounting numbers were considered to be absolutely essential for making proper financial and economic comparisons.

The way in which accounting functions and practices manifested particularly simple characteristics is interesting. Simple receipt, expense and profit calculations were used to promote and justify a relatively complex British system of indirect rule. For example, by comparing revenues collected by forced individual labor and forced communal cropping regimes accounting provided a focus for interrogating previous policy decisions as well as rational justifications for policy changes that prosecuted a distinct form of rule that denied citizenship rights to a vast majority of the Native population.

Such colonial functions of accounting are reflected in the Governor, Sir Arthur Gordon’s report on the system of Native taxation in Fiji, 1879, presented to the Royal Colonial Institute in London [Gordon, 1879]: “The receipts from the native taxes, which in 1875, under the old system of collection, amounted to

but £3,499, reached in 1876 (during only a part of which year the new scheme was in operation) the sum of £9,342; in 1877 that of £15,149, and in 1878 amounted to nearly £19,000". He further justified the system by highlighting both the low collection expenses as well as by emphasizing acts of humanity by reference to gratuity: "The expenses incurred in 1877 in collecting and shipping the produce to Levuka¹⁵ and in payment of the eighteen persons engaged in those duties, amounted to £1,341. A further expenditure was also incurred for the purchase and gratuitous distribution of seed, tools, bags, &c., amounting to £386 5s. 10d." Arguments were therefore presented in narrow terms of profits based on revenue and expense budgeting forecasts to show the "financial success" of the policy: "if the expenses be assumed as equal to those of 1877, there will be a clear profit to the Treasury on this tax of over £17,000, while the expenses of collection will not have reached £2,000" [ibid.].

Such accounting-based, comparisons were reiterated by the Governor at his Annual Message to the Legislative Council in 1879 [quoted in LCP No. 11 of 1886]. In order to show with absolute "certainty" "that the scheme [was] a remarkable financial success" the low "collection costs" were especially highlighted: "The whole cost of collection, therefore, is the sum appearing as such in the accounts, which was, in 1878, £1,407. As the gross revenue from this source in the same year was, as above stated, £18,178, the cost of collection is thus only 7.74%."

Emphasis on "a really huge revenue" led to the argument that "there can no longer be any doubt that the scheme has been a financial success" [ibid.]. From the European rulers' point of view the produce-based system of taxation not only succeeded as a "social experiment" it was also "financially successful" since "the gross revenue from the source increased substantially" at a relatively "low cost of collection" [ibid.]. Satisfaction at the improvement in the financial condition of the Colony was expressed both in financial returns as well as in auditor's reports. As imperialism progressed statements covering several years showing the total amount of Native taxes received each year and its proportion to the total revenue received by the Treasury were prepared to illustrate that Native taxes as an "item of revenue [w]as not to any appreciable extent affected by commercial or agricultural depression" except "by the direct visitation of God" [PP of 1888, Vol. LXXII, p.10].¹⁶ Indeed, revenue statements

¹⁵ Levuka was the capital of Fiji at the time.

¹⁶ In reference to natural disasters such as hurricanes and droughts.

showed that communal Native taxation in kind was a consistent and a guaranteed source of revenue for the Treasury.

That Native taxation had to be produce-based meant an exact money equivalent was difficult to calculate in the absence of any well-organized local produce markets. Excess production was common and resulted in 'refunds' for the Natives and an additional accounting statement for the Central Treasury to prepare. Accounting thus took on a function of a kind of moral mediator. Perceived acts of justice and fair-play were demonstrated through the use of accounting measures such as Native revenue and surplus calculations: "in addition to the large amount of revenue shown above, a sum of £24,367 13s. has been returned by the Treasury in the form of refunds in respect of produce paid in excess of district taxes as sub-assessed" [LCP No. 11 of 1886].

Additional financial statements were produced to show how the new taxation scheme increased Native productivity. Periodic refund statements, for example, were prepared to show in respect of each of the previous years: (a) the annual tax assessment; (b) the total payments made by the Natives; (c) the amount paid to public accounts as Native taxes; and, (d) the amount refunded to the Natives after satisfying the assessment. Table 1 illustrates such record keeping.

TABLE 1
Statement Showing Refund Amounts, 1889-1893

Year	Assessment (£)	Total Payment made by the Natives (£)	Amount Paid to Public Account as Native Taxes (£)	Refund (£)
1889	18,980	22,886	17,484	5,432
1890	19,740	25,658	20,770	4,388
1891	19,740	30,645	20,911	9,231
1892	19,740	28,448	18,256	9,692
1893	19,740	27,202	17,436	9,327

Source: PP of 1895, Vol. LXX, p. 18.

Such financial statements made it possible to argue that not only were the Natives able to pay their assessed taxes but "that during the past five years the natives have paid in excess of their assessed tax . . . which has been refunded to them . . . [And] that the amount of refund earned during each of the past three years of the five is very nearly equal to one half of the assessment" [PP

of 1895, Vol. LXX, p.18]. New ways of presenting refund accounts had to be developed with concomitant development in the taxation scheme. Annual, five-year and ten-year statements of refunds made to the provinces were prepared for comparative purposes. The Natives' increased productivity was in this context measured by their entitlement rights: money-equivalent refunds. Accounting's function was not only mediatory but also justificatory.

But more importantly, accounting also became useful in its perceived ability to reveal an objective view of indigenous economic activities. The contortions of defining Native involvement in capitalistic agriculture in terms of related revenues and expenditures enabled claims to colonial social ontology: that the Native Regulations were a successful means of developing the Natives. In this way accounting became rooted in the ultimate explanation of the regime's moral-social intentions for being able to influence more people and thereby for gaining their greater support. Assessments of the degree of Native freedom and equality were to this extent contaminated by imperialist judgments about what mattered from the European imperialist perspective – financial sufficiency. At the same time, emphasis on financial success helped divert attention from more concerning issues of exploitation and injustice. Conflicting viewpoints about the social consequences were dismissed by a strong belief that the system was “neither oppressive, nor opposed to the traditional habits and feelings of the people” [CSO Despatch #22/26, No. 22 of 1876]. They were also clouded by the belief that revenue was not only “collected without oppression” but they were also “cheerfully and readily given” [SP, Vol. XI, p. 21].

There was resistance, and accounting-based calculations became involved in interdictory discussions and arguments. A complex combination of both respectful regard for the Chiefs and fear of the Chiefs' newly acquired disciplinary powers provided a fertile ground for Native subversion. A consequence of the Native taxation scheme was shortage of cheap labor for the plantocracy. Explicit objection therefore came largely from plantation owners within the European community and accounting featured prominently in the production of their counter arguments. This was most obviously manifested in the petition for the discontinuance of the produced-based regime. The petition presented to the Secretary of State for the Colonies by the Chamber of Commerce used net aggregate receipt figures and an annual tax per head to contradict official claims of financial success [LCP No. 11 of 1886 Annex 4]. According to the

Petitioners: “up to the date of the Petition, financial results had not realized expectation, the net aggregate receipts for the years 1876-77 and '78 being but £38,426 7s. 5d, or an annual contribution of less than 2s.6d. per head from a population estimated at 110,000” [p. 9]).

The petitioners also remarked on two related points: commerce and labor. Allegations were made that the deplorable state of trade in the Colony was a consequence of denying plantation owners Native labor. Parliamentary Papers of 1887 [Volume LVIII, C. 5039 of 1887], which contains correspondence relating to the Native population of Fiji, contains numerous examples of the Colonial Government's response to such critiques. It contains various statements that highlight the scheme's economic contribution to the colony. These include: the total value of taxes paid into the Treasury by each province each year between 1876 and 1885; refunds made to the various provinces in each year from 1877 to 1884; analyses of the amount of tax produce exported between 1876 and 1880; and Native donations made to the Wesleyan Missionary Society each year between 1872 and 1884. The power of accounting in colonial discourse resided in this instance in its capacity to serve competing and conflicting interests. The next section focuses on the way in which accounting responsibilities changed as imperialism progressed.

Accounting Responsibilities and an Aura of Citizenship: Changes in accounting practice reflected developments in forced cropping policy. They were also suggestive of accounting's increasing importance to the sustaining of the regime. It is clear from the colonial correspondence that crucial regulatory dimensions were introduced as the project developed. Changes in accounting for tax refunds, for example, provide an illustration of the rulers' response to human indiscretion. Initially a *Buli* as the head of the Native social organization was responsible for distributing refunds to the Natives. He received 10% of the total amount refunded to the Natives for surplus production. As a result of mounting complaints of “shortages in the repayments” against the *Bulis* “more effective means [were] adopted to secure repayment in full to the individual” Natives [PP of 1904, Cd 2240]. Special returns were prepared showing the distribution of refunds to each district within a province and the 10% payable to the *Buli*. Also, previous practices of crediting future assessments were removed and full payment of refunds made compulsory.

Accounting work was initially centralized at the Native Office. Much effort was put into designing the keeping of provincial books of account. As a result, there was a push for Native Chiefs who held official positions to learn how to properly keep provincial cash accounts. This was to help them meet the statutory requirement for a six monthly financial report to be sent to the Native Office [LCP No.21 of 1886]. It thereby became possible to link the financial performance in each province to overall profitability of the Native Authority within the Central Government. At the same time comparative financial reporting became an important mechanism for inducing competition for increased cropping. It seems most probable that the six monthly financial reports were used to assess the Chiefs' performance and for imposing penalties. Fears of punishment, albeit in different forms, continued to help meet Treasury budget requirements. The control mechanisms implemented reflect the focus on a particular kind of accountability and on getting the system right in terms of balancing Treasury budgets.

Accounting played a vital part in exacting a stricter financial accountability and one that reflected institutional arrangements of rights and duties. From about the early 20th century there was a gradual transfer of "the accounting work of each province" to local offices [CSO Despatch No. 25, Enclosure No. 1 of 19 June 1914]. There are two important observations to be made from the colonial records. First, deliberate efforts were made to define and encapsulate the financial responsibilities of the Chiefs. Each province headed by a Native Chief had its own annual estimates of revenue and expenditure. Separate provincial classifications enabled a continuous assessment of Native revenues and expenditures through regular comparisons. Provinces were rated according to efficiency and effectiveness against one another in financial terms of "Surplus and Deficits", "Increase/Decrease in percentage of Collection" and "Gross and Net Deficits". From these records the colons were able to prepare surveillance statements of refunds, revenue, expenditure, and assets and liabilities as specified in detail by the Central Treasury in Fiji. These were used to ensure that all obligations and privileges as converted into monetary equivalents were satisfied.

Second, tighter financial and accounting control mechanisms were introduced by requiring annual and later quarterly financial reports to be submitted to the Secretary for Native Affairs for auditing by European officials at the Central Treasury. Attempts were made to allocate auditing responsibilities in

the provinces to high ranking Chiefs by suggesting that they should: "provide a more thorough and frequent audit of the accounts of native officials, who are entrusted with public and provincial monies" [CO 83/185/10, 22 March 1929].

But the European Auditor reminded the Colonial Secretary about the rules and regulations of the Director of Colonial Audit and highlighted that "[u]nder Native Regulations the Auditor is responsible for the audit of Provincial Funds" [ibid.]. Moreover, he stated that:

...irrespective of the fact of the existence of the Director's ruling, I consider it to be a very unwise policy for me to adopt, of setting a native official of high rank to oversee and audit the accounts in charge of a Roko or Buli of possibly lesser rank, in view of the peculiar circumstances which govern Fijian relationships [ibid.].

As a result, he deliberately "avoided" implementing a system that did not respect the Chiefly hierarchy. In this way the design of the accounting system and the auditing of it were fused with the status and power of each Chief within the Native Authority and with the Central Colonial Government. It helped both reflect and reinforce contemporary colonial structures of domination and exploitation. A new culture was enforced through the design of an accounting control system that involved an increased but selective Native participation. The financial definition of responsibilities and obligations of the Chiefs provided a kind of aura of citizenship. In so doing, the British rulers further reinforced the philosophies of indirect rule in Fiji.

CONCLUSIONS

British indirect rule in Fiji exposed the ultimate consequences for a society based on a conception of civilizing where entitlements and rights were defined entirely in terms of denying citizenship to the vast majority of the population. Contrary to apologist arguments and official colonial documents indirect rule was not about progress and development of the Native population in Fiji. Rather it was about the exploitation of ancestral symbols of leadership for Empire building. So deliberate was the effort to create a second class status that the Native Authority became a fetish for the colonized population. It was this fetishism and the lack of challenge from the Natives that denied them citizenship rights within their own land. As a technology which evolved in response to developments within indirect rule, accounting appears to have been indispensable to

British imperialism. Accounting measures of performance facilitated British imperial strategies of hierarchization and marginalization of its subjected population. Accounting provided a very practical way of measuring, monitoring and expressing in economic-monetary terms the institutional consequences of indirect rule. In addition, accounting provided calculations to compare and contrast the achievements and possibilities of alternative policy decisions. With an institutional structure in place, innovations through accounting provided a new way of controlling and coordinating the subjected population within imperial systems of government. Accounting systems design reflected and helped reinforce Native hegemonic structures of power within British imperialism which deprived the native Fijians of citizenship rights. Once established these institutionalized accounting calculations were used to justify as well as to interrogate, evaluate and contradict specific policies relating to the maintenance of servitude. In this respect the power of accounting resided in its ability to simultaneously serve multiple interests. In short, accounting was intertwined with the emergence and perpetuation of the philosophies and practices of exploitative human engineering in British ruled Fiji.

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THE BORDÁZAR MEMORANDUM: COST CALCULATION IN SPANISH PRINTING DURING THE 18TH CENTURY

Abstract: Since the first printers settled in Castile, books were regulated as a basic necessity and their retail prices were controlled. The bestselling works were sacred prayer books. The printing monopoly in Castile was enjoyed by a Flemish workshop (Plantin). In 1732 Antonio Bordázar de Artazu, authored, printed and distributed to the authorities a Memorandum in which he tried to prove that Spanish printers were able to print books at lower prices and still maintain quality standards. This Memorandum presented a costing model, and provides an early example of the use of cost accounting to challenge a monopoly in Spain.

INTRODUCTION

Antonio Bordázar de Artazu, a renowned printer from Valencia wrote and printed a Memorandum in 1732 addressed to the King of Spain with two objectives: to demonstrate his ability to take over the printing of sacred prayer books and to show through a costing statement that these books could be printed in Spain at lower prices. The Memorandum is 24 pages long and is available at the National Library, Madrid (under the reference 2/14180).

There are three basic reasons why this Memorandum merits a depth analysis. First, the document shows an early example of the usage of cost calculations to challenge a monopoly within a

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strictly regulated market. Second, and in contrast to similar and earlier costing documents, the Memorandum entered the public domain; it was addressed and sent to the government. Third, the costing systems used in the printing industry are of particular interest and were associated with relatively sophisticated technical processes during the 18th century. This paper seeks to contribute to the growing literature on accounting in the printing industry [Daniels, 1994; Walker and Mitchell, 1998]. The fact that Bordázar was an experienced and successful printer aged 61 when he published his Memorandum, together with his solid mathematical background, makes his paper a unique source for understanding the changes that were about to occur in the printing industry during the second half of the 18th century.

STATEMENT OF PURPOSE

The objectives of the paper are to compare Bordázar's costing model with that of a benchmark workshop (Plantin) and assess the impact of Bordázar's Memorandum on the printing industry. The evidence obtained will be used to verify the utility of Bordázar's model for decision making and to analyze the document in the context of theories of change in accounting technology.

These purposes determine the structure of the paper. The first section relates the historical background and explains the printing process in 18th century Spain from a legal and technical perspective. The second section focuses on a description of the Bordázar costing model, a discussion of the findings and a comparison with the costing model of Plantin. The third section elaborates on the impact of the Memorandum when it was published. Conclusions follow. This paper seeks to contribute to the history literature on the adaptation of accounting systems in specific organizational circumstances as recommended by authorities on accounting innovation and change [McWatters, 1993] and the history of costing systems in monopolistic industries [Carmona and Donoso, 2002].

THE PRINTING BUSINESS IN SPAIN DURING THE 18TH CENTURY

Historical Background: Until the 18th century, the principal works of the classic Castilian writers such as Cervantes, Quevedo or Lope de Vega were printed on poor quality paper, using eroded or even damaged printing types. In other European countries higher quality printing was produced [García

Cuadrado, 2001]. In Spain there was no lack of demand for printed products. Illiteracy in Castile was no lower than in other European countries, and the purchasing power of its citizens was similar.

The reasons for poor quality printing in Spain were well known to contemporary printers and the relevant authorities. A regulation from 1480 regarded books as a basic necessity. As a result they were free of indirect taxation (*alcabalas*) which was the main source of income for the Crown [Albi and Garcia, 1986]. In order to make books affordable to most people, the retail price was capped and determined according to size regardless of content. Although the retail price remained stable for at least two centuries, both labor and paper costs grew constantly. As a result the quality of printed work declined.

During the 16th and 17th centuries the bestselling volumes were sacred prayer books, the sale of which was a monopoly held by the monks of El Escorial, an important monastery close to Madrid built by Phillip II in the 16th century. These monks did not have their own workshop, so printing was performed by a Flemish printer. This arrangement was not unusual due to the fact that Flanders was part of the Spanish empire until the beginning of the 18th century. In 1731, King Philip V issued a Decree stating that the sacred prayer books had to be printed in Spain. Nevertheless, the Decree did not specify the manner in which this decision was to be implemented. Bordázar wrote his Memorandum a year later in order to reveal the economic feasibility of printing prayer books in Spain.

Since the end of the 15th century the printing regulation of Castile was included in the *Recopilación de las leyes de Castilla*. In addition to price capping and censorship, this regulation had the following characteristics. First, it was reactive legislation and amended whenever subversive practices or ideas (such as Protestantism) were detected. Second, the legislation was continuously breached. In fact, there was a crisis in the printing industry in 1752 when printers challenged a Digest of old regulations made by Juan Curiel, the ruling Judge of Prints during the reign of Ferdinand VI. The industry considered that the legislation had become obsolete and was disregarded by citizens and the authorities [González, 1945]. The King was asked to dismiss the Judge for having issued the Digest, the main object of which was to boost the Spanish printing industry. Amongst other rules, it forbade Spanish writers from having their works printed abroad, limited the import of books, and established a new censorship procedure (discussed later). The economic effect

of this Digest was such that some countries sent claims through their ambassadors [García Cuadrado, 2001]. However, in 1754 the Digest was confirmed by the Council of Castile. Many books that were printed abroad until then became scarce. According to García Cuadrado [2001], this was the reason why the most important printers incorporated the *Compañía de Mercaderes de Libros de la Corte* in 1758, which would later become the *Compañía de Impresores y Libreros del Reino*.

Legal Requirements: The administrative procedure required to obtain a license to print books had remained unchanged since 1558. Galley proofs had to be sent to the Council of Castile, which granted the License and later the Privilege. The Council also set the Tasa or highest retail price. These functions were later delegated to the Prints Commission. Several copies had to be sent to the Council of Castile following the printing of a commercial edition. The *librero* (who financed the edition) had to send a list of misprints attached to the galley proofs. Thus, if a forbidden statement was found in a commercial edition, the *librero* could not argue that it was a misprint [González Palencia, 1945].

The License: The Bulla *inter multiples* of Pope Alexander VI stated in 1501 that all books had to be censored before publication. In 1523, the Concile of Trento extended this obligation to all Catholic countries and, therefore, to the Spanish Empire. The license could only be bestowed by a select list of churchmen in order to control the publication and dissemination of ideas. Licensed editions could be seized by the Inquisition even after commercial printing if the content was considered *lato sensu*, adverse to the Catholic religion. If this happened the publisher did not receive any indemnity. For example, the Plantin workshop in Antwerp, which will be referred to in this paper as a benchmark, was seized and its assets were sold when it printed a heretical book in 1562 [Edler, 1934]. Plantin managed to prove that the book was printed by one of his employees without his authorization. In spite of this, he had to repurchase his assets to restart the business. There was a second seizure in 1567, when two of Plantin's partners, the van Bomberghen brothers, had to leave the country to escape religious persecution. Losing their business and jeopardizing their lives was a real concern for printers.

Furthermore, until the amendments of Charles III, it was also necessary to obtain a new license to make second editions.

This situation worsened when a third censorship of a technical nature was established for any publication about medicine or geography. The censorship was administered by specialized authorities such as the Royal Academy of History.

The Privilege: The privilege consisted of the right to reprint during a specified period, usually five years. This applied only to Castile territories. The publisher was the owner of this right until Charles III assigned the intellectual property to the writer. Until then, and in accordance with practice [Edler, 1937], the writer only received a lump sum when selling the manuscript to the printer.

One of the most long-lasting privileges -and doubtless the most harmful for the printing industry- was the exclusive distribution of prayer books in Castile awarded by Phillip II to the Jerónimos monks of El Escorial. From the beginning of this monopoly, the Jerónimos commissioned the prestigious printer Plantin of Antwerp to produce the prayer books. They distributed these books in Castile; that is, all Spain (including overseas territories) except Aragon and Navarre. The works printed by Plantin were of high standard, both in relation to the printing technique and the quality of the materials used.

The Tasa (Retail Price): The Council of Castile was the only authority allowed to set the retail price (*tasa*). The aim was to make books affordable to most customers and thus avoid speculation. The price was calculated according to the number and size of the sheets used, at a price that varied from, for example, 3.5 *maravedíes* (lowest value coin) for the first part of *Don Quixote* (1608) to six *maravedíes* (mrs.), a level at which it remained from the second half of the 17th century until its abolition 100 years later.

The *tasa* regulation seems to have been disregarded like the rest of the legislation. There are two reasons for this [López-Glazier, 1994]. First, the continuous reduction in the difference between retail prices and printing costs - until the reforms of Charles III. Second, the booksellers did not adhere to the regulations. The sale of books was in most cases, a way to support their main businesses. In relation to the *tasa*, non-compliance with the law must have been quite frequent, as can be seen from a Decree of Ferdinand VI which stated that books should not only show the amount per sheet, but the total price as well, because not all customers were skilful enough to count the number of sheets. This operation was not always straightforward

because every printed sheet produced between four and 64 pages, depending on the size of the book. The *tasa* was fixed regardless of the content of the book. The text on which the authorities approved the *tasa* had to be included at the beginning of the book in order to make it easier for the purchaser to compare the actual and the legal prices.

The printing industry in Castile before Charles III was thus a risky business and one which delivered low returns. Low returns were a consequence of the limitation of the retail price, and risk arose from the possibility of a second or third censorship that could trigger the seizure of the editions on sale. Besides, the attitude of the last kings of the Austrian dynasty and the early ones of the Bourbon dynasty towards the industry was changeable. For example, Philip IV prohibited the printing of books on matters regarded either as not necessary or "inconvenient". This could also occur when the censors considered that there were already sufficient books on a specific subject. The consequence of all this was that for more than 200 years, including the so-called "Golden Century", Spanish books were of a very low quality compared to those of other countries. They were characterized by bad paper, worn out printing types, and narrow margins.

The Printing Process in the 18th Century: In order to understand the costing system described by Bordázar, it is necessary to be acquainted with the printing process at the end of the 18th century. If the handwriting in an author's manuscript was irregular or had too many corrections, the text had to be re-written. Regular handwriting permitted a proportional distribution of duty among the typesetters. The printing process took a session (*jornada*) of four and a half days. Hence, the year had 80 sessions. The typesetters made up the moulds of the sheets or copies that had been allotted to them. It was preferable although not frequent, particularly in the case of the prayer books, that the typesetters were competent in Latin and spelling.

The prayer books were printed using two inks (red and black), and this required the reprinting of each "copy" (a double sided printed sheet). Two assistants gathered the paper and prepared the inks using nut oil, linen and turpentine for the glaze. Black was obtained from pitch, and red was a mixture of melted fish tails and wine. Plantin achieved very high accuracy both in the correlation between the two different inks and between the printed parts of each side of the paper. It should be noted that until the second half of the 18th century every sheet was

stamped in two parts, because of the large size of the *marquilla* or *marca real* paper.¹

Given the book clamps used at the time, the pressure of the type on the paper depended upon the press officer's skill. If the pressure was excessive, the paper of low quality, or the ink too liquid, then the printed text was not clean, making it difficult to read. Despite the skill of the press officer, spoilage was common. In response one of the officers of the great Spanish printer Joaquín Ibarra discovered a system to reduce imperfections and this was widely incorporated to the printing process at the end of the 18th century [Fanlo and Murillo, 1993].

According to the Bordázar Memorandum, the proportion of typesetters to printing machines was lower than 1:1. Four or five typesetters were enough for a workshop of six printing presses. The presses used were almost the same as the model designed by Gutenberg (born in 1397). In these machines, the impression on the paper was made by twisting the screw on the printer plate. The pressure of the plate on the paper depended on the force exerted by the officer. A whole side of the paper could not be printed in one impression because of the large surface to be printed. Thus, this action was carried out in two movements: once the first part had been printed the assistant moved the plate and the paper to print the other half of the same side of the copy. Thus, a double sided paper needed four stampings for every color. Bearing in mind that the prayer books required a double printing process because they needed two inks, the production of every session of four and a half days was 1,500 copies or printed sheets on both sides. The annual average production was 1,045 books containing 114 sheets.

The printer would then send the galley proof to the bookseller who was financing the edition. This proof was sent to the Prints Commission, who would deliver it to the censor. In order to avoid any pressures regarding deadlines or approvals, the bookseller was not supposed to know who the censor was. However, it was the bookseller who proposed one or several censors to the Commission. Appointment as a censor was frequently refused because of the dramatic consequences triggered by granting approval to certain books. The censorship procedure deteriorated during the 18th century, and it became usual for the license to be written in laudatory terms.

¹ The sizes *marquilla* and *marca real* papers are approximate to DIN A2.

The Digest of Juan Curiel, 1752 replaced the system outlined above. Years later there was a notorious default in the renewal censorship system [González Palencia, 1945]. The case was the publication of an almanac titled *Piscator Complutense*. To quote the terms of the report signed by Ricardo Wall, Minister of Ferdinand VI, this almanac “contained many errors, insolence and contempt, that hardly a sentence can be found that is not vile, obscene and shameless” [González Palencia, 1945, p. 152]. The *Piscatores* were hand almanacs that forecast the weather for a full year and included short poetry, epigrams and ironic allusions to famous people. They were very popular, and included titles such as *Piscator of the Ladies*, and the *Great Piscators* of Ávila or Salamanca.

The *Piscator Complutense* was written by Francisco de Valdemoros, a theology professor of the Alcalá de Henares University, and was approved by the Benedictine priest Vicente Marín. Its publication at the beginning of 1756 challenged the working of the whole censorship system as it was passed despite containing many defects. The defense of the Judge of Prints is well described by González Palencia [1945]. The ensuing scandal, in which Ferdinand VI intervened, triggered a hardening of the censorship regulations and the deportation of the author and the censor. The Judge of Prints survived the scandal as he proved that all procedures had been adhered to and that the error was due to the lack of care by the censor and his non-observance of the legislation. A new Digest was published in June 1756, five months after the scandal, and included precise instructions on the performance of the censorship task. It reinstated the censor’s anonymity and appointed 40 censors who were “obliged” to accept the appointment. The Digest also fixed the fee for censorship, which, in the opinion of the booksellers, had become too high. This fee was 2 *reales* (silver coin) or 78 *maravedies* per sheet. The Notary received 24 *reales*, the Commission of Prints received 62 *reales* for the Privilege and 32 *reales* for the License.

The publishing process ended once the approval of the Commission had been granted. Texts concerning the License, the *tasa* and the Privilege had to appear at the beginning of the book. The whole edition could then be printed. Some copies had to be sent to the Commission.

BORDÁZAR’S COSTING MODEL

The Bordázar Memorandum, 1732 is cleanly printed on pa-

per of excellent quality. The frontispiece includes an engraving signed by Tomás Planas and several samples of the typefaces available for printing for prayer books. Bordázar explains that the technical quality of the edition and engravings was aimed at showing the standard at which the Spanish workshops could perform.

The Memorandum is structured as follows:

1. An open letter in which Bordázar explains that his Memorandum is a consequence of the Royal Decree of 1731, where the King decided that the sacred prayer books had to be printed in Spain, although there were no instructions on the implementation of this Decree. In this letter Bordázar says that Spanish printers could undertake the task at a lower cost while maintaining quality standards. This is not the first open letter he had written. He had published at least one other related to the convenience of unifying weights and measures in all the territories of Spain. This part of the Memorandum consists of two pages including the frontispiece.
2. The Memorandum itself, detailing categories of raw materials and techniques of printing (paper, type settings, engravings, tables, scores, materials and instruments). This part is 7½ pages long.
3. A feasibility study (*Conveniencia*), in which Bordázar proposes the creation of a workshop with six printing machines to carry out the orders coming from *El Escorial*. This part is 10½ pages long.

The Royal Decree of 1731 did not eliminate the printing monopoly, but compelled the Jeronimos to bargain with printers and priests (purchasers). By the time of Bordázar's death in 1744 these negotiations had not been concluded. The first contract between the Jerónimos and the *Compañía de Impresores del Reino* (Company of Printers of the Kingdom), was actually signed 20 years later, during the reign of Charles III. The Company, whose shareholders included the main booksellers, took on the task of printing the books to a similar quality and price as offered by Plantin.

The systematic reluctance to change shown by the owners of the monopolistic Privilege and on their behalf, the Prior of *El Escorial*, Eugenio de la Llave, can be explained by comparing the huge difference between the prices proposed in the Memorandum and those at which the books were being sold, which was twice as high. If the monks accepted to change their supplier and the prayer books were finally printed at the price sug-

gested by Bordázar the reason for maintaining the traditional gross margin on sales of 50%, would disappear, since there were neither copyrights nor any relevant distribution costs to pay, and net profits were not allowed.

This high margin was a strong incentive for both the King and the customers to negotiate with *El Escorial*, but the *Jerónimos* would probably refuse to change, as in the past. This could explain Bordázar's proposal to determine a margin for the sellers. According to his proposal, the retail price (what he calls "extrinsic value"), had to be calculated by raising the printing costs ("intrinsic value") by 25%. He believed this could be acceptable even though it meant a reduction of the *Jerónimos'* gross margin by 75%, providing the price at which they purchased the books abroad was similar to the one determined by the model. Bordázar [1732, p. 12] explains this 25% as follows: "25% is to be added to the intrinsic value of these books; 15% in order to compensate for the delay in recovering the capital employed.² Extending their highest selling delay to six years [the cost] equals to 5% a year."

The printed batch of prayer books was sold out in six years. Therefore the printing costs would have to be financed for an average of three years. Based on an annual rate of 5%, the total cost is 15%. Thus, the cost of financing this stock is included in a higher retail price. I will elaborate on this later. Without any further explanation, Bordázar allots an additional mark-up of 10% for "administration wages, corrections, and any other expenses". The lack of provision for profits is discussed later.

The most interesting part of the Memorandum is the feasibility study (*Conveniencia*), which contains a description of the printing costs. It should be born in mind that Bordázar was already printing prayer books for the Benedictine monks of Valencia. These books had a specification similar to other prayer books as regards the variety of inks, the printing quality and paper, as well as the absence of misprints in the Latin texts. Bordázar states three types of costs in his business: (i) paper, (ii) engravings and (iii) impression. He does not mention any other cost of the workshop apart the wages of the master and two porters, the lease of the shop and fuel.

²Note how Bordázar does not include 'interest' in this cost, because this would be inconsistent with the rules of the Concile of Letran. On the other hand, compensation for the "loss of profits" even when lending money was accepted by the Catholic Church since the times of the *doctor angellicus*.

Paper: The paper was made in several standard sizes. In fact, one of the aims of the *tasa* was to avoid the publication of books on low quality paper. Bordázar describes four sizes. These are shown in Table 1 with equivalents in centimeters.

TABLE 1
Paper and Sizes in Centimeters and *Dedos*

	Dimensions in centimeters			Dimensions in <i>dedos</i>	
	Width	Length	Surface	Width x Length	Surface
Marquilla	36.5	51.87	1893.255	19x27	513
Marca real estrecha	46.11	50.91	2347.4601	24x26.5	636
Marca real ancha	46.11	54.75	2524.5225	24x28.5	684
Marca real mayor	46.11	60.51	2790.1161	24x31.5	756

Source: Based on the data provided by Bordázar [1732].

Printing Costs: The material on printing costs is amongst the most interesting in the Memorandum. The way in which the costs of some fungible items and the wages of the press officers are incorporated in the costing model is clearly superior to that of Plantin. At the beginning of his Memorandum, Bordázar allots costs per sheet for paper, engravings and impression. The cost of paper in the model is the market price. At the time it appears that there were enough paper mills to ensure that price and quality matched those abroad. The engravings were created by artists and craftsmen who could be contracted freely. Both paper and engravings were purchased, and thus, no calculation was needed to determine their cost. The printing cost was calculated by Bordázar based on his own experience, and according to the method that is now described. His estimations would appear arbitrary but he gave explanations. Thus, he presents a table explaining the cost of each activity included in the printing process (see Table 2).

The Memorandum contains a number of negligible arithmetic errors, as for example when determining the price of preparing the *Diario en octavo*. These errors do not impact on the general accuracy of the model. They do reflect the rapid preparation of the Memorandum and the lack of subsequent scrutiny and checking.

The column “Impression” in Table 3 shows the costs of printing every size of paper calculated by Bordázar. Bordázar provides prices but does not explain how he determined them. But as shown in Table 3, a simple calculation shows that the price of paper is in direct proportion to its surface area.

TABLE 2
Activities of the Printing Process

Styles of types (Amounts in rs.)	Settings	Printing	Cutting	Inks & Types	Total wages
Grancanon & Peticano	12	60	4	70	146
Misal & Parangona	14	60	4	70	148
Texto	16	60	6	70	152
Atanasia	20	60	6	70	156
Lecturas y cicerón	24	65	8	70	167
Entredos	32	65	8	70	175
Breviario	45	70	8	70	193
Glosilla	60	75	10	70	215
Total wages					1352
Simple average					169

Source: Based on the data provided by Bordázar [1732].

TABLE 3
Printing Cost and Paper Surface
Prices in maravedies (34mrs. = 1 real)

	Surface	Surface %	Paper	Paper %	Impression	Impression %
Marquilla	1893.255	67.86%	2.17	61.91%	5	67.80%
Marca estrecha	2347.4601	84.13%	2.50	71.43%	6.2	84.07%
Marca ancha	2524.5225	90.48%	2.67	76.20%	6.7	90.85%
Marca mayor	2790.1161	100.00%	3.50	100.00%	7.375	100.00%

Source: Based on the data provided by Bordázar [1732].

R^2 coefficient between “Surface” and “Impression” is 99.98%. The same coefficient between “Paper” and “Impression” is lower (83.58%). This finding will be discussed later. The crew (workforce or labor) estimated by Bordázar for a workshop of six machines is shown in Table 4.

TABLE 4
Crew

	For each machine	Total workshop
Master		1
Assistant to the master		1
Paper and ink porters		2
Officers of prints	1	6
Print assistants	1	6
Official typesetters	0.75 to 0.83	4 to 5

Source: Based on the data provided by Bordázar [1732].

Bordázar estimates that the wage of a workman who is directly involved with the presses is 10.331 *reales* a year for the master, 6.199 *reales* for the assistant, and 2.066 *reales* for porters. Subtracting the costs that Bordázar assigns to ink and printing types, lease of the shop and fuel, the remainder of the impression costs was to be used to pay the wages of the rest of the crew. Bordázar reserves the difference between the actual wages and those he used for his calculations to reward productivity.

Engravings: Engravings were the third cost component. Engravings were commissioned from specialists. The engravings were frequently renewed, even if those of prior publications were still available. The reason for this is that the novelty of the engravings and their appropriateness to the taste of the period was frequently used by the printers as a sign of prestige [López-Glacier, 1994]. The price of the engravings depended on the book size, and the smallest were proportionally more expensive. Table 5 shows Bordázar's calculations of all costs depending on the type of book.

TABLE 5
Engravings

Type of Book		Total prices in <i>maravedtes</i> (mrs.)					
Book Title	Size	Sheets	Engravings	Paper	Impression	Engravings	TOTAL
Epístolas	Marquilla	124	12	268.7	620	144	1032.7
Misal	Marquilla	218	12	472.3	1090	144	1706.3
Breviario	Octavo m.m.	220	16	770	1622.5	96	2488.5
Breviario	Dozavo m.a.	160	16	426.7	1072	80	1578.7
Diurno	Octavo m.m.	43	10	150.5	317.1	60	527.6
Semana Santa	Dozavo m.a.	34	12	90.7	227.8	36	354.5
Oficio N ^o Señora	32avo m.e.	4.5	11	11.3	27.8	22	61.1

Source: Based on the data provided by Bordázar [1732].

Since the average production of every print session was 1,500 sheets, based on a simple average of 114.78 sheets per book, the annual production was probably 1,045 books by press. Bordázar proposed that the prayer books should be printed in only one workshop using six presses that could meet total demand.

The Memorandum includes a table comparing Bordázar's prices with those of Plantin. This revealed the high margins that either the printer or the *Jerónimos* were benefiting from. By

heading the column that contains the prices of the monopoly with “Price at which they are sold in *San Gerónimo* those of Antwerp” instead of using an innocuous descriptor (name of the printer, current tariff, etc.), Bordázar emphasizes the extent to which printing was being done abroad (see Table 6).

TABLE 6
Retail Prices

TITLE	Cost according to Bordázar	Price at which they were sold in San Gerónimo of Antwerp
Epístolas	1032.7	2720
Misal	1706.3	3306
Breviario	2488.5	6964
Breviario	1578.7	3212
Diurno	527.6	1072
Semana Santa	354.5	726
Oficio N ^a Señora	61.1	212
AVERAGE	1,107.06	2,601.71

Source: Bordázar [1732].

Bordázar does not mention the existence of profits, and neither does he show much interest in accuracy because the aim of his Memorandum was to challenge a monopoly that was selling books far beyond their cost, and creating wealth in foreign countries.

DISCUSSION OF THE COSTING MODEL

The model described by Bordázar was relatively unsophisticated compared to modern management accounting. Neither was it an early example of scientific management in the terms described by Wells [1982]. This is because the object of the document was more limited in scope, i.e. to determine a retail price in order to challenge a highly profitable monopoly. Nevertheless, there are several findings to discuss.

Publication: The Memorandum presents a costing model used in an early industrial process. This is not particularly remarkable, but the difference to other costing models is that this was printed, published and sent to the government in order to support a regulatory change and trigger the end of a monopoly. The literature on costing history indicates that published costing methods before the 19th century were rare. The memorandum

provides evidence of the existence of costing models in the early 18th century.

Indirect Imputation of Costs: As shown in Table 3 above, there is an extremely high R^2 correlation between paper surface and printing cost. That is, there is a statistical relationship between these costs, showing that Bordázar applied a cost per square inch when determining the printing cost to every book. The costing model of Plantin can be used as a benchmark. This costing model was later described by Edler [1937]. It consists of separate accounts for every rough material such as paper and wages. Plantin's model opens an account for every project (i.e. every book printed), thus managing stocks of work in progress and stocks of books ready for sale. Nevertheless, Plantin's model treats ink, glue, thread and other materials as a general cost that was not booked in the account of each project. These costs were considered as general expenses of the workshop and were not identified separately. The difference with the model of Bordázar is twofold. First, Bordázar makes a separation between the wages of the workers directly involved with printing and those who were not. Then, he determines a printing cost per square inch by adding the cost of fungible items to the wages of the workers dividing the total by the paper surface printed. Plantin's model does have the advantage of opening a new account for every project, although these accounts did not include all costs. Bordázar did not advance a theoretical development of the imputation of costs to the process and he did not show great concern for scientific accuracy.

Profits: The determination of profits was recommended in the first handbook on accounting published in Spain [Solórzano, 1590], although the method suggested (*hacer avanço*) consists of obtaining the difference between amounts received from customers and paid to suppliers. Solórzano does not suggest that profits should be calculated periodically. When Bordázar wrote his Memorandum, the calculation of profits on an annual basis was established practice [Enciso, 1957; Jócana, 1793]. Yamey [2000] suggests that the determination of profits on an annual basis is triggered by the instability of businesses, i.e., whenever there was a period of stability in trade and margins, merchants did not need to know regularly the profits they were achieving. Bordázar did not elaborate on profit determination; his model was not aimed towards management decision-making.

According to Tallón [1992] and Donoso Anes [1998],

Sebastián de Jócano wrote the first Spanish exposition of a management accounting system in 1793 [Jócano, 1793]. This was for use in the production of official newspapers (the *Mercurio* and the *Gazeta*), where profits were calculated on a yearly basis (*alcance*). In some respects Bordázar's model is far more sophisticated, and was published several decades earlier. Jócano's model was similar to the systems followed in other public companies [Carmona et al, 1998]. Bordázar does not calculate nor even mention profits, but this does not detract from the significance of his model. It has to be considered, that the Fifth Concile of Letran had defined usury at the beginning of the 16th century as the profit obtained in exchange of a fungible thing without any labor, danger or risk. Pope Benedict XIV wrote a letter to the Italian bishops in 1745 where he defined usury as the intention to receive more than was lent, disregarding the balance between what was given and what was recovered. Within the bounds of these definitions, making profits when selling sacred prayer books seems unacceptable, particularly when considering the lack of any risk, danger or sales effort. In any case, the wages of the owner and the savings due to productivity would reward capital invested and management ability. Profits were not regarded as a priority in the costing models of other monopolistic industries [Carmona et al, 1998]. Bordázar does not present any formal statement comparing turnover and expenses, but the data provided by his model have been used to build Table 7, which compares turnover and expenses.

Depreciation: Bordázar does not include any amount for the depreciation of printing machines. This practice was not unusual at the time. Whenever a fixed asset had to be repaired, the cost was simply booked as an expense of the period. According to Garner [1954] this was a sound practice among the printers of the period. Daniels [1994] considers that the depreciation of long term assets by the printers Walker Evans & Coswell (WE&C) in the USA in 1874 represents an early case.³

Subactivity Costs: Bordázar says that during the periods in which some of the six machines were not busy with the production of sacred prayer books, they could be used for printing other books. Although he does not expand on this, he was effec-

³ One of Plantin's presses, which can be seen today in the Plantin Museum in Antwerp, is still used occasionally for special editions.

TABLE 7
Income and Expenses

Item	Nature ⁴	Amounts in maravedies		Amounts in euros		
		Per book (1045 /year)	Per press p.a.	Per book (1045 /year)	Pre press p.a.	Per work- shop p.a. (6 machines)
Sales		1,107	1,156,815	113.10	168,970.97	1,013,825.80
Paper	PAP	313	327,085	45.78	47,775.89	286,655.35
Engraving	GRA	83	86,735	12.12	12,669.00	76,014.04
Inks and types	IMPR	182	190,190	26.58	27,780.23	166,681.38
Print officers and assistants ⁵	IMPR	264	275,880	38.56	40,296.60	241,779.60
Rest of crew ⁶	IMPR	238	248,710	34.76	36,327.99	217,967.97
Lease and fuel	IMPR	27	28,215	3.94	4,121.24	24,727.46
Difference (profits)		0	0	0	0	0

The cost of paper (312.9 mrs.) and engravings (83.1 mrs) is the simple average of the seven types of books (312.9 mrs).

Source: Based on the data provided by Bordázar [1732].

tively proposing the absorption of fixed costs. Bordázar seemed to know from his own experience about the existence of subactivity costs.

Distinction between Direct and Indirect Labor Costs: Since the model considers an average wage cost of 171.5 *reales*, I will assume this amount in spite of the small error (see Table 2). Bordázar then multiplies the said amount by 1,500 copies (sheets) of marquilla paper for every 4.5 days' session, amounting to 220rs. and 20mrs. Subtracting from this amount the direct labor costs for every copy, Bordázar obtains an "excess of wages" of 49rs. and three mrs. for every session. Assuming full utilization of the six printing machines of the workshop, Bordázar obtains the annual amount of 49rs. 3mrs. x 80 sessions x 6 machines = 23.562rs, which he calls *residuo de los salarios* (remainder of the wages). This was basically used to pay for the leases and the wages of the rest of the crew. There is a small error here, since Bordázar calculates 23.662 *reales* instead of 23.562. (Using the same criterion as above, I will use his figure in spite of the mistake). This *residuo de los salarios* should absorb the fixed costs of the workshop, which Bordázar [1732, p. 17] calculates as follows:

⁴Nature refers to the three categories suggested by Bordázar: Paper (PAP), Engravings (GRA), and Printing (IMPR).

⁵Could be considered as direct workforce.

⁶Could be considered as indirect workforce.

<i>Residuo de los salarios</i>	23.662 rs.
Lease of the workshop and fuel:	<u>3.000 rs.</u>
	<u>20.662 rs.</u>

Absorption:

Master	5 parts/10	10.331 rs.
Assistant	3 parts/10	6.199 rs.
Paper porter	1 part/10	2.066 rs.
Ink porter	1 part/10	2.066 rs.

This shows that the average printing costs used by Bordázar at the beginning of the Memorandum was obtained by adding direct and indirect labor costs. The reliability of the printing costs per unit of surface shown by Bordázar depends upon the wages on which he had based his model. These wages can be compared to those of other studies of the same industry and period [Enciso, 1957], and there are no significant differences. As for the size of the crew, there is no way of knowing if it was adequately dimensioned. Considering that 80% of the printing costs were wages of the direct workforce (typesetters, print officers and their assistants) there was little margin for error.⁷

Determination of the Retail Price Based on Multiples: The current system used in the printing industry for calculating the retail price⁵ is multiple on cost. Bordázar did the same when he deter-

⁷Walker and Mitchell [1998] indicate that most workshops in Britain hired fewer than 20 hands at the end of the 19th century. The workshop described by Bordázar was of a similar size.

⁸The calculation methods for fixing the retail price have changed of course, as has printing technology. But the main elements of the system used by Bordázar are still identifiable. See for example, the criterion proposed by Néret [1951] in order to fix the retail price based on the publication cost of French books with official prices:

$$\text{Retail price} = \frac{\text{printing cost}}{(1-\text{avg. discount}) \times (1-\text{amortization rate} - \text{author proceeds})}$$

The amortization rate is a figure between 0.45 for bestsellers and 0.65 for those of slower sales. This formulation is similar to that described by Bordázar, considering the lack of the copyrights and amortization rate, inasmuch as the Jerónimos of El Escorial purchased the entire edition and financed the stock.

Alfonso Mangada prefers the following formula:

$$\text{Multiple on cost} = \frac{1}{(1-tb + gg) [(1-tb + gg)g] - d}$$

Where:

- tb profit on sale
- g distribution expenses
- d copyrights
- gg general expenses on net sale.

mined the “extrinsic cost” or retail price by increasing the “intrinsic cost” by 25%. As explained above, this percentage was determined by estimating the total costs that would be incurred before the batch of books was sold out. This system is similar to the one used by WE&C in the early 19th century as described by Daniels [2001].

Application of Interest: Considering that the finished books had to be stored for several years until the whole production was sold out, Bordázar suggests increasing the retail prices by 5% p.a. in order to include the financial cost.

Productivity: As mentioned above, Bordázar reserved some amounts to reward productivity. He does not elaborate on this, nor does he explain how these rewards would be calculated, but this can be considered as an early example of “human accountability” in the terms described by Hoskin and Macve [1988].

Objective of the Model: According to Flingstein [1993], the use of accounting practices become pronounced only during the finance control phase. Although Bordázar’s Memorandum presents a costing model, it was not aimed towards improving financial control. In fact, it was rather focused on determining retail prices in order to trigger the end of the monopoly in the manufacturing and sale of books. This finding accords with the discussion of Flingstein’s theory on control conceptions which suggests that there is no direct link between emerging accounting practices and specific conceptions of control.

Change in Accounting Technology: Bordázar’s Memorandum matches the elaboration of change in accounting technology made by Edwards et al. [1995] and Boyns [1996]. The change agent of accounting technology was in this case the proprietor of an existing and successful printing office.

IMPACT OF BORDÁZAR’S MEMORANDUM ON THE PRINTING INDUSTRY

A few decades after the appearance of the Bordázar Memorandum in 1732 important developments took place in the Spanish printing industry. In 1763, barely three years after being crowned King of Spain, Charles III changed book and printing legislation. The *tasa* was abolished except for schoolbooks and catechisms. The Decree explains this decision by arguing that

“free trade is the mother of abundance”. This resulted in an immediate improvement in the quality of materials and favored the return of Spanish printers who had migrated in search of better opportunities abroad. A new set of favorable regulations was approved one year later when the obligation to gain a new license for second editions was eliminated. Further, the censorship system was relaxed and censors no longer remunerated. In consequence of the pressure exerted by the King on his confessor, who also enjoyed the supreme command of the Inquisition, censors determined not to confiscate any publication without first hearing views of the bookseller.

The *Compañía de Impresores del Reino* (Printers Company of the Kingdom) was constituted at the beginning of the 1760s, and the contract with *El Escorial* was signed in 1764. Up to eight shares in this company could be bought annually for 1,500 *reales* each. The result of the first contract was disappointing: the time agreed for the first delivery was defaulted and the *Compañía* incurred additional costs due to the delay, which swallowed up all the profits. Thereafter, the *Compañía* had to ask for discounts when purchasing vermilion and antimony from the royal monopolies. The company was not profitable until it built its own workshop in 1787. Later, this workshop became royal property, and carried out the printing of all the Spanish official papers (*Boletín Oficial del Estado*). The legislation permitted the Company to print publications other than prayer books. In order to avoid unfair concurrence, this authorization did not include the right to print popular, high selling books.

No evidence has been found of any influence of Bordázar's proposals on these events. Too much time elapsed between the Memorandum (1732) and the amendments of Charles III (1763) or the contract between the *Compañía* and *El Escorial* in 1764. Thus, it is unlikely that a direct influence could have existed. The Memorandum shows that the main issues of printing cost calculation, such as cost identification, indirect allocation of costs, determination of prices through multiples on cost, and the application of interest, were already known and used in early 18th century Spain. Besides, this paper suggests, that the end of the monopolies that occurred during the 18th and 19th centuries was probably triggered not only by political reasons, but also by the pressure of an expanding industry for free trade. García Cuadrado [2001] suggests that the printers incorporated the *Compañía* in order to undertake the printing of some books which could not be imported any longer as a consequence of the Digest of Curiel.

No evidence survives about the role of costing models, such as that described by Bordázar, in ending this monopoly. The first attempt to undertake the printing of sacred prayer books by the *Compañía* was a failure from an economic point of view. This suggests that there was no previous business planning. The *Compañía* failed to allot the whole production to only one workshop as suggested by Bordázar. The shareholders of the *Compañía* preferred to increase their own activity instead. In consequence the *Compañía* finally built its own workshop.

CONCLUSION

The Bordázar Memorandum used a costing model to challenge a monopoly in order to show that sacred prayer books could be printed and sold at lower prices. This costing model included concepts such as the imputation of indirect costs, application of interest and the separation of direct and indirect wages. In addition, the retail price was determined as a multiple of the total cost of the books.

The costing model of Bordázar entered the public domain. However, no evidence has been found of its impact on the costing models used in the printing industry. In any case, the model suggests that the costing tools and procedures described by Bordázar were known in the industry. If compared with the other costing models used in Spain before the 19th century, the Bordázar Memorandum was also oriented towards the determination of the sales price, and does not focus on other aspects of management decision making.

The main differences between Bordázar's costing model and that by Plantin, were twofold. First, Bordázar separated the wages of workers directly involved with printing from those who were not. Then, he determined a printing cost per square inch by adding the cost of fungible items to the wages of the said workers and dividing the total by the paper surface printed. Plantin's model seems to have been superior in that a new account was opened for every project, although these accounts do not include all costs. The Bordázar model also proposes the application of interest by increasing the prices of products on sale if they have to be stored for several years. The lack of concern with profits should not be considered as a weakness of the model, as both the nature of the goods produced, as well as the Catholic regulation on usury made profits unacceptable.

Although no evidence has been found regarding the Memorandum's impact on the printing industry, the publication

and its target audience suggests that the end of the monopoly in 1764 was not triggered by the legal amendments issued in 1731, but by the pressure of the industry and its consumers.

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THE ROLE OF ACCOUNTING PRACTICES IN THE DISEMPOWERMENT OF THE COAHUILTECAN INDIANS

Abstract: This paper argues that a complex of accounting measures — account books, inventories of accumulated wealth, and detailed instructions for production performance — were used to inculcate Western values into the native population located at five Franciscan missions along the San Antonio River in New Spain (present-day Texas) from 1718 to 1794. Bolstered by the need to alleviate communications problems caused by extreme isolation, the missionaries constructed detailed mission documents that described the acquisition of scarce resources, reported the aggregation of material and spiritual mission wealth, and controlled daily production performance of the native population. In short, the resulting mission economic system, which held the Indians to certain notions of accountability, primarily by restricting their choices, nourished the Western view of income distribution based on effort. We propose that these procedures ultimately caused the Coahuiltecan to abandon their native beliefs, and gradually, to be absorbed into Spanish society. The 150 Coahuiltecan tribes ceased to exist as a distinct culture by the early 19th century. The exploitation and ultimate subjugation of the Coahuiltecan Indians parallels strikingly subsequent developments in Canada, Australia, and the Scottish Highlands.

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INTRODUCTION

This paper examines the extent to which accounting practices employed by the Franciscans during the San Antonio mission era (1718-1794) in New Spain (present-day Texas) enmeshed not only the indigenous peoples, the Coahuiltecan Indians, but also the missionaries themselves in particular webs of power. We argue that the dual economic paradigms of material wealth accumulation and income distribution based on effort, expressed through the language of accounting, extracted power from the indigenous population and led them to exchange their native beliefs for Western values.

Extant records suggest that isolation prohibited effective communications between the missionaries and both their secular and religious superiors. To counter this problem, the missionaries utilized three forms of accounting measures: account books, inventories of accumulated wealth, and detailed instructions for production performance. The resulting mission economic system reflected the dual-relationships of high trust that existed between the missionaries and their superiors and low trust that existed between the missionaries and the Indians.

Account books provided a monetary record of mission support activities. Crown contributions were limited and the transport of material goods was problematic. Thus, the efficient use of scarce resources remained a pressing issue throughout the mission era. Although the account books depicted financial transactions regarding the annual fulfillment of temporal needs, audits by superior authorities were sporadic at best.

Audits of a different nature — the creation of inventories — were used by the Franciscan hierarchy to measure the results of mission activities and to maintain some element of control over the missionaries in the field. Such tabulations, which detailed both spiritual assets (number of natives baptized) and secular assets (physical structures, agricultural products, and livestock accumulated), reflected the importance placed by Western societies on economic wealth accumulation and the concomitant disregard for the essential elements of the native culture.

Lastly, the missionaries developed detailed instructions that performed the same function as a modern-day budget system regarding the rationing of scarce supplies, the efficient use of raw materials to produce economically valued goods, the rewarding of appropriate behavior with material goods, and the ordering of time and space through a system of time that demanded conditioned responses to mission bells throughout the

day. These instructions offered guidance to both the missionaries and natives on how to behave more efficiently and effectively in Western terms.

We argue that the institutionalized accounting activities conducted at each mission were deployed to extract power from the indigenous population. Inventories of mission property by Spanish superiors were only conducted sporadically. In contrast, the Indians were closely supervised and held to certain notions of accountability that aided in the imposition of desired behavioral patterns on the native population. We propose that these procedures ultimately altered the Coahuiltecan's view of themselves as human subjects, caused them gradually to be absorbed into Spanish society and, by the early 19th century, cease to exist as a separate culture. We suggest that the use of accounting procedures to inscribe into measurement unequal power relations predates by a century similar activities conducted by British authorities to dispossess the Aboriginal populations in the Canadian provinces, the Scottish Highlands, and the Australian Western Desert.

The remainder of the paper is organized as follows. First, we discuss as background the utilization of accounting measures in the abrogation of Aboriginal peoples by the British in the 19th century. Then we offer a brief history of the San Antonio missions. We next identify key characteristics of the mission accounting practices and suggest how each may have contributed to the decline and ultimate elimination of the Coahuiltecan culture in New Spain. In conclusion, we attempt to integrate the historical practices uncovered with modern ideas of accountability and then offer a brief comparison of the Spanish and British colonization efforts. Suggestions regarding possible future research close this section.

BRITISH COLONIAL ACCOUNTING PRACTICES DURING THE 19TH CENTURY

Numerous authors [Chew and Greer, 1997; Gibson, 2000; Neu, 2000a and 2000b; Walker, 2003] argue that notions of accountability emerge from 19th century colonial accounting practices that were developed "to answer for the execution of responsibilities" [Gibson, 2000, p. 297]. Colonization was viewed as an opportunity to control a group of people who "require and beseech domination" [Said, 1993, p. 8].

The accounting techniques utilized in Canada created the mechanisms through which the distant colonial powers trans-

lated their imperial objectives into practice. "Like a map, accounting calculations construct[ed] a certain image of distant domains, thereby both problematizing certain issues and framing possible interventions" [Neu, 2000a, p. 270]. The ensuing accounting numbers were not neutral, however. Neu [2000a, p. 273] suggests that accounting measures created incentives that were central to achieving the dual British goals of containment of the indigenous people on the North American continent and appropriation of the land and its outputs by the settler society. Thus, accounting techniques helped the colonial government not only to appropriate land, but also rationalize unequal exchanges through the measurement of value implicit in the exchanges [Neu, 2000b, p. 176].

Chew and Greer [1997] and Gibson [2000] argue that the economic paradigm of material wealth accumulation, expressed through the language of accounting, was also partly responsible for the historic dispossession of the Australian Aboriginal people. Gibson [2000, pp. 290-291] suggests that the extant accounting practices minimized societal values that could not be quantified in terms of the accumulation of economic goods and fostered a perception that cultures that do not value the accumulation of economic goods are unworthy and thus in need of change.

Similarly, Walker [2003, p. 843] notes that accountants facilitated the dispossession and acculturation of a large segment of the Highland and Island population of Scotland during the mid-19th century. Repeated bankruptcies among the landed class caused accountant-trustees to take actions that focused on the dual financial goals of maximizing estate revenue while disposing of sufficient lands to satisfy creditors. Financial accounting measures imposed economic rationality on the ensuing solutions and caused the traditional culture of the Scottish Gaels to be discounted as the product of an inferior civilization.

We argue that the crude accounting practices utilized in the San Antonio missions created similar consequences. Measurements reflected both secular goals guided by Western notions of wealth accumulation and religious activities guided by alternative assumptions. The ensuing system of accounting measurements implemented by the missionaries attempted to control the nomadic behavior of the Indians and to instill into this non-ownership culture an acceptance of the Western notion of economic wealth accumulation. Thus, the missionary actions within this accounting context contributed to the dismantlement of the indigenous culture.

SAN ANTONIO MISSIONS

The San Antonio missions owe their existence to the combined efforts of the Spanish explorers and the Franciscan Friars. Searching for the Seven Hills of the Aijados, where gold was believed to be so plentiful that “the natives, not knowing any of the other metals, make of it everything they need”, the Spaniards gradually explored the Texas Province after Pineda charted the Gulf coast from Florida to Tampico in 1510 [Bolton, 1912, pp. 1-3]. Following the 1537 edict of Pope Paul III that Native Americans are “truly men capable of understanding the Catholic faith” [Fisher, 1998, p. 1], Franciscan friars accompanied the explorers “to the remotest corners of New Spain in search of souls to save” [Ortega y Gasca, 1979, p. 148]. The San Antonio River was discovered on one such expedition. Fray Damian Massanet wrote on June 13, 1691, “I named this place San Antonio de Padua, because it was his feast day. In the language of the Indians, it is called Yanaguanna” [Noonan Guerra, 1987, p. 8].

The Region: The San Antonio River was viewed as an excellent site for colonization and evangelizing. On May 14, 1716, Fray Isidro Felis de Espinosa described the San Antonio River mission site as follows:

[The location] is very desirable and favorable for its pleasantness, location, abundance of water, and multitude of fish. It is surrounded by very tall nopals, poplars, elms, grapevines, black mulberry trees, laurels, strawberry vines and genuine fan-palms. There is a great deal of flax and wild hemp, an abundance of maiden-hair fern and many medicinal herbs. . . . [S]even streams of water meet. Those, together with others concealed in the brushwood, form at a little distance its copious waters, which are clear, crystal and sweet. In these are found catfish, sea fish, piltonte, catan and alligators. . . . This place . . . is enticing for the founding of missions and villages, for both its plains and its waters encourage settlement [Tous, 1930, pp. 9-10].

The Actors: Three groups of actors, representing the church, the state, and the native population, interacted at the San Antonio site.¹ Each attempted to control their environment by achieving

¹A military and civilian population also impacted the Texas provincial environment. Mission activities were supported by the actual and symbolized power

sometimes-conflicting goals.

Missionaries were the first group. As followers of St. Francis of Assisi, the missionaries combined an active apostolate, especially the poor and needy, with a life of celibacy, obedience, personal poverty, and prayer [Habig, 1968a, p. 23]. Two apostolic colleges located on the northern boundary of the populated area of Mexico — the Colegio Apostolico de Santa Cruz de Queretaro, founded in 1683, and the Colegio de Nuestra Senora de Guadalupe de Zacatecas, founded in 1707 — trained resident friars, previously ordained as priests, for frontier service [Fisher, 1998, p. 3]. This training included “lectures on Indian languages, moral theology, mission administration, [and] conferences on ‘the art of converting, catechizing, and instructing’ the natives” [Almaraz, 1979, p. 54]. The apostolic colleges of New Spain functioned under the supervision of the commissary general of the Indies [Leutenegger, 1973, pp. 3-4].

Fray Juan Agustin Morfi [1783, p. 209] notes that the missionaries in the Texas Province espoused one goal: “to lead [the Indians] to embrace Christianity, wherein they would find true happiness. For this purpose it was that [the Indians] were entreated to abandon their wild and anti-social lives, and to desire to live in society in the future, congregated, like the Spaniards in

residing in the presidio. Military personnel protected missions, helped missionaries construct buildings and clear fields, instructed Indians on manual labor, protected supply convoys and travelers between the Rio Grande area and East Texas settlements, guarded settlements, and subdued recalcitrant Indians [De Leon, 1979, p. 24; de la Teja, 1988, pp. 33-34].

Soldiers, who enlisted for ten years, typically took their families to new posts or married into a family in the civilian settlement, acquired land and livestock, and settled permanently in the area at the end of their tour of duty [de la Teja, 1991, pp. 30-31]. The Alarcon expedition, that founded the Presidio San Antonio de Bexar on May 5, 1718, included 34 soldiers, seven of whom brought their families [de la Teja, 1991, p. 31]. Virtually all of these military recruits were “mulattoes [offspring of Spanish-Black unions], lobos [Indian-Black unions], mestizos [Spanish-Indian unions], and coyotes [Indian-Mestizo unions]” [de la Teja, 1991, p. 33].

The villa of San Fernando was founded in 1731, when a group of 56 Canary Islanders arrived to take possession of land promised them by the Crown [Tinkle, 1965, p. 10]. In addition to the Canary Islanders, a racially mixed group of craftsmen, merchants, and other pioneers from the interior provinces of Coahila, Saltillo, and Nuevo Leon, seeking a better life, settled Bexar [de la Teja, 1991, pp. 29-30]. Fray Juan Agustin Morfi [1783, p. 79] wrote of town conditions in 1779, “On the west bank of the San Antonio river is situated . . . a town so miserable that it resembles a most wretched village.” The environment was harsh: many couples lost half or more of the children born to them [de la Teja, 1988, p. 108].

a town". To accomplish this goal the missionaries assembled the Indians in settlements called *reducciones*. Here, the Indians could be converted to the Catholic faith, weaned from social practices deemed incompatible with Christian morality, and instructed in artisan crafts, agriculture and self-government [de la Teja, 1988, pp. 17-18]. Almarez [1979, p. 55] notes that the typical Spanish mission included a church and a complex of ancillary structures enclosed by a fortified wall. Each mission also owned a large farm outside the compound and, at some distance, a cattle ranch. The mission complex became the source of institutionalized activity, as well as the spiritual center for the natives it served.

Agents of the state were the second group of actors. The missions, along with the nearby presidio and villa, could not have survived on the frontier without the financial support of the Crown. Following an "aggressive-defensive" policy, Spain initially established the mission-presidio complex as a barrier to protect the Imperial mining interests in New Spain from the threat of French encroachment [Myres, 1969, p. 10] and later as a deterrent to the Apaches, "enemies of every living being" [Morfi, 1783, p. 243]. The plan initially adopted by the Crown called for the settlement of Indians in missions with a limited military presence and at minimal cost to the Crown [de la Teja, 1988, p. 46].

The Viceroyalty of New Spain provided resources in three ways. First, the Crown bore the initial expense of furnishing the church, providing agricultural and other domestic tools, and sending European livestock, such as *Ganado mayor* (cattle, horses, oxen) and *Ganado menor* (sheep, goats, swine) into the areas to be colonized [Habig, 1968a, p. 18; Thonhoff, 1998, p. 64]. The Crown also granted land, held in trust by the Church, to all Indians who pledged their allegiance to Spain [Torres, 1993, p. 4] and outright to Spanish colonists who agreed to settle near the presidio [de la Teja, 1988, p. 93]. Finally, the Crown offered ongoing support to the mission-presidio colonial system by providing an annual allotment of 450 pesos to each missionary [Alvarez, 1979, p. 64] and 300 pesos to each soldier [Alvarez, 1979, p. 68] serving on the frontier.²

The Indians were the third group of actors. Mission Indians

²The individual missionaries did not receive the annual allowance of 450 pesos. It was given to the Apostolic Syndic of the College, who paid the bills for supplies sent to the missions.

came from 150 culturally diverse tribes who lived in small family gatherings, each speaking a unique dialect. Known collectively as Coahuiltecan, the indigenous peoples were hunter/gatherers, who moved with the seasons as food availability dictated [Torres, 1993, pp. 10-11]. Fray Massanet noted in a letter to the viceroy on July 15, 1690, that the Indians “live in a barbarous way on the land, for they have no fixed abode. They neither sow nor have any seeds. Their food is the fruits of the earth and herd of buffalo” [Morkovsky, 1979, p. 121].

Gibson [2000, p. 293] notes that such hunter/gather societies were heavily dependent on mobility for survival. Thus, land ownership, physical shelters, and personal possessions were minimal, as whole communities needed to carry everything they owned as they moved from one location to another. These communities were unfamiliar with the Western preoccupation with wealth accumulation: they viewed themselves as custodians, not owners of the land [Gibson, 2000, pp. 290-294].

The Coahuiltecan did not possess a moral stricture that included regular worship of a god as a community exercise. Collective celebrations of both joy and sorrow, called *mitotes*, did occur periodically. Fray Jose de Solis offered the following description in 1767:

For their *mitotes* [the Indians] build a great fire and dance about it, day and night, without stop. These *mitotes* last three days and three nights. . . . They have several saints in whose honor they held these *mitotes*: one is the god Pichini; another the saint Mel. Of these they ask, through their superstitious dances, victory over their enemies, success in their campaigns, abundant crops, or good luck in hunting deer, bison, and bear [Forrestal, 1931, pp. 12, 21].

Chew and Greer [1997, p. 285] suggest that Aboriginal communities were bound together by complex kinship systems that denoted specific rights and duties, and thus, offered guidance to individuals on how to behave. Unlike Western societies, Aboriginal peoples did not develop market, legal, and political structures to co-ordinate social interactions [Chew and Greer, 1997, pp. 285-286]. The Coahuiltecan, like Aboriginal communities elsewhere, considered formal controls unnecessary.

The Founding of the Missions: Habig [1968a, p. 29] suggests that Queretaran missionary Fray Antonio de San Buenaventura y Olivares is the “true father of the idea of founding of a mission

and the establishment of the nucleus for a civil government on the San Antonio River". Fray Olivares began a campaign to build a mission on the San Antonio River after being introduced to the area on a 1709 expedition. In November, 1716 he proposed to the new viceroy, the Marques de Valero, Don Baltazar de Zuniga, that the movable assets from the largely unsuccessful mission San Francisco Solano be transferred from the banks of the Rio Grande north to San Pedro Springs. The viceroy agreed and appointed Don Martin de Alarcon as governor of Texas and head of an expedition to take settlers, missionaries, soldiers, and livestock to establish a presidio and mission on the San Antonio River [Habig, 1968a, pp. 33-37]. Over a year later, on May 1, 1718, Fray Olivares broke ground for Mission San Antonio de Valero [Noonan Guerra, 1987, p. 11]. Fray Pedro Perez de Mezquia described the site in his diary on May 6, 1718, "The mission of the reverend father is near the first spring, half a league from a high ground and adjoining a small thicket of live oaks, where at present he is building a hut" [Hoffmann, 1931, p. 318].³ Morkovsky [1979, p. 127] notes that within eight months the mission had gathered Indians from the Payaya and Pamaya tribes.

Fray Antonio Margil de Jesus of the College of Zacatecas founded the second San Antonio mission. He had become enamored with the area after retreating to San Antonio from an East Texas mission in 1719 when France declared war on Spain and invaded East Texas [Morkovsky, 1979, pp. 129-131]. On December 26, 1719, Fray Margel de Jesus wrote a letter to the governor, Joseph de Azlor Virto de Vera, the Marques de San Miguel de Aguayo, asking permission to establish a Zacatecas mission:

There is already a tribe of numerous Indians, called panpoas, who have always been feared by the other Indians in this area. . . . Having seen the harvest corn at Mission San Antonio, they too would like to sow much corn. . . . We already have church furnishings and a statue of Senor San Joseph [which was given to us] on condition that it would be used for a mission having the title of St. Joseph. . . . But, as you well know, in order to plow and sow we need some yokes of oxen and some corn. From the missions among the Tejas we took only the church goods and the necessary food supply. . . . We

³A league is a measure of distance where one league equals approximately 2.4 miles [Habig, 1968b, p. 28].

venture to beg you to come to our aid by supplying some oxen which have been used for work in the field by the soldiers in the local presidio and villa, with two or three yokes and some fanegas of corn. With these a beginning can be made to get the land ready for the present [Leutenegger, 1979, pp. 110-114].⁴

The Marques agreed and commissioned Captain Juan Valdez of the Presidio of San Antonio to locate a suitable site. On February 23, 1720, overcoming the objections of Fray Olivares that a second mission was unnecessary, Valdez went south from Mission San Antonio, measured three leagues along the river bank (in compliance with the Law of the Indies), and selected a site on "an elevated, spacious, and very level plain" [Habig, 1968a, p. 85]. The Mission San Jose y San Miguel de Aguayo was officially founded on March 13, 1720, and land and water rights were given to the Pampopa, Suliejame, and Pastia tribes.⁵

The final three San Antonio missions, Mission Nuestra Señora de la Purisima Concepcion de Acuna, Mission San Juan Capistrano, and Mission San Francisco de la Espada, opened on the banks of the San Antonio River on March 5, 1731. The missionaries moved members of the Pacao, the Pajalat, and the Pitalac nations, along with any portable chapel furnishings and herds of livestock, 150 leagues from their former East Texas home to San Antonio [Morkovsky, 1979, p. 138; Fisher, 1998, pp. 39, 77-78, 87]. The relocation of these missions marked the end of a 40-year period in which missionaries from the College of Queretaro unsuccessfully attempted to colonize the Tejas Indians in East Texas [Winfrey, 1965, p. 104]. Table 1 lists some of the Indian tribes associated with each mission.

Mission Expansion and Decline: The San Antonio missions flourished for several decades, reaching a peak population of 1,173 in 1762 before contracting to 269 at the time of secularization in

⁴A fanega is a dry measure equal to 1.575 bushels [Barnes, Naylor and Polzer, 1981, p. 69].

⁵The Reverend Padre Fray Jose de Solis on April 6, 1767, spoke of Mission San Jose as follows: "This mission is so pretty and in such a flourishing condition both materially and spiritually, that I cannot find words or figures with which to express its beauty" [Forrestal, 1931, p. 373]. Fray Morfi [1783, p. 95] agreed, reporting of his 1779 visit, "It is, in truth, the first mission in America, not in point of time, but in point of beauty, plan, and strength, so that there is not a presidio along the entire frontier line that can compare with it."

TABLE 1
San Antonio Missions and the Indian Tribes Served by Each Mission

San Antonio de Valero:

Coco	Sama
Hierbipiame	Scipxame
Jarame	Tamique
Karankawa	Tecame
Kiowa	Tops
Pamaya	Tov
Pampoa	Xaraname
Patagua	Yprande (Apache)
Pamaya	Yute
Payata	Zana

San Jose y San Miguel de Aguayo:

Aguesalla	Pastia
Canama	Postito
Cana	Suliajame
Gentile Barrados	Tacame
Mesquite	Xaunaes
Pampopa	Xaraname

San Nuestra Senora de la Purisima Concepcion:

Alobja	Pitalac
Borrado	Sanipao
Manos de Perro	Sciquipile
Pacao	Tacame
Pajalate	Toareque
Paxalote	

San Juan Capistrano:

Marahuiayo	Piguique
Orejone	Pitalaque
Pacao	Sayopine
Pajalat	Theloja
Pamaque	Tolujac
Pasnaca	Venado

San Francisco de la Espada:

Alasapa	Pacao
Archahomo	Pampopa
Barrado	Pauache
Chayopine	Pausane
Maraquita	Tacame
Mescale	Titijaya

Sources: Morfi [1783], Tinkle [1965], Winfrey [1965], Habig [1968a], Casso [1979], Morkovsky [1979], and Fisher [1998].

1794. Table 2 contrasts the population of the missions with that of the presidio/villa during the 18th century.

TABLE 2
Population of San Antonio River Area
1710s-1790s

Approximate Dates	Population of Missions	Population of Presidio(Fort)/ Villa(Village)	Approximate Totals
1710s		50	50
1720s	573	200	770
1740s	1,105	437-560	1,600
1760s	1,173	514-661	1,760
1770s	773	1,351	2,120
1780s	554	1,463	2,020
1790s	269	1,600	1,870

Sources: Habig [1968a], Morkovsky [1979], De la Teja [1988] and Torres [1993].

Several factors contributed to the decline of the missions. Death and desertion in the face of frequent epidemics of small pox, measles, and cholera and attacks by marauding Apache and Comanche bands periodically depleted the mission population [Habig, 1968a, pp. 91, 138; Diekemper, 1979, p. 43; Fisher, 1998, 11].⁶ The inability of the missionaries to develop an appropriate religious motivation led some Indians to disappear in good times as well [Castaneda, 1936, p. 373]. Winfrey [1965, p. 112] and Torres [1993, p. 24] suggest that the natives found it particularly difficult to resist the temptations of their nomadic life in the spring when traditional *mitotes* were held. To a certain extent, the missionaries relied on the resident soldiers to inspire loyalty to the mission life among the Indians. According to the *Guidelines for a Texas Mission*, it was considered part of the missionary's task to "from time to time . . . journey to the coast

⁶Fray Mariano de los Dolores y Viana recounts an occasion when the mission Indians assisted the villa and the presidio in repelling a large Apache force. "On June 30 of this year [1745], a large number of Apaches came at dawn and entered this Presidio of San Antonio and the Villa of San Fernando; the Spaniards of the presidio and villa were taken by surprise, as this had never happened before. Being quickly informed, with speed and force the Indians of this pueblo [Mission of San Antonio] rushed in with arms and horses to resist the Apache enemy. . . . The enemy was put to flight; some were killed and others wounded [Leutenegger, 1985, pp. 46-48].

and bring back the fugitives, who regularly leave the mission” [Anonymous, 1760, paragraph 80].⁷

In 1778, a government ruling hastened the demise of the missions. Teodoro de Croix, Commandant General of the Interior Provinces, issued a decree declaring all unbranded stock (*mestenos*) to be the property of the Crown. He imposed a fee of four reales per head on anyone who took or slaughtered any such cattle [Habig, 1968a, p. 63; Myres, 1969, p. 37]. Most of the mission cattle were unbranded; thus, the decree deprived “the missions of a major source of income” [Myers, 1969, p. 13].⁸ Fray Jose Franco Lopez wrote in 1785:

Commander General in 1778. . . . declared that all wild or unbranded cattle within his jurisdiction belonged to the royal treasury . . . Thus he opened the door to numerous irregularities. . . . It is not easy to ascertain who has eaten or killed off the most. It may be the Apache Indians who, on a moderate estimate, account for at least 20 head a day. It may be the Spanish hunters, who on each expedition kill more than a hundred head. . . . In the third place it may be the purveyors for the presidio, who, from month to month, do not fail to bring to the presidio more than a 150 beeves. Fourth, it may be the soldiers in charge of the horses, who are not satisfied with 2 beeves a day for 20 men, but on occasion kill 4. . . . Fifth, it may be the troupes of the presidio. . . . Lastly, it may be those who have taken away whole herds during the last eight years, totaling more than 15,000 head, most of them cows. . . . The herds of cattle constitute[d] the principal wealth. All the missions had considerable property of this kind. With these herds they maintained themselves without enduring many hardships or privations. . . . [But now] these unfortunate missions have been reduced to such penury and want that even in order for them to eat what is unquestionably theirs, that is, the cattle born of their

⁷The entire population of Indians residing at Mission San Francisco de Espada returned to the woods to live on June 7, 1736. Father Ysasmendi requested a military escort to retrieve the natives [Winfrey, 1965, p. 118].

⁸The missions were already facing pressure from other sources. In January, 1778, the Adaesanos, who had been forced to leave their homes in East Texas in 1773 as a result of the Rubi Expedition regulations, petitioned the Crown to get assistance to obtain land in the San Antonio area. On June 8, 1779, Don Teodoro de Croix issued a decree calling for the secularization of Mission San Antonio and the distribution of the land to the Adaesanos [Poyo, 1991b, p. 100]. The order was not carried out for 15 years.

own branded herds and in their pastures or ranches . . . it is necessary for them to pay like any stranger the stipulated fee of four reales per head [Dabbs, 1940, pp. 12-14, 17-19].⁹

Torres [1993, p. 30] argues that the success of the villa made the missions obsolete. Certainly, the population statistics presented in Table 2 indicate that an increase in the military/villa population (of 939 between 1762 and 1793) occurred concomitant with the observed decline in the number of Indian mission residents (904). Poyo [1991a, p. 46] suggests that intermarriage, where the offspring were able to subsequently self-classify themselves as Spaniards, played a central role in the Indian integrative process.¹⁰

The missions ceased to exist in 1794.¹¹ Fray Lopez offered the following description of the mission Indians two years prior to secularization:

[T]hey are not now, nor can they be called neophytes, or even Indians, since most of them, being children of marriages between Indians and white women, are mulattoes. . . . It can be inferred that this mission cannot be called a mission of Indians but a gathering of white people. The few pure Indians who remain are, in trading and communication, as intelligent as the others. . . . In the sixty or more leagues surrounding these missions of Bejar there is no nation of pagan Indians which can be converted. . . . Although they have not given up entirely the traits that are proper to and inseparable from their natural low way of living and their fickleness, they

⁹After the Crown took ownership of the unbranded cattle, ranchers were allowed four months in which to round up and brand their unmarked cattle [Myres, 1969, p. 37]. Villa ranchers took advantage of this opportunity to round up and brand 7,000 head of cattle [Ranching in Spanish Texas, 2002, p. 2]. Due to inadequate resources, the missions did not participate. Subsequent to the roundup, ranchers paid the 4 reales tax on unbranded wild stock that were collected and exported the cattle to Rio Grande and Louisiana settlements where they were sold at 4-4½ pesos a head [de la Tejas, 1988, p. 259]. From 1779-1786, more than 18,000 head of cattle, many of which were unbranded, were disposed of in this fashion [de la Tejas, 1988, p. 269].

¹⁰The most prevalent San Antonio working class resident ultimately became an amalgam of Spanish, Negro, and Indian blood [De Leon, 1979, p. 25].

¹¹Fray Mariano Antonio de Vasconcelos described the ensuing secularization process in his journal: "August 6, 1794 - During the month of July the goods of the missions on the San Antonio River were given over to Governor Don Manuel Munoz, who divided among the Indians the plots of land, leaving eight of them and all the grain and cattle for the community" [Leutenegger, 1977b, p. 36].

nevertheless are seen to be more civilized and cultured than many other Indians and pueblos in lands beyond. Finally, the experience of so many years has taught us that the best fruit we can promise ourselves for the future of these Indians will be only to preserve in them the faith and Christianity they have received . . . by the help and preaching of their pastors [Leutenegger, 1974, pp. 490-491].

The remainder of the paper examines how the complex of mission accounting practices may have contributed to the dis-possession of Coahuiltecan culture.

MISSION ACCOUNTING AND CONTROL PRACTICES

Religious and Secular Governing Body Goals: From the outset, the Spanish mission enterprise was defined by overlapping secular and religious goals. The Church's role in Spain's territorial acquisition and accumulation of wealth plans was augmented in 1508, when Pope Julius II conceded royal patronage to the Spanish monarchs, giving them the right to administer the Church in the Indies [Matovina and Poyo, 2000, pp. 2-3]. Both the religious and the secular sectors embraced the gathering of natives in enclosed compounds — the Church for religious and the Crown for defensive purposes.

Diekemper [1979, p. 35] notes that the espoused goal of the Franciscan Order was “to preach the good news of salvation to every creature”. The missionaries were given very clear directives as they set out into the frontier. In addition to spreading the Christian gospel, the missionaries were directed “to cover [the Indians'] nakedness, to cultivate their lands, and to raise cattle for their sustenance” [Casso, 1979, p. 88]. These goals, in combination, necessitated the construction of missions.

The creation and subsequent maintenance of missions also achieved Spanish imperialistic policy. Missions were deemed by the Crown to be “outposts for the defense of the rims of the empire” [Diekemper, 1979, p. 47]. As such, the missions “visibly demonstrated the commitment of missionaries and soldiers to the colonial policy of controlling the region and its native inhabitants by force of arms or by peaceful conversion to the Spanish brand of Christianity” [Almaraz, 1979, p. 49].

Poor communications and isolation proved to be a persistent problem for the missions throughout their existence. In 1788, Fray Oliva observed that it took 4½ months to make the round trip with pack mules from Zacatecas to San Antonio

[Leutenegger, 1977a, p. 8]. Fray Mariano Antonio de Vasconcelos indicated that the 1790 supplies took more than five months (November 16 to May 3) to deliver [Leutenegger, 1977b, p. 28]. Indeed, in describing his visitation to the Texas missions during 1767-1768, Fray Solis indicated that it took 19 days to travel from the College of Guadalupe to Saltillo, seven days to reach Boca de Leones where he remained for 55 days "because of bad weather", nine days to reach the Rio Grande River, 14 days to reach the Bahia area, and then four days, "with an escort of eight soldiers, sent by the captain, and six Indians armed with guns," to finally reach the San Antonio missions [Forrestal, 1931, pp. 357-372].

Distances created a need for formal accounting techniques (both numerical and verbal) between the missionaries in the field and their secular and religious superiors. To alleviate the communications problem, the missionaries created or were provided with three forms of accounting records: annual account books recording supply activities, sporadic inventories of the accumulated wealth, and detailed instructions on various aspects of production performance. These records are now examined.

The Account Book: The missionaries used the monies provided by the Crown to procure supplies in Mexico and have them conveyed to Texas. The missions utilized a single entry "*cargo y discargo*" account book that provided a monetary record of mission supply activities.¹² Donoso Anes [1994, p. 115] argues that such records are useful to control the specific activity being carried out (supplies procurement in this instance).¹³ The contents of this document, which was prepared annually, denoted the source of funds used to pay for the supplies, and detailed the quantities and prices of the items purchased in Mexico and shipped to the San Antonio missions.

Extant records suggest that isolation prohibited effective communications between the missionaries and their religious and secular superiors. Ideally, both Crown and College officials

¹²Mills [1987, pp. 100, 105] notes that such written account books, which could serve as evidence in disputes between parties, commanded wide respect in the early-modern Castilian legal system.

¹³Donoso Anes [2002, pp. 444-445] notes that similar account books were maintained by the South Sea Company to report on slave trade activities carried out on behalf of the Spanish Crown during the 1713-1722 period. The general account of one ship conformed to the legal format. Expenses were summarized on the debit side and turnover was recorded on the credit side.

should have conveyed their current objectives to the frontier missionaries, and the missionaries, in turn, should have indicated how they planned to attain those objectives and what resources would be required to achieve them. Such communication between upper and lower levels of the mission system did not exist. The missionaries were largely on their own in establishing temporal needs for the following year and in initiating accommodations for shortages or deprivation when delivered supplies proved inadequate or inappropriate. On June 12, 1745, Fray Mariano de los Dolores Y Viana offered the following lament regarding the 900 pesos given by the Crown to the Apostolic Syndic of the College for his mission: "It is not possible [that] . . . the missionaries can be maintained, the divine Lord be adorned, pueblos be provided with implements which wear out or are lost, and annually so many Indians are clothed and supplied with tobacco, sugar cones, salt, knives, gun powder, bullets, bowls, iron griddles, metates, pots, and other things needed for a Christian, civilized life" [Leutenegger, 1985, p. 39].

Mills [1986, pp. 70-72] notes that an account book creates financial transactions that are subject to audit. Though 16th century Spanish texts recommended that an administrator should exhibit his book of receipts and expenditures for annual audits [Mills, 1986, p. 71], precise adherence to this suggestion by the Missionary College of Zacatecas was not evident until the missions had suffered significant enrollment declines.

The council board examined three years of accounts (1786-1788) for the Texas missions on January 16, 1789.¹⁴ They concluded that the account books "were found to be not in proper form because of errors found in the liquidation of the accounts, in adjusting prices, and in the application of the allowances." Accordingly, the council board ruled "that the brother conductor should settle matters and present Fray Guardian and the venerable council board in the future, [a document that con-

¹⁴Council reviews of the account book may have been initiated in response to a change in the procedures used to purchase supplies. On March 24, 1779, the council board ruled, "It was decided that it would always be better not to have the management of funds on the books of the college. . . . [T]he prelates should not interfere with the allowance which His Catholic Piety [the king of Spain] assigns to the missionaries, for this should be at their own disposal to meet their own needs; in this way the best compliance with these regulations would be attained. Hereafter, the help given should pass through the hands of that person whom the missionaries elect. For though it is certain that the college has never been concerned about these allowances, still, in this way every unfounded suspicion will be avoided" [Leutenegger, 1973].

tains] at the head of the memorandum of each mission the allowance of the missionary and stating the highest and lowest prices of the times" [Leutenegger, 1973, p. 56].

The council acknowledged the need to also examine field accounts on April 15, 1789: "Since it is the custom to give account of expenditures and receipts, it was decided that each year the missionaries must give a report to the president [of Texas] on the goods each mission has, their increase or decrease, a list of the distribution made by the syndic, and the expenses and receipts. Everything should be made known to Fray President who will send a report to the council board so that it may know what has been pledged in matters that are evident, plain, honest, and necessary" [Leutenegger, 1973, p. 59]. Wealth accumulation and the efficient use of scarce resources had thus become an issue.

Table 3 contains a summary of the last supplies transported to the San Antonio missions prior to the onset of the secularization process in 1793 [*Libro en que constan las Memorias (Memorias)*, September, 1792].

TABLE 3
Mission Supplies Shipment
September, 1792

Description ¹⁵	Pesos	Percentage
Tobacco (11 tercios; 11 dozen plugs)	780.1	17.6
Chocolate (24 arrobas fine; 20+ arrobas ordinary)	363.2	8.2
Clothing (15 habits/vestments; 14 shoes/sandals; 26 petticoats; 9 dozen women's shoes; 51 blankets; 28 shaw/muffler/wraps; 11 dozen shaw/muffler/wraps; 14 undergarments; 1 dozen silk stockings; 7 dozen cloth stockings; handkerchiefs)	884.7	20.0
Fabric (118 pzas; 459 varas)	2,009.6	45.4
Sewing notions (ribbons; thread; buttons)	139.4	3.1
Rosaries and jewelry	19.6	0.4
Miscellaneous (paper, rope, grinding stones; books)	105.0	2.4
Freight	<u>129.0</u>	<u>2.9</u>
Total	<u>4,430.6</u>	<u>100.0</u>

Source: *Memorias* [1792].

¹⁵ Various measurements follow:

An arroba is a Spanish weight for corn and wheat, usually equal to 25.36 pounds [Barnes, Naylor and Polzer, 1981, p. 73]. A plug is a flat, oblong cake of tobacco [Webster, 1936, p. 763]. A tercio is a unit of weight equal to 162 pounds [Leutenegger, 1977c].

An examination of the 1792 mission accounts suggests that the missions produced most of the food needed for subsistence. Only tobacco and chocolate, created from agricultural products that could not be produced locally and representing 25.8% of the total monetary value, were shipped from Mexico. Aside from these two luxuries, much of the remaining monies (2,149 pesos, 48.5% of the monetary value of the total shipment) were used to purchase fabric and sewing notions. The 1792 *Memorias* offers evidence that by the end of the 18th century, the Coahuiltecan utilized many manufactured goods. Thus, they found themselves in a situation similar to that described by Berndt and Berndt [1988] regarding the Australian Aborigines. The land no longer possessed the man: the man possessed the land.

The Inventory: As early as the 16th century, the attest function was used in Spain to examine the truthfulness of financial records and ascertain whether distant parties had properly performed assigned duties [Mills, 1986, pp. 71-73].¹⁶ Baron [1996, p. 20] argues that inspections of physical capital were an important element of the administrative fabric of New Spain. The inspector typically “wrote down what was done, what was said, and what was counted during the inspection” [Baron, 1996, p. 21]. Religious and secular officials utilized this audit mechanism on several occasions to ascertain whether missionaries in remote areas were complying with their obligations and promises. Secular authorities typically conducted assessments of the presidios and religious officials inspected the missions.

Presidio Inspections: Formal reviews of the remote frontier presidios were ordered by the Crown “to remedy economic abuses and address other urgent needs” [Jackson, 1995, p. 72]. Long supply lines, coupled with increasingly numerous presidio installations, created a serious drain on the Crown’s resources [Jackson, 1995, p. 6]. Thus, periods of peace reduced the enthusiasm of the Spanish authorities for funding frontier activities, and caused them to investigate cost-reduction possibilities. Two presidio inspections, the 1727-1728 expedition by Brigadier

¹⁶ Congruent with the activities in New Spain, the Distribution Book was utilized in the New Settlements of Sierra Morena and Andalucia, a Spanish colonial farming project, founded in 1767, as a control mechanism to manage the population [Alvarez-Dardet Espejo, Sanchez-Matamoros and Fenech, 2002, p. 420]. Information on each parcel of property, as well as details (age, gender, and kinship) about the family that occupied it were systematically collected to enhance the effectiveness of the controls [p. 429].

General Don Pedro de Rivera and the 1766-1768 expedition by Cayetano Maria Pignatelli Rubi Corbera y Climent, Marques de Rubi, were conducted by Crown representatives.

The 3,082 league Rivera inspection of the line of presidios from Sonora to Texas, resulted in the Reglamento of 1729-1735 [Alvarez, 1979, p. 68; Jackson, 1995, p. 12]. Morfi [1783] notes that Rivera advocated: (1) a reduction of the East Texas garrison at Los Adaes to 60 soldiers, "The humility with which the Indians wait upon the Spaniards is an evidence of the peaceful spirit that animates them"; (2) the abandonment of the presidio of Los Texas (also in East Texas), "Since the year 1715 when it was founded, its garrison has not been employed in any action that may justify the object of its erection;" and (3) a reduction of the garrison at San Antonio, "[T]here being no other enemies in the neighborhood other than the Apaches who live in Lomeria Grande. But this nation is not so numerous as to cause any uneasiness to the presidio, even if its garrison were smaller" [Morfi, 1783, pp. 244-254].

After his 1767 inspection, which required 23 months and covered 2,900 leagues, Rubi called for 15 presidios, each 100 miles apart, stretching from coast to coast along the 30th parallel, with two settlements (Sante Fe and San Antonio) retaining presidios above this line [Jackson, 1995, pp. 76, 80]. Morfi [1783, p. 415] notes that Rubi "found the [Texas] presidios in the most deplorable and unfortunate condition as a result of the selfish interests of their respective commanders". As a result of his recommendations, the garrison at San Antonio was increased to 80 men, the post at Los Adaes was abolished, and the capital of Texas, along with all the residents of Los Adaes, was moved to the villa of San Antonio [Morfi, 1783, pp. 419-421].

The Crown inspections, though 40 years apart, both focused on economic rationalities that stipulated dominance and control as the basis for Imperial power. Both looked for ways to improve the efficiency and effectiveness of the extant presidios, given the current environment. The ensuing reports, though non-monetary in nature, projected substantial reductions in monies needed to maintain a military presence. Rivera estimated that his suggestions would reduce the annual cost of maintaining the Texas presidios from 445,000 pesos (1729) to 284,000 pesos [Jackson, 1995, pp. 12-13]. Rubi estimated that his changes would result in an 80,000 pesos-reduction in the 453,000 pesos budget for the 24 presidios extant in 1767 [Jackson, 1995, p. 80].

The reordering of the frontier defenses that followed the

two inspections caused significant hardship within the Texas mission system. The reduction of the military presence, a consequence of the first inspection, led to a deterioration in the respect shown to the East Texas missionaries by the Indians "so that though we still call ourselves its masters we do not exercise dominion over a foot [of land] beyond San Antonio" [Morfi, 1783, p. 273]. The three East Texas missions retreated to San Antonio two years later (in 1731). The sudden influx of Spanish settlers into San Antonio precipitated by the second inspection probably hastened the decline and subsequent demise of the native culture.

Mission Inventories: Inventories, both internally compiled by the resident missionaries and externally generated by visiting clerics, were used by the Franciscan colleges to measure the results of mission activities and to maintain a certain measure of control over the missionaries in the field.¹⁷ However, time lapses between the issuance and successful completion of an order could be lengthy. For example, almost nine years elapsed between the issuance of a Royal Order at El Pardo for an inspection of the San Antonio missions on January 31, 1781, the delivery of the order by the Most Excellent Viceroy Count of Galvez to the Bishop of the New Kingdom of Leon on August 4, 1785, the completion of the report in the Mission of San Antonio de Valero on May 5, 1789 by Fray Jose Franco Lopez, and the receipt of the document in the city of Monterrey on November 28, 1789 by Don Jose Sanchez de Luque [Dabbs, 1940, pp. 439, 458].

Appendix 1 contains a summary of the inventories that were sent to both governmental and religious authorities at approximately 10-year intervals. Considerable detail was provided in each inventory of the physical structures of the missions. However, estimates were commonly used in quantifying livestock. Only a single inspector, Fray Jose Francisco Lopez, provided a

¹⁷Inventories were not forthcoming in the early mission period, however. Diekemper [1979, p. 33] reports that in 1749, the Fray Commissary General of New Spain, Juan Antonio Abasolo, sent a harsh letter to the Fray Guardian of the Zacatecas College, stating that the Franciscan Commissary General in Madrid "was greatly embarrassed when the lack of a recent report from the college made it impossible for him to refute defamatory charges" that had been leveled against the Zacatecas mission system the preceding year. He "ordered that a detailed report of the college's activities be sent to him." Hereafter, inventories were sent at approximately ten-year intervals.

monetary estimate of the structural mission assets in his report signed May 5, 1789.

Winfrey [1965, p. 107] notes that purely religious tasks occupied only a small part of the missionary's time. Missionaries expended significant effort converting the Indians to a different mode of life by educating them in European methods of agriculture, ranching, and crafts. Inventories thus expressed the degree to which the missionaries were meeting the Indians' spiritual and temporal needs. The inventories detailed both spiritual assets (number of natives baptized) and secular assets (physical structures, agricultural products, and livestock accumulated).

Franciscan theology did not require the actual conversion of the natives encountered. Indeed, Fray Ignacio Antonio Ciprian admonished in his 1749 Memorial, "We must be conscious of the fact that the Holy Gospel does not command us to convert but only to preach. And according to the Apostle, the work of conversion is not the work of the one who plants nor of him who waters, but only of God, who gives the increase" [Diekemper, 1979, pp. 40-41]. Yet the religious focus in the inventories was not on intangible factors, such as the quality of religious instruction provided or the receptiveness of the Indian population to such instruction, but on tangible factors, such as conversions (a total of 3,174 Indians were baptized by the mid-1740s).

All other indicators on the inventory were not only tangible, but secular in nature. These indicators of material wealth (5,300 bushels of corn stored in the granaries and 5,400 cattle grazing on ranchlands in 1762) reflect the importance placed by Western societies on economic wealth accumulation and the concomitant disregard for the essential elements of the native culture.

Detailed Instructions: The missionaries possessed detailed instructions regarding the rationing of scarce supplies, the usage of raw materials in the weaving of cloth, the rewarding of appropriate behavior, and the ordering of time and space. These sets of guidelines (though non-monetary in nature) performed the same function as a modern-day budget system. The instructions offered guidance to both the missionaries and natives on how to behave more efficiently and effectively in Western terms.

Rationing Supplies: The Western concept of deferred consumption (assets) was central to the missionary rationing system. Missionaries adhered to strict standards outlined in the *Guide-*

lines for a Texas Mission [Anonymous, 1760] regarding the distribution of supplies received periodically from the Mexican interior:

When the supplies arrive, at a time when the missionary thinks fitting, he begins to distribute the goods according to his list. . . . [For the women and children] he designates a basket (*chacual*). In each he puts three or four strings of beads, . . . a necklace, if there are any, $1\frac{1}{2}$ or $1\frac{3}{4}$ varas of ribbon, $2\frac{1}{2}$ varas or $2\frac{3}{4}$ varas of straps, a rosary, and a small brush, if there are any. Also he has ready white undershirts or camisole . . . and now he should have the camisoles cut from Puebla cloth for those who use that (knowing that for each camisole $2\frac{1}{4}$ varas of broad cloth are needed for the body and $1\frac{1}{3}$ of narrow cloth for the sleeves). He puts the petticoats together with the camisoles. . . . Also he has ready two pieces of flannel from which to cut the skirts. When all this is arranged, he calls the women and measures their skirts. . . . When the measurements are over, one by one the older women receive their flannel, petticoats, or camisoles and other material (with each camisole are placed 6 or 8 skeins of thread) and the basket with all its contents [Anonymous, 1760, paragraph 38].¹⁸

Specific instructions regarding the beef furnished weekly to the Indians were also provided in the *Guidelines*:

Every week the missionary must see to it that the supply of beef cattle are brought to be rationed for the sustenance of the Indians. To do this he must advise the foreman to bring the horses that are needed in due time, so that he with the cowboys, four or six in number, may go on Thursday and be back with the cattle on Saturday. . . . The cattle are . . . slaughtered on Sunday morning, as needed, to supply all the Indians. . . . The fiscal has the duty to bring in the meat and to cook it so that it will not spoil in the summer time. The tallow and fat from all the slaughtered cattle are to be collected, fried, and put away in a proper place [Anonymous, 1760, paragraph 23].

The rationing of other consumable assets (tobacco [paragraph 25], corn [paragraph 26], salt [paragraph 28], chocolate [para-

¹⁸A vara is a measure of length, generally accepted as 32.909 inches [Barnes, Naylor and Polzer, 1981, p. 68].

graph 31], and melons [paragraph 32]) were also described in detail. The missionaries were warned, however, that “the Indian women frequently ask for things, importuning the missionary for sweets, lard, beans, chili, and a thousand other things. If the missionary is so lenient as to give them what they ask for, he will have nothing left in the treasury” [Anonymous, 1760, paragraph 29].

The activities of storing grain, raising domestic animals for consumption, and rationing supplies were all alien to a hunter/gatherer society. The missionaries made these Western notions of wealth central in their interactions with the native population.

Usage of Raw Materials: Not only the accumulation of wealth, but the efficient use of raw materials to produce economically valued goods was advocated at the missions. The missionaries imposed a crude process budgeting system to plan and control the Indians’ production of weaved goods. Specifically, the inputs to be used in each unit produced were quantified and the actual usage was compared to the standards to reveal variances. When variances in production were noted, their source, such as poor quality weaving, was identified and potentially corrected. Evidence from the *Guidelines* [1760] shows that the missionaries set standards for the quantity of wool to be spun each day, and then compared actual output to the expected output of each woman:

When there is a quantity of washed and dried wool, the missionary has four or six carders to come to the workshop. . . . When a certain amount is carded, the overseer each day will give the children the task of making thread for material. To the women he gives uncombed wool to be spun on the spinning wheel. They are obliged to turn in their skeins every day to the overseer who is to weigh them to find out if they are doing it right or have wasted some [Anonymous, 1760, paragraph 72].

Each Indian was given a specific quantified target and then measured against that target at the end of the day:

The available children are employed in the workshop, some picking out the seeds from the cotton, and others making thread on the spinning wheels, and the overseer doing the carding. Daily he distributes to each child three ounces of carded cotton. In the evening they must turn in their skeins to the missionary, which he sets

aside until needed. The work given to the women for spinning is generally one ounce and a half or two ounces with the seed. Every day in the morning they hand in their skein of an ounce [Anonymous, 1760, paragraph 75].

In this manner, the missionaries could check for variances in output, adjust the quality of the wool produced, and minimize any waste or malfeasance:

The overseer should deposit the skeins of wool brought daily by the women to the missionary's cell and then kept in the workshop. Only the estimated amount needed to prepare the spindles for the loom is taken out each time. The overseer is not to keep the skeins in his possession because he may yield to some stratagem with the spinners [Anonymous, 1760, paragraph 74].

The missionaries also established standards for the amount of material needed for each article sewn. This allowed the missionaries to control the quality of the items produced by ensuring that each item was essentially identical:

Twenty ounces of thread are allowed per mantle and are wound on the cylinders. After the twelve cylinders, used on their warping frame have been weighed, one by one, they are fed into it by means of their corresponding skeins. The boy working with this winds the thread until all the cylinders are ready. . . . Once the thread has been wound and the weaving is to begin, the missionary employs a boy to prepare the spindles with the spool of woof thread. He continues to do this until the cloth is finished. . . . A piece of mantle thus woven, i.e. with twenty ounces in every cylinder, which in all equals fifteen pounds, with five pegs and ten varas of length yields generally fifty or fifty-one varas of material. . . . The width of the mantle is a little more than three-fourths of a vara [Anonymous, 1760, paragraph 76].

The Texas mission process budgeting system mirrored those employed in two Spanish secular entities: the Royal Textile Mill of Guadalejara (1717-1744) [Carmona and Gomez, 2002, pp. 247-248] and the Spanish Royal Tobacco Factory (1770's) [Carmona, Ezzamel and Gutierrez, 1997, pp. 420-424]. Similar to the missions, both factories utilized accounting data to discipline both the consumption of raw materials and the quality of the resulting product. Accounting thus rendered visible the actions of the labor force and made them more controllable.

Rewarding Appropriate Behavior: The cooperative ties and extended associations characteristic of the social structure surrounding hunter-gatherer communities contrast starkly with the competitive nature of economic relationships [Gibson, 2000, p. 291]. Thus, the rewarding of appropriate behavior with symbols of economic wealth would have been foreign to the Coahuiltecan Indians. The *Guidelines* offer evidence that the missionaries furthered the notions of material wealth as being a measure of success by using material goods such as corn, watermelons, Puebla cloth, shoes, or coats as rewards for people who “deserve it”, because of position, hard work, or “for some other good reason” [Anonymous, 1760, paragraphs 26, 32, 35, 41, 44]. Thus, the fruits of the mission economic system were used to nourish the Western view of income distribution based on effort.¹⁹

Ordering Time and Space: Upon entering the sedentary mission community, the Coahuiltecan found their most difficult adjustment was adapting to the dual constraints of time and space. The Indians embraced a vastly different view of their commitment to the Spanish world than did the missionaries. Regarding the founding of Mission San Jose in 1720, Captain Valdez reports:

When the Indian chiefs understood it all, they said they wanted and do want us to give them land and water so that they may live there and be Christians. Not only did they agree to dig their irrigation ditches and cultivate their lands, but also promised to teach their sons to do

¹⁹Fray Mariano Francisco de los Dolores y Viana, principal missionary at Mission San Antonio de Valero, suggested in 1739 that rewards in the form of salaries were not advisable if the employer was to be a resident of the Villa. “The neighboring Islanders of that Villa [also] want at a small cost or no cost at all the benefits of the personal work of the Indians. . . . Since they are to pay the Indians a daily wage, the Islanders will compel them to work strenuously so that they earn what has been seen fit to give them. On this matter there must occur disagreements and quarrels between the settlers and Indians, since the Indians are given to laziness and are by nature enemies of work. . . . By this distribution of the Indians and their personal work not only would those already converted be lost but also the conversion of those who live in the hills would be made much more difficult, because they have grown up among the wild beasts and on the open fields with hunting as their only activity by which they maintain and clothe themselves. If now they come to learn from those who return to live with them that they are to work for the Spaniards, they will never be converted to the light yoke of our holy faith, in spite of all the exhausting efforts the missionaries make in preaching to them” [Leutenegger, 1985, pp. 21-34].

the same, insisting that they want to obey the law of God. In addition, they promised to obey the father missionaries as they would also have their children do, and they would do and observe everything commanded for the service of God [Morkovsky, 1979, p. 131].

One Franciscan acknowledged in 1739 that this commitment might be short-lived: "In the beginning [the Indians] may see the advantages coming to them as they are attracted more by the love of ease and the abundance of food than by the fear of the pains of hell and any interest in heavenly glory" [Leutenegger, 1985]. The missionaries viewed the Indians as children in need of a father's daily guidance. In 1785, Fray Lopez explained, "In temporal matters these missions are governed and administered in the style and fashion of a family, by a common father, who, being the spiritual head, also looks after [the] interests and wants [of his children] with as much exactness and punctuality as the best father could do" [Dabbs, 1940, pp. 17-18].

To develop desired behavior in the native population, the missionaries created a system that demanded conditioned responses throughout the day [Torres, 1993, p. 33]. Bells marked the management of spiritual affairs. The *Guidelines* [1760] suggested:

On all feast days . . . Mass is offered and all should attend. There is this difference: on the eve of a first-class feast, the bells are rung at noon, in the evening, and before Mass: but on second-class feasts, the bells are not rung at noon, but only in the evening and before Mass. On all Saturdays of the year it is also customary to say Mass and the bell is rung just before it. . . . Since the hours for ringing the bell varies for the Mass said for the people, the natives know when it is a feast day for the Indians or only for the non-Indians. . . .

With regard to the prayers which the Indians are to say during the week, the following is to be observed: on all days of catechizing and on Fridays the bell is rung at sunset. When the people are assembled, the *Doctrina* is recited. On Mondays and Wednesdays Fr. Casano's catechism is said aloud. When a boy asks a question, all answer. When this is finished, all recite the Act of Contrition. Then the missionary ascends the pulpit and begins to explain as he sees fit. On Tuesdays and Thursdays they recite the prayers, beginning with the Our Father and continue on to the Sacraments and the general confession. On Fridays they pray the Way of the

Cross inside the church, and one of them leads the prayers. . . . On Saturdays before the setting of the sun, the bells are rung briefly and as soon as the people gather, they begin to pray the Rosary and finish with singing the "Alabado". . . .

Every evening at the proper time, the missionary orders the boys to set up the lamp. Then they sound the clapper to call the widowers and the single men together for the singing of the "Alabado" at the door of his cell. . . . As they sing, another person tolls the bells in the tower for the souls in Purgatory. When this ends, the missionary comes out and offers a prayer for the Holy Souls. To this all the people respond and then leave [Anonymous, 1760, paragraphs 1, 2, 7, 15].

The concept of time is a purely Western idea. Sunrise and sunset are part of the natural rhythm, but the tolling of bells places restrictions. The Indians learned to wake, eat, study, work, play, and sleep at specific times, thus initiating the concept of clock time [Torres, 1993, p. 33]. Using a Foucauldian framework, Carmona, Ezzamel and Gutierrez [2002, p. 243] argue that enclosure provides an additional mechanism for instilling order and discipline. By specifying a work space that is "enclosed upon itself while being heterogenous to all others", a locus of human responsibility is created. Specific to the San Antonio missions, the spatial partitioning of the mission work areas countered the Coahuiltican notion that mobility is required for survival. In sum, the attention to details, both in terms of time and space, surrounding the implementation of the Western spiritual and secular value system ultimately robbed the indigenous population of its unique culture.

CONCLUSIONS

A certain notion of accountability emerges from the accounting practices employed by the various parties involved in the colonization of New Spain. Chew and Greer [1997, p. 278] argue (using modern terminology) that a hierarchical relationship which commands some form of accountability derives from the fact that "the principal [the State, the College, or the missionary in this case] has certain rights to make demands on the conduct of the agent [the missionary or the Indian], as well as demand reasons for conduct undertaken, [because] the principal transfers resources to the agent with expectations as to how these resources are to be used".

Laughlin [1996, p. 230] suggests that the form of accountability employed is a function of the level of trust that exists between the accountant and the accountee. The presence of high trust leads to the use of “communal” forms of accountability, where expectations may be ill defined and *ex post* reporting of stewardship is acceptable. In contrast, low trust leads to situations where readily measurable expectations will be clearly defined *ex ante*.

The use of the account book and inventories suggest that the relationships depicted between the missionaries and their superiors at the College and Crown were ones of high trust. Records indicate that inventories were not required by the College of the missionaries until the waning years of the mission era and were never requested by the missionaries while the College was in charge of procuring and shipping the supplies. Inventories of mission property by superiors representing the Crown and the Religious Order were only conducted sporadically at approximately ten-year intervals. The missionaries were largely left to carry out Church and State directives with relatively little oversight.

In contrast, the detailed instructions contained in the *Guidelines* suggest that the relationship between the missionaries and the Indians was one of low trust. The missionary expectations were clearly elucidated with accountability being required of the Indians in measurable form with *ex ante* reports at several levels. Specifically, instructions reflected a crude system of internal controls, particularly for the weaving operations, which detailed expected performance in relation to established standards, anticipated outcomes and the acceptability of such outcomes. The toll of the bells reinforced the various accounting practices by providing an *ex ante* reminder of the set of tasks that each Indian was expected to engage in throughout each day.

Schweiker [1993, p. 232] argues that the “discursive act of giving an account is one activity in which moral identity is enacted through time”. He suggests that the discourse associated with this activity “shapes, guides, and judges life” [p. 235] and creates “an understandable identity” [p. 237]. Thus, the discourse that ensued between the secular and religious parties involved in the San Antonio missions created a rationale for the Spanish culture that was then passed through the missionaries in the field to the Indians.

The missionaries were charged with converting the “pagan” Coahuiltecan to Christianity, making them “civilized and re-

sponsible citizens of the Spanish empire" [Habig, 1968a, p. 18]. The missionaries were supported by both the Crown and by the Church in these endeavors. The written account books of supply activities, comprehensive inventories, detailed instructions monitoring the accumulation of wealth, the use of raw materials in a process budget system, the rewarding of appropriate behavior, and the ordering of time and space all serve as tangible evidence of such mission activities.

The positioning of these accounting practices within the missionary activities altered both the mentalities and practices of the indigenous peoples. The Indians were closely supervised and were held accountable for the fine details of their daily activities. The infusion by the missionaries of a system of constant accountability that allowed few independent choices ultimately altered the Coahuiltecan's view of themselves as human subjects, caused them to abandon their native beliefs, and gradually, to assume the culture of the Spanish missionaries. The hunter/gatherer culture did not survive.

The accounting practices implemented in the missions were, by modern standards, quite crude. Yet they constituted a complex of mechanisms which altered the extant Indian culture. Spanish missionaries dispossessed the Coahuiltecan a full century before the British government utilized accounting procedures to inscribe into measurement the unequal power relations that existed in the Canadian Provinces [Neu, 2000b] and the Australian Western desert [Gibson, 2000], and creditor agents dispossessed the Scottish Highland Gaels [Walker, 2003]. In sum, accounting controls were used throughout the 18th and 19th centuries to inculcate Western values into indigenous populations. Accountability techniques were repeatedly used to change the relationship of indigenous groups to land.

Our findings, coupled with earlier work [Chew and Greer, 1997; Gibson, 2000; Neu, 2000a, 2000b; Walker, 2003] support a global view that accounting represents a powerful weapon in the disempowerment and dispossession of indigenous populations. Further research is warranted into the role that accounting and accountability played in the colonization of other sites such as Africa, Hawaii, and New Zealand. Such endeavors could provide evidence that support or refute this notion.

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APPENDIX 1
Mission Inventories, 1745-1794

Missions <i>San Antonio de Valero:</i> Physical Structure- Church	1745	1756	1762	1789
Church	temporary-church under construction statues of St. Anthony, Immaculate Conception adobe hall-church	stone church completed, but fell new church under construction, adobe hall-church	church still under construction old granary-church statues of St. Anthony Our Lady of Sorrows Jesus of Nazareth 2-story stone structure new stone structure 4 looms	church still under construction-lack of qualified workmen sacristy serves as church church-20,000 pesos furnishings-8,000 pesos 2-story stone structure stone structure
Friary	2-story stone structure	2-story stone structure		
Granary				
Textile shop	3 looms			
Other	carpenter shop blacksmith shop stone mason tools 2 long rows-huts-adobe bricks and straw roofs			
Indian houses		30 adobe houses plus jacales of brush	stone houses	15-16 wood/mortar houses
Livestock-				
Cattle	2,300	1,000	1,015	
Sheep & goats	1,621	2,050	2,300	
Horses		150	335	
Oxen (yoke)	23	24	40	
Agriculture-				
Corn (bushels)	1,920		1,440	
Beans (bushels)	96		100	
Cotton (pounds)	1,000			
Indian Inhabitants-	311	328	275	52
Spiritual Life-				
Baptisms (To date)	981	1,279	1,572	
Burials	685	944	1,247	

	1749	1758	1768	1789
Missions				
<i>San Jose y San Miguel de Aguayo:</i>				
Physical Structure-				
Church	adobe church	adobe church	adobe church new church foundations hallway of friary-church	new stone church beautiful structure silver ornaments church-30,000 pesos furnishings-8-10,000 pesos 2-story stone structure stone structure
Friary	stone structure	stone structure	stone structure	
Granary	stone structure	stone structure	stone structure	
Textile shop		carpenter shop	4 looms	
Other		Smithy sugar mill	carpenter shop blacksmith shop	
Indian houses	stone houses	84 stone houses	stone houses	stone/mud houses
Livestock-				
Cattle	2,000	1,500	1,500	
Sheep & goats	1,000	3,376	5,000	
Horses	150	400		
Oxen (yoke)		30		
Agriculture-				
Corn (bushels)	2,400	4,000		
Beans (bushels)				
Cotton (pounds)				
Indian Inhabitants-				
Spiritual Life-	220	281	350	138
Baptisms (To date)	431	964	1,054	
Burials		466	359	

	1745	1756	1762	1789
Missions				
<i>San Nuestra Senora de la Purisima Concepcion:</i>				
Physical Structure-				
Church	stone church under construction	stone & motor church completed	stone church statues of St. Michael Our Lady of Sorrows Our Lady of the Pillar	stone church 2 towers beautiful cupola church-30,000 pesos furnishings-3-4,000 pesos
	adobe hall-church statutes of Mary Immaculate Our Lady of Sorrows	statute of Mary Immaculate Our Lady of Sorrows		
Friary	2-story stone structure	new 1-story stone structure	1-story stone structure	1-story stone structure
Granary	stone structure	stone-lime structure	stone structure	stone-lime structure
Textile shop	carpenter shop	3 looms	3 looms	
Other	blacksmith shop masonry shop	carpenter shop blacksmith shop		
Indian houses	jacales huts-adobe bricks and straw roofs	most adobe houses plus jacales of brush	2 rows houses	23 stone houses in ruinous state
Livestock-				
Cattle	900	700	610	
Sheep & goats	300	1,800	2,200	
Horses	100	80	320	
Oxen (yoke)	30	40	45	
Agriculture-				
Corn (bushels)	800		1,280	
Beans (bushels)	24		80	
Cotton (pounds)				
Indian Inhabitants-	207	247	207	71
Spiritual Life-				
Baptisms (To date)	393	653	792	
Burials	265	578	558	

	1756	1762	1789
Missions			
<i>San Juan Capistrano:</i>			
Physical Structure-			
Church	stone & mortar church statues of St. Francis St John Capistran, Nuestra Senora del Rosario St Joseph	stone & mortar church statues of St John Capistran Nuestra Senora del Rosario Our Lady of Sorrows Jesus of Nazareth	stone & mortar church church-1,500 pesos furnishings-1,500 pesos new church under construction-work stopped-lack of Indians church- 3,000 pesos stone structure stone structure
Friary	larger stone structure	stone structure	
Granary	stone structure	stone structure	
Textile shop	3 looms	3 looms	
Other	carpenter shop blacksmith shop		
Indian houses	2 rows huts	neat houses of adobe thatched roofs	lodgings of usual materials
Livestock-			
Cattle	865	1,000	
Sheep & goats	574	3,500	
Horses	36	500	
Oxen (yoke)	17	40	
Agriculture-			
Corn (bushels)	1,280	1,600	
Beans (bushels)	64		
Cotton (pounds)	163	203	58
Indian Inhabitants-			
Spiritual Life-			
Baptisms (To date)	515	847	
Burials	214	645	

	1745	1756	1762	1789
Missions				
<i>San Francisco de la Espada:</i>				
Physical Structure-				
Church	stone church under construction- sacristy completed- used as chapel statues of St Francis Our Lady of Sorrows	lime and stone church completed statue of St Francis	new church under construction- use old stone church statues of St. Francis Our Lady of the Rosary	stone and lime church church-3-4,000 pesos
Friary	2-story stone structure	2-story stone structure	larger stone structure	stone structure
Granary	stone structure	stone structure	stone structure	stone structure
Textile shop	carpenter shop	carpenter shop	3 looms	
Other	bricklaying tools	masonry blacksmith		
Indian houses	mostly jacales- huts of brush, mud, & straw	jacales- constructing stone houses	stone/mortar houses	stone & mud houses
Livestock-				
Cattle	1,150	700	1262	
Sheep & goats	830	1,950	4,000	
Horses	81	102	255	
Oxen (yoke)	16		37	
Agriculture-				
Corn (bushels)	1,600		1,600	
Beans (bushels)	64		82	
Cotton (pounds)	some		some	
Indian Inhabitants-	204	200	207	57
Spiritual Life-				
Baptisms (To date)	393	640	815	
Burials	213	372	513	

Sources: Morfi [1783], Forrestal [1931], Dabbs [1940], Day [1965], Procter [1965], Schmitz [1965], Tinkle [1965], Winfrey [1965], Habig [1968a, 1968b].

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SHOWING A STRONG FRONT: CORPORATE SOCIAL REPORTING AND THE 'BUSINESS CASE' IN BRITAIN, 1914-1919

Abstract: It is generally asserted that corporate social reporting (CSR) is a phenomenon of the late 20th century. The present paper contests this view by looking at the ways in which British companies reacted to the challenges they faced during the First World War, when they were exposed to charges of profiteering, as well as to industrial unrest and high taxation. The paper considers the use of the speeches made by chairmen at annual general meetings to refute these charges and defend themselves. It considers the relevance of these findings for contemporary social reporting, and suggests that investigation of the history of CSR is likely to show further examples of its use by companies to put forward "the business case".

INTRODUCTION

A wide array of modes of corporate reporting is currently deployed by large companies worldwide in a variety of media – in newspapers, and magazines, in dedicated reports, on the Web, on video. They run the spectrum from heavily regulated disclosures in the form of audited financial statements to what has been described as "advocacy advertising"¹ [Sethi, 1977; Milne, 2002; Milne and Patten, 2002]. Somewhere in between fall a variety of reports on corporate social responsibility, envi-

¹ Milne [2002, p. 374] defines this as "a deliberate attempt on the part of the corporation to present a point of view about a major public issue".

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ronmental performance, contribution to employee well-being and so on, containing varying proportions of quantified, audited statements, narrative, diagrams and pictures. Like the financial reports, they are addressed to shareholders and to the public and intended to convey information about the company's performance and prospects, but, unlike the financial reports, they are voluntary and their content is not regulated.

The present paper examines an episode in the history of corporate reporting – the extent and nature of the voluntary disclosures made by limited companies in Great Britain during the First World War and the beginning of readjustment immediately after the war. They are, it is suggested here, of some interest for what they have to say about the relationship between limited companies, their shareholders and society at large in that period, and also about the role then and now of corporate social reporting. The evidence offered here is potentially part of a continuing history of corporate reporting, and one of the intentions of the paper is to encourage further research to track the extent to which companies – in Britain and elsewhere – made disclosures of this kind both prior to and after the episode outlined here.

The paper begins by outlining the role of the annual general meeting (AGM) in the period under review, and the issues which were of particular importance to limited companies during the First World War. It goes on to review the treatment of these issues in the speeches made by company chairmen and senior directors at wartime AGMs, and considers the relationship between this form of communication and the role and content of what is now known as corporate social reporting.

CORPORATE REPORTING – THE ROLE OF THE AGM

Britain in the mid-19th century has been described by Cottrell [1980, p. 41] as having “the most permissive commercial law in Europe”, and the Companies Acts of 1900 and 1907 did little to impose restrictions. The amount of accounting disclosure required in the early 20th century was minimal. Companies had to produce an audited balance sheet, but the publication of a profit and loss account (which did not have to be audited) was not a requirement until the Companies Act of 1929, so the figures for sales and operating profit need not have been, and generally were not, disclosed. To make the year's position even more opaque, companies had discretion over the amount of depreciation they charged, which tended to vary in response to the

amount of profit they wanted to abate rather than the wear and tear on assets, and they could also hide substantial amounts of profit in provisions, e.g. for taxation, which melted into an undifferentiated figure for current liabilities on the balance sheet. Apart from the dividends that were paid out, there was little hard information about the year's financial performance, and the fact that the current year's dividends could be paid out of the preceding years' profits did not increase the clarity of the picture.²

There were complaints about this situation – from shareholders and from Members of Parliament – from the late 19th century onwards. One important counter from supporters of the permissive status quo was to remind critics that limited companies in Britain were required to hold an annual general meeting. At the AGM, which all voting shareholders could attend, the directors were required to make a statement about the company's financial performance, obtain the shareholders' approval of the dividend and the appointment of directors and auditors, and answer questions about their stewardship of the company's assets. The limited company, it was frequently argued, was the product of a contract between directors and shareholders; if shareholders were unhappy or curious, the AGM was the forum in which they could exercise their rights as individuals to the information and explanations which they needed. It was therefore a key element of corporate governance, the place where the deficiencies of the financial statements could be made good. Britain did not need accounting disclosure to be legally mandated, it was claimed, as shareholders had remedies – they could sack the directors or sell their shares – if they were not happy with the information they could obtain at the AGM.

The AGM attracted press coverage on a greater scale than do comparable events today. They were reported at length in local newspapers; for instance the *Sheffield Daily Independent* devoted half or three quarters of a broadsheet page to the AGMs of large local companies such as Hadfields, John Brown or Vickers. Often they were covered in national papers as well, and in weekly journals – for instance companies could and did pay

²It is of course still possible for a British company to pay dividends out of previous years' reserves – but the requirement to produce a detailed analysis of reserve movements means that it is now possible for the reader of the accounts to be aware that this has happened. If reserve movements are not charted, dividends are the only indication of profitability available, and may not be a safe guide to current profits.

to have their AGM reported in *The Economist*. *The Times* reported AGMs more or less daily. They were of interest because of their potential to disclose information about the company which could not be deduced from the financial statements themselves – a major part of the company's attempt to present itself to the world.

The present paper examines the role of the AGM during the First World War, a period when British companies were exposed to a series of problems and criticisms that were largely new to them. In Cronin's words, "the impact of the war upon workers, employers and the state was extremely contradictory" [Cronin, 1991, p. 67]. This contradiction set up tensions which were expressed in many ways by the parties involved – for instance by strike action, political campaigning, and legislation. The following sections of this paper outline some of these tensions as they affected businesses, before looking at their expression via the AGM.

THE ISSUES FOR BUSINESS, 1914-1919

E.M.H. Lloyd, who worked in the Ministry of Food during the war, said that there were two phrases that were repeated "many hundreds of times" by his colleagues: "Every private interest must be subordinated to the successful prosecution of the war" and "There must be as little interference as possible with the normal channels of trade" [Lloyd, 1924, p. 259]. There is a tension between the two slogans, which is apparent in the issues that preoccupied companies during the war.

The same dichotomy is more forcefully suggested by two cartoons which appeared in the issue of *Punch* dated 5 April 1916. A full-page cartoon [p. 233] depicted a bleak hillside with a gallows, the noose swinging in stormy wind. The caption read "FOR TRAITORS" and below "A WARNING TO PROMOTERS OF STRIKES IN WAR-TIME". On p. 235, a half-page cartoon showed a slightly shabby middle-class man and woman on a London street, peering at a large chauffeur-driven car with an elegantly-dressed couple in the back. The caption read:

She 'Good gracious! The Brown-Smiths!! I thought they were so poor'.

He 'Yes. But, you see, he's been supplying the Government with shells for quite a fortnight!'"

The conflict between private interests – of workers, employers and shareholders – and the interest of the government en-

gaged feelings at various levels. There was a desire on all sides to be seen as serving the national interest and a readily-deployed sense of public indignation if any of the parties involved appeared to be putting its own welfare first. But there was also a strong sense among those contributing to the war effort that national service should not be used as an excuse for exploitation. The present paper will explore one aspect of this conflict – the need for limited companies to report wartime profitability whilst avoiding the stigma of exploitation, and the use of reporting at the AGM in reconciling the two objectives.

Some wartime AGMs did not address this issue – the directors briefly announced the dividend, presided over the votes, and then adjourned for lunch or tea. Shareholders often had little or nothing to say beyond approving the dividend and the reappointment of the directors. But newspaper and journal reports show that there were also numerous AGMs which were, if not a forum for debate, at least a platform for the directors to express their views and make their case on a wide range of topics. The following section of the paper identifies the main areas of controversy in wartime, before the nature of the corporate response to them is discussed.

Four issues appear to have been of particular concern for business during the War. These were the impact of government controls, the altered basis of taxation of profits, the relationship between employers and labor, and the negative public perception of business behavior, summarized in the charge of “profiteering” that was leveled for much of the War. Cronin [1991, p. 68] identifies “a decisive reorientation in the relationship between businesses and the state”, and the more important elements of this reorientation are now described.

Government Intervention: One of the major changes brought about by the war was the advancing tide – albeit unevenly advancing – of government intervention and regulation. In 1915 there were 27 government committees dealing with issues of trade, industry and finance, by 1918 there were 107 [Hewins Archive, 95/2/2 and 95/2/15]. In munitions, the government directed 3.4 million workers, either directly or in controlled privately-owned establishments. The coal mines were virtually nationalized after 1917. The government set both prices and wages. By the end of the war it had “direct charge of shipping, railways and canal transport: it purchased about 90% of the imports and marketed over 80% of the food consumed at home” [Pollard, 1983, p. 22]. All these changes happened piecemeal, in

response to perceived needs, rather than as part of a grand strategy by the British government, but they were unprecedented in the way they interfered with the autonomy of limited companies.

Taxation: Prior to the war, there had been no tax on businesses, as distinct from taxation of the individuals owning them. Limited companies acted as “holding agents” [Daunton, 1996, p. 898], deducting income tax from dividends, but were not in themselves “taxable entities” [ibid]. The British government’s response to the costs of war had two major effects on taxation. The level of income tax exemption was reduced in 1915/16, leading to a massive increase in the number of taxpayers – from 1.2 million in 1913/14 to 3.5 million in 1918/19 [Daunton, 1996, p. 88]. Secondly, in 1915, Excess Profit Duty (EPD) was introduced. This was a “hybrid” [Hicks et al., 1941, p. 7] in that businesses could elect to be taxed either on the return on capital employed in excess of a statutory rate (six per cent for companies) or on the excess of wartime profits over the average peacetime profit for the three years preceding the war [Daunton, 2002, p. 56]. The rate of EPD rose in stages from 50 per cent when it was introduced to 80 per cent in January 1917 [Hicks et al., 1941, p. 78].

Labor Relations: Business agreement to the principle of EPD was expressed in March 1915, during the Treasury Conference, which was attended by government, trades union and employer representatives. Lloyd George called for “an understanding with regard to the limitation of profits” and “an understanding of course that the works will be completely under the control of the State” [History of the Ministry of Munitions Vol. II, 1922, p. 83]. In return, “the other side of the bargain” [ibid.] was agreement by the trades unions that there would be no strikes and that trades union working practice restrictions would be removed during the war. The “bargain” was part of the Treasury Agreement of 1915 that resulted from the Conference, but it was soon reinforced in legislation – the 1915 Munitions of War Act. This ratified the Treasury Agreement, and also required the acceptance by employees of dilution (opening skilled work to unskilled men, women and boys) and of restrictions on overtime.

Reactions to Change: A number of commentators have regarded the “bargain” of 1915 as a victory for employers, such that

Askwith, the government's chief industrial negotiator, saw the danger of its "appearing as the mouthpiece of the employers" [quoted in Middlemas, 1979, p. 73]. The President of the Board of Trade, Runciman, described the employers in March 1915 as "not at all in a bad humour" [Wigley, 1976, p. 101]. The reason for their alleged good mood was what Middlemas [1979, p. 73] calls the government's "curiously business-oriented sensitivity on the question of profits". The terms given to them were "generous" [Wigley, 1976, p. 101]; the choice of tax base meant that companies making a low profit immediately before the war could choose to be taxed on the excess return on capital employed rather than on the increased profit. Meanwhile, the trades unions faced restrictions that "pleased no one" [Wigley, 1976, p. 101].

Certainly labor relations reflected workers' unhappiness. They were limited in their ability to take industrial action, and to move from one job to another. Dilution created conflicts between skilled and unskilled workers, and employers and managers had acquired new powers. A series of major strikes reflected this dissatisfaction – among others these took place in South Wales and on Clydeside in 1915, in Sheffield and again on Clydeside in 1916 and countrywide among engineering workers in 1917. But there were other reasons for discontent. One, as noted above, was the extension of income tax to working men who had never previously fallen within its scope. The other was more prevalent and therefore more significant: "The inflation of food and other basic commodity prices (especially coal) was the cause of a much more intense and widespread feeling of working-class 'unfairness'" [Waites, 1987, p. 223].

According to the Ministry of Food, prices of principal foods in July 1918 were more than twice their July 1914 level [*Times*, 25 November 1918]. The Commissioners charged with investigating industrial unrest in North-East England concluded that "food prices are the most general cause of unrest", but they noted that the sense of "actual hardship" was combined with "the belief that prices are enhanced not only by scarcity but also by profiteering" [quotation from their report in *The Times*, 1 August 1917]. This wider concern – indignation about profiteering – will be reviewed in the following section of the paper.

Profiteering: The belief that businesses were using shortages and government demand to fix abnormally high prices was not confined to those who suffered hardship because food was dear. Nor was the accusation levied solely against food manufacturers

and vendors. The accusers and their targets were far more widespread.

Searle [1987, pp. 289-298] discusses the extent to which the attack on profiteering was taken up by a variety of political persuasions. Socialists, of course, saw it as an inevitable by-product of capitalism. For traditionalist Tories, it represented the decline of the aristocracy and the rise of a plutocracy – “the hard-faced men who look as though they had done very well out of the war” [Masterson, n.d., p. 140]. Liberals saw profiteers as the enemy of the middle-class (like the shabby couple in the *Punch* cartoon quoted above) and for right-wing Radicals, they were traitors “playing the game of the Hun” [Searle, 1987, p. 293].³

The notion of profiteering was, therefore, one that drew attention and hostility on all sides; the issue that gave more scope for debate was that of its identification in business practice. This has attracted the attention of a number of historians. Studies of business performance generally [Boswell and Johns, 1982], of shipping profits [Arnold, 1991; Napier, 1991; Arnold, 1997] and of armaments profits [Arnold, 1998] have made it clear that by no means all businesses made unfair profits. Certainly shipping companies, for instance, did in some cases make large profits, but the effect of wartime business was “highly variable” [Arnold, 1991, p. 339] and must be set off against high levels of commercial risk because of the danger of losing vessels [ibid., p. 351; Napier, 1991, p. 330]. In addition, inflation had a major effect; after adjusting for inflation, the profits of armaments firms were in fact lower between 1915 and 1919 than from 1910 to 1914, “an early and poorly acknowledged example of money illusion” [Arnold, 1998, p. 314]. In a wide-ranging survey, Boswell and Johns find that business behavior covered the spectrum from blatant profiteering [Boswell and Johns, 1982, pp. 428, 431] to efforts to save the government’s money [op.cit., p. 432].

There was, however, evidence that persuaded the contemporary public that profiteering was going on. Overall, ordinary dividends showed an increase.

³As an illustration of Searle’s contention, see for instance *The Times* of 15 June 1917 which reported both an attack by the National Transport Workers’ Federation on “the unwillingness of shipping interests to make a fair deal”, and also the claim of a committee of Unionist MPs to have “unmistakable evidence” of profiteering “on the part of big firms as well as small”.

TABLE 1
Ordinary Dividends of British Companies

July-June	Average Ordinary Dividend Rate (%)
08/09	6.3
09/10	6.8
10/11	8.0
11/12	8.7
12/13	9.7
13/14	10.4
14/15	9.1
15/16	10.4
16/17	10.2
17/18	10.5
18/19	11.0

Source: *The Economist*, July 1919 [quoted in Waites, 1987, p. 100].

These figures were an average which took account of some drops in profitability (e.g. trams, gas supply), but it was the rise in the average that could be used to support the claim that wartime emergencies were being used to boost profits. And, more specifically, there were individual companies that were demonstrably making vastly increased profits. Spillers and Bakers, the flour millers, increased their profits from £89,000 in 1913 to £368,000 in 1915. This was reported in Parliament and led to angry protests:

Mr. T Healy (Cork, NE, Nat.) – What we want to know is how long this gang will be allowed to sweat the faces of the poor whilst the common people are giving their blood for the country. (Cheers)

Mr. Crooks (Woolwich, Lab.) – When are the Government Departments going to cease apologizing for robbing? [*Times*, 30 April 1915].

Shipping profits attracted similar indignation. They were taken at face value, ignoring the reservations suggested above by Arnold and Napier. *The Economist* commented that “No business has done better out of the war” [6 November 1915] and Asquith called the behavior of shipping contractors “disgusting” [Masterson, n.d., p. 143].

Claims of profiteering persisted throughout the war for a number of reasons. There was indeed evidence that some busi-

nesses were making unfair profits in their dealings with the government and/or the public, as noted by Boswell and Johns. Searle, however, comments that profiteering was not discussed “within a strictly economic frame of reference”. It was perceived that “something was happening which ‘offended public opinion or damaged civilian morale’” [1987, p. 287, quoting Boswell and Johns]. The combination of high prices, large dividends and scandals such as Spillers created public sensitivity about business profits in general. There was an anxiety that businesses were transgressing moral limits and the public wanted political intervention.

The result of the changes outlined above – in the relationship of businesses with government, with workers and with the public at large – was that companies needed to renegotiate and redefine their position. They could not count on social acceptance; they needed to make the case for the way they carried on their business. In addition, despite the claims noted above that businessmen were largely happy with the settlement outlined by the Treasury Agreement; it can be argued that not all the wartime changes were satisfactory for them. Indeed, it will be suggested below that many businessmen felt increasing concern that their position was deteriorating, and that they needed to ward off threats to their present security and future survival. The following section of the paper outlines the corporate response to wartime change, as it was expressed via the AGM.

CORPORATE RESPONSE

Companies found themselves in a significantly changed environment. Despite the claims quoted earlier that they had been favorably treated, they were exposed to government intervention and public criticism. Labor problems, although not as severe as in the years immediately before the war, were still a threat.⁴ The “widespread belief that businessmen were profiting tremendously during the war and that government intervention consistently favoured the interests of employers” [Cronin, 1991, p. 69] meant that companies needed to protect their public image and their interests. This section of the paper reviews the disclosures made at AGMs in pursuit of this aim.

⁴Employers’ inability to undertake wage bargaining could entail government-imposed settlements in case of a dispute, and shop-stewards’ committees had a growing influence in organising and representing workers [Middlemas, 1979, p. 113].

More companies published their AGM reports than before – between 1914 and 1919 the numbers who paid to have their reports published in *The Economist* increased from fewer than 400 to well over 500.⁵ They used the platform provided by the AGM to make voluntary disclosures in a variety of ways – partly defensively, to protect and enhance their own image, but also polemically, to attack their critics and those who seemed to be threatening their position.

Contribution to the War Effort: The most popular defensive tactic of companies was to enumerate the direct contributions they were making to the war, in terms of the men who had left them to join the army and the levels of casualties. By May 1915, the Royal Mail Steam Packet Company (RMSP) reported that it had more than 1,000 men in the forces [*Times*, 13 May 1915]. Shell had 300 and announced to cheers at the 1915 AGM that it had opened a rifle range in the head office basement “to give some practice to those who have been unable to go to the front” [*Times*, 23 June 1915]. The Chairman of Spillers read out the names of the employees who had died on active service. His use of this tactic was rather sardonically noted by *The Economist*: “Directors set forth the number of employees already killed, wounded or missing, as if the patriotism of their servants were a set-off to the abnormal profits they are making out of ‘war bread’” [1 May 1915, p. 851]. Many firms could also point out the support they were giving to wives and families, for instance by topping up ex-employees’ army pay to the level of standard wages.⁶

Profiteering and EPD: The main area where companies felt the need to defend themselves was the accusation of profiteering. There were various strategies for countering this, and all were deployed. One approach was selflessly to welcome EPD as a necessary sacrifice in the national interest. Lord Inchcape, the Chairman of P&O, declared in December 1915 that “no sacrifice

⁵ Stock Exchange restrictions on new issues in wartime make it likely that the majority of these additional reports were placed by existing, rather than by new, companies.

⁶ For other examples of this theme, see, among others, Sutherland Steamship Co [*Times*, 6 May 1915], Shell [*Times*, 23 June 1915], Barclay Perkins [*Times*, 13 July 1915], Workington Iron and Steel [*Times*, 8 August 1915], Dorman Long [*Times*, 13 April 1916], Furness Withy [*Times*, 31 July 1916 and 26 October 1918], and Elder Dempster [*Times*, 25 May 1917].

is too great to secure that victory without which life would be intolerable" [*Times*, 9 December 1915]. He slightly spoiled the effect by noting in the next paragraph that "it is not in the interests of the country to withdraw large sums from earning taxable revenue". Company chairmen had to tread a fine line if they were to make the case against handing over large amounts of revenue without appearing to be unpatriotically greedy.

One way of doing this was to agree that they had indeed made large profits, but that these were not from the war.⁷ Furness Withy, the shipping company, asserted that their profit came not from food freight to Britain, but from foreign trade and luxury goods [*Economist*, 1917, p. 173]. Another approach was to admit that one's company was making profits from the war, but to point out that other companies were making more. Armstrong Whitworth observed in 1918 that "as patriotic taxpayers we did not complain, but we cannot help noticing that other industries have . . . made and distributed profits which compare very favourably with the results we have been able to show" [*Economist*, 1918, p. 375]. John Brown (whose 1915 dividend was 50% higher than its 50-year average) had a two-part defense: firstly, they had to make hay while the sun shone. Their Chairman, Lord Aberconway, pointed out in 1915 that after the war "it might be years before any of the armament firms got an order". Besides, it was unfair to pick on them. He pointed to the Army contractors for "flour, meat, clothing, boots, tinned provisions, jam, fodder . . . etc . . . Why, those firms would be making far larger relative profits than armament firms, and when the war was over, far from being cast out into the streets they would go on making money" [*Times*, 30 June 1915].

As noted above, a number of researchers have questioned the extent of profiteering, in view of the risk incurred by certain companies and the impact of inflation, as well as the efforts that some made to restrict their profits. Their findings do not deny that profiteering took place, but encourage the thought that at least some companies might have supported their defense by publishing detailed financial reports. This they did not do. Some did not produce accounts for a number of years on the ground of confidentiality, for instance Vickers between 1915 and 1918 [*Times*, 9 October 1918], or delays in settling government ac-

⁷ See Humber Ltd and Castner-Kellner Alkali Ltd [both *Times*, 25 November 1915], Harrison and Crosfield [*Economist*, 1917, pp. 669-671] and Dunlop Rubber Ltd [*Economist*, 1917, p. 107] for a similar contention.

counts – Armstrong Whitworth in 1916 and 1917 [*Times*, 19 September 1918].⁸

Many others offered the amount of detail – i.e. scanty – which was required by the 1907 Companies Act. P&O, one of the shipping companies with hugely increased profits, cut back its disclosure. It reduced its financial statements from 13 pages pre-war to nine in 1915, and its profit and loss account was “simplified to a point at which figures cease to have much significance” [*Economist*, 1915, p. 928]. By 1917, the journal was severely critical: P&O’s profit and loss account information had been “suppressed” in a way that was “a serious abuse of the confidence of shareholders and . . . a bad example to be set by a respectable company” [*Economist*, 1917, p. 912]. Lord Inchcape told the P&O shareholders he had no intention of “publishing your private affairs to the world” when rival shipping companies in neutral countries “who have been coining money during the war” could steal a march by reading them [*Times*, 5 December 1915]. The Cairn shipping line simply declined to give any indication of its profits [*Times*, 12 September 1918]. Spillers, who quadrupled their profits in the flour business, made a similar excuse to P&O’s in 1915 [*Times*, 3 May 1915]. Whatever strategy British companies adopted to counter accusations of unfair trading, they did not intend to go into detail about their results. They preferred to treat profit and loss data as confidential and adopt other strategies to ward off press and political criticism.

The other measure adopted by companies in the face of criticism and intervention was to go on the offensive, and put forward their own agenda as well as react to that of government and other commentators. This counter-attack took a number of forms, and was directed against both taxation and other forms of government intervention. P&O were not alone in pointing to the foreign threat. The point was often made that competitors in Germany or in neutral companies were either taxed at a lower rate or not at all on profits. EPD would damage the chances of British firms after the war by leaving them worse off than their rivals. Shipping companies advanced this argument repeatedly,⁹ but industrialists also invoked the postwar German menace; the

⁸United Alkali Co Ltd was also delayed [*Economist*, 1917, p. 707], and Curtis and Henry were unable to produce their 1916 accounts until after their 1917 ones because of similar problems [*Times*, 26 April 1918].

⁹Among them Orient [*Times*, 22 December 1915 and 30 January 1918], King Line [*Times*, 29 March 1916], Mitre [*Times*, 12 December 1917], Anchor Line [*Economist*, 1917, pp. 127-128], and Lamport and Holt [*Times*, 12 April 1918].

Chairman of British Westinghouse asserted that “there had been no more enthusiastic advocates (of the war) than the heads of the great German industries and financial establishments” [*Economist*, 1917, p. 748]. Bradford Dyers [*Economist*, 1917, pp. 440-444] made similar points. This was closely allied to the argument that EPD was liable to damage post-war prospects because it prevented the accumulation of reserves – as claimed for instance by Pearson and Knowles [*Times*, 1 October 1915], Spillers and Bakers [*Times*, 8 May 1916], and RMSP [*Times*, 7 June 1917]. Implicit in these arguments was the assertion that war-time profits were not “excess” – they were a fair reward for productivity and the government should not handicap industry by appropriating them.

EPD was also invoked in connection with two other challenging issues – labor relations and government control of business – and these are discussed below.

Labor Relations: Companies made frequent reference to the relationship between employers and workers. This was often positive; chairmen stressed the excellent attitude of employees and the good spirit prevailing in the factory. There were also confident appeals for further co-operation. The Chairman of John Knight Ltd called for labor and capital to work “hand in hand” [*Times*, 23 February 1918], and the Chairman of Crossley Bros Ltd stressed that “we must all pull together” [*Times*, 28 February 1918].¹⁰ Linked to this was an emphasis on the benefits conferred on the employees. Lord Aberconway pointed out in 1919 that over the last ten years the Tredegar Iron and Coal Company Ltd had paid £10 million in wages and £700,000 in dividends [*Economist*, 1919, p. 64]. In the same year Lord Lever enumerated the welfare provision for Lever Bros employees – housing, bank accounts, a six-hour working day and so on [*Economist*, 1919, p. 529]. “Industrial peace” was achieved, on this basis, by the efforts of management.

But a number of chairmen went on to make a contrast between the improvement in workers’ conditions and the reduction in profits caused by EPD – for instance Charles Allen of Ebbw Vale Steel Iron and Coal remarked that “while opportunities for making profits are strictly limited, there appears to be no boundary to that golden, rosy horizon of advancement of

¹⁰See also e.g. Shell [*Times*, 23 June 1915], Dennis Bros Ltd [*Times*, 23 November 1915], Thomas Wallis [*Times*, 28 February 1918], among others.

wages for the men” [*Times*, 30 June 1916]. Similar contrasts were drawn at Bolckow Vaughan [*Times*, 30 September 1915] – “of these prices the wage-earners are getting a larger proportion than they have ever done before” – and by the Tredegar Iron and Coal Company Ltd [*Times*, 1 July 1916 and 2 July 1917]. As the war continued, criticism of labor became more severe, particularly in the coal industry. The Chairman of Pease & Partners said in 1919 that he did not think that the miners had been “playing the game since the mines were controlled by the government” [*Economist*, 1919 p. 1095]. In the same year, the Chairman of Ebbw Vale lamented that the attitude of labor “grows worse day by day” and thought that, unless labor leaders learned “a soberer, clearer and saner view”, Bolshevism would take industry “down into the nethermost pit” [*Economist*, 1919, pp. 152-153]. According to Aberconway at the Sheepbridge AGM, “a microbe of unrest and extravagance” had infected the British people [*Economist*, 1919, p. 511].

Business and Government: Company chairmen, as noted above, stressed their willingness to co-operate in the national effort, by paying EPD (despite the problems it created), and promoting industrial peace (despite the demands made by labor). But they frequently referred to the difficulties they faced in working with government – which were attributed to the lack of government understanding of industry and commerce. Senior businessmen held many government posts during the war. “The Ministry of Munitions was from first to last a business-man organisation” [Lloyd George, quoted by Searle, 1987, p. 275]; more than 90 company directors and managers were employed there. The cabinet included a swathe of “businessmen-cum-ministers” [Searle, 1987, p. 276], and, at local level, the District Armaments Committees overseeing production were primarily made up of businessmen [Cronin, 1991, p. 68].

Despite this influx the problem was often argued to be the refusal of the British government to pay attention to the needs of British industry. The Chairman of the Sheffield steelmakers Hadfields Ltd pointed out in 1916 that “there was not a single representative of technical business men in the government”, whereas “the head of Krupps had for ten years reported every fortnight to the head of the German Empire as to the progress of his work at Essen” [*Sheffield Daily Independent*, 25 March 1916]. The same point was taken up by the Chairman of Workington Iron and Steel who contrasted the “pampered and petted” status of Krupps with the treatment of British iron and steel manufac-

turers. [*Times*, 2 September 1916]. There was a continuing strand of criticism of what was called the “hydra-headed system of bureaucracy” [Chairman of the Salt Union, *Economist*, 1917, p. 558] which impeded business efficiency, and of inappropriate government appointments – e.g. “Lord Rhondda knows all about coal so he is placed at the head of the Food Control. Sir Eric Geddes knows all about railways therefore he is placed in command of naval affairs” [Chairman of Lennards, *Economist*, 1919, p. 191]. Dudley Docker, the Chairman of Metropolitan Carriage, Wagon and Finance appealed in 1916 “For Heaven’s sake, let us see to it that in matters we do know something about, our industries, our financial institutions and so forth, we keep the politicians at a respectful distance” [Davenport-Hines, 1984, p. 109].¹¹

Lord Inchcape of P&O claimed in a letter to the *Times* [28 December 1918] that “no man of any account in business ever uttered a word of complaint about government control during hostilities”. This seems to overlook an increasingly aggressive strain in the comments made on the government’s control. The Chairman of Moor Line attacked “pretentious gentlemen who have no trace of commercial experience” [*Times*, 2 March 1917] and Robert Mond of Mond Nickel complained of suffering “immense difficulties . . . by reason of Government restriction” [*Times*, 27 September 1918]. As the war continued, and the tax rate went up, the declared attitude to EPD changed from acceptance to savage criticism. In 1918 it was “vicious in the extreme” [Inchcape, *Economist*, 1918, p. 814]; by 1919 Lord Lever was calling it “an assassin’s blow” to industry and shipping [*Economist*, 1919, p. 529]. The Chairman of Peek Bros Winch, Ltd, a food retailer, described businessmen as “toads under the harrow” of the government, and food controls as “a crime against the public and especially the poor” [*Times*, 3 January 1918].

This kind of polemic, like the warnings of labor Bolshevism, suggests that at least some business leaders were no longer in the good humour they enjoyed after the 1915 Treasury Conference. If businesses could not find helpful support from the government, they needed to obtain it elsewhere, and the following sections of the paper consider some evidence for this search for support.

Representatives of the Shareholders: Part of the strategy for finding support was the corporate claim to being representative.

¹¹ See below for further details of Docker’s contribution.

Repeatedly, chairmen stressed that they were looking after the interests of a large body of shareholders. In 1916, Lord Inchcape pointed out that P&O had 8,500 shareholders; ships, he said, were owned “not by a restricted class but by the people generally” [*Economist*, 1916, p. 1132]. The Fine Cotton Spinners Chairman quoted an average shareholding of £300 amongst its 30,000 shareholders; they represented “the hard-earned savings of really careful people”. Mitre Shipping were “trustees for a vast body of shareholders” [*Economist*, 1918, p. 885]. In 1919, Mitchelson, Chairman of the mining company D. Davis, reminded the Sankey Commission that the “so-called coalowners” were in fact “many thousands of shareholders drawn from the entire community” [*Economist*, 1919, p. 452].¹² Limited companies were attempting to distance themselves from an elitist position – shareholding was open to “really careful people”, not confined to the wealthy, and the company chairman could therefore speak to the government (and to refractory workers) in the interests of a large social group. It was also another means of countering the charge of profiteering – profits were earned, and dividends paid, for the common good.

Business Solidarity: As well as claims to representativeness, speeches at AGMs displayed solidarity within business: company chairmen spoke up in each other’s defense. One aspect of this has already been discussed – the calls for government to take more account of business views and refrain from interference. Another reflection of solidarity was the expression of support for an organization founded during the war which became a major representative of British business, the Federation of British Industries (FBI), founded in 1916. The FBI was one of a number of employers’ organizations set up during the war [Turner, 1984, pp. 39-49]; it had the advantage of being promoted by Dudley Docker, who was a leading businessman in the Midlands,¹³ and supported by among others the chairmen of Vickers, Hadfields and Marconi. Docker used the 1917 AGM of Metropolitan Carriage, Wagon and Finance Co to stress the importance of the FBI – “the Federation will, and must, attract the attention of the Government when forming industrial regula-

¹² A point he also made at the company’s AGM [*Times*, 13 March 1919].

¹³ He was closely involved with Daimler and Birmingham Small Arms among others. Winston Churchill in 1918 invited his wife to accompany him to Birmingham to “see tanks and munitions workers . . . & Mr Dudley Docker” [Davenport-Hines, 1984, p. 93].

tion" [*Times*, 8 June 1917]. Similar themes were addressed at the AGMs of Birmingham Small Arms [*Times*, 10 August 1918], and Kynoch [*Times*, 18 October 1918]. Lord Inchcape told a businessmen's conference that "the mercantile community" must "show a strong front" to prevent the government from nationalizing "everything for all time" [*Times*, 10 May 1918].

Middlemas comments [1979, p. 112] that employers had "a growing awareness of the need to increase their political power in the second half of the war". Certainly the formation of the FBI appears to have been a political move. The FBI's attitude to the trades union movement "shifted from tentative co-operation to active aggression during 1917 and 1918" [Turner, 1984, p. 47], a transition that is echoed in the changing tone of AGM commentaries on labor relations. At the end of the war, the Conservative ministers of the Coalition government "could be heard consulting with the FBI on how to present more tactfully the bitter question of profiteering" [Middlemas, 1979, p. 131]. By 1919, the FBI was involved in setting up "an organisation for Anti-Bolshevik propaganda" which in 1920 was relaunched as National Propaganda, with a budget of £250,000 [Davenport-Hines, 1984, p. 130]. It pursued a course of attacking trade union militancy and the threat of nationalization, under the chairmanship of Lord Inchcape [Turner, 1984, p. 47; Middlemas, 1979, p. 132].

The attitudes and agenda of the FBI incorporated many of the issues raised in wartime and summarized above. The support it received¹⁴ suggests that these issues were matters of general concern for businessmen, rather than the preoccupation of a small number of politically active company chairmen, an issue which will be discussed in more detail later in this paper.

Shareholders and the AGM: Before moving on to a discussion of these findings, it is relevant to say something about the other element of the AGM, which was the contribution made by shareholders. This was often limited, because shareholders' contribution to AGMs was normally to vote unanimously in favor of the acceptance of the accounts. There were occasionally shareholder objections; for instance Lipton's results in 1915, which were very poor, were the subject of lengthy discussion. The Vickers accounts of 1915, which were delayed by wartime conditions, gave rise to a few questions about poorly-performing bonds and

¹⁴80 companies had joined the FBI within a month of its formation, rising to over 400 within a year [Davenport-Hines, 1984, p. 114].

about directors' commission, but also to congratulations from a satisfied shareholder [*Times*, 28 April 1915]. At the 1918 meeting of Dennis Bros Ltd [*Times*, 2 December 1918] there were a number of comments from a shareholder, but all were complimentary about the company's conservative accounting policies and the moderation of directors' salaries. In the same year, at the Dublin Steam Packet Co meeting, shareholders asked questions which were effectively compliments – "we have listened with great pleasure to the interesting account you have given us" [*Times*, 20 November 1918].

The AGM did not operate as a forum for discussion or public criticism of directors' achievements: what the directors said was a performance that was more or less entirely planned in advance as an expression of what they considered important. The coverage of issues such as labor relations and profiteering was not, therefore, a response to demand from shareholders; the audience being addressed included not only those present but also those who would subsequently read newspaper or journal reports of the AGM.

DISCUSSION

The preceding section of the paper has identified a number of issues which were frequently addressed at AGMs during and immediately after the Great War. These concerned the relationship between limited companies and the government, their employees, their foreign competitors, their shareholders and the public at large. Some of the discussions of these issues (in particular to do with the treatment of their employees on active service or in the workplace) were quantified; others were statements of principle. The tone varied from expressions of support and solidarity to severe criticism (of government and of employees), and comments became increasingly negative towards the end of the war. Examples were found in many industrial and service sectors, with some concentration by particular sectors on particular topics; EPD was markedly prominent in the shipping industry and labor relations in coalmining companies. There was also considerable overlap between the themes addressed by company chairmen and those taken up by the FBI on behalf of British industry in general. This section of the paper will consider the relationship between these findings and corporate social reporting as it is practiced, and discuss their contribution to current research on the factors encouraging companies to make social disclosures.

The History of Corporate Social Reporting: Sethi wrote [1995, p. 18] “The notion of corporate social responsibility . . . came into vogue almost 25 years ago [and] it almost simultaneously became an issue of general public concern. Its notoriety coincided with the rise of social activism in the United States”. His statement represents an important element of much academic commentary on corporate social responsibility (CSR) – the belief that CSR came into being late in the 20th century, and that its adoption by companies was intrinsically linked with the development of changed social expectations about the performance of industry. The birth of CSR is often associated with the increasing importance of the stakeholder concept in corporate governance – the identification of groups whose interests the “business corporation can and should serve” [Preston and Sapienza, 1990 p. 361]. Their paper identifies the use of the concept in business and academic writing as early as 1943, and its “formal introduction” into management writing is placed in 1958, when Dill identified the four major sectors of the “task environment” as customers, suppliers, competitors and regulatory groups. [Preston and Sapienza, 1990, pp. 361-362]. The term, as opposed to the concept, was apparently first introduced in 1963 at the Stanford Research Institute, “to generalize the notion of stockholder as the only group to whom management need be responsive” [Sternberg, quoting Freeman, 1997, p. 3].

The notion that CSR developed in the wake of the stakeholder concept, coupled with new social demands on business that developed in and after the 1960s, underpins much contemporary writing about CSR. It is notable that many surveys endorse Sethi by covering the last 30-40 years of the 20th century as comprising the history of CSR. For instance, Tinker et al begin their review [1991] in the mid-1960s,¹⁵ and Mathews [1997] traces the study of CSR from 1970 onwards.¹⁶ Gray [2002], in a recent review of the academic literature from the mid-1970s onwards, describes social accounting as “typically thought of as an activity (and a possibility) of emerging interest from about the mid- to late 1960s”.

Gray qualifies this characterization by admitting that social accounting can be traced back to the beginning of the 20th century, and indeed that “it seems inevitable that the wider one

¹⁵ Though they admit [1991, p. 31] that the critique of accounting may have had earlier roots.

¹⁶ Similar comments are made by, for instance, Post and Andrews [in Preston, 1982, p. 1]; Patten [1992, p. 471] and Roberts [1992, p. 596].

draws the definition of social accounting, the wider the accounts it incorporates and the more ubiquitous and the deeper-rooted in history it becomes” [Gray, 2002]. He concedes that “there is much work to be done by social accountants on such issues” [ibid.]. There have been studies which look at CSR before the 1960s – e.g. Hogner [1982], Guthrie and Parker [1989], Adams and Harte [1998], and Unerman, [2000] – but the possibility that some form of CSR was being practiced before the 1960s has generally attracted little attention. Deegan, for instance, in an overview of “some of the research questions that can be pursued” in social and environmental reporting, identifies 13 actual or potential research areas - investigation of the historical development of CSR does not figure among them [Deegan, 2002, pp. 286-288].

History and an Understanding of CSR: The belief that “the development of social and environmental accounting and accountability practices is still in its infancy (for example, compared to the long historical practice of financial reporting)” [Deegan, 2002] is understandably widespread, given the focus of most academic studies. The present paper argues, however, that AGM disclosures 1914-1919 are part of the early history of CSR, and that this history has implications for a contemporary understanding of the practice.

There are a number of possible objections to this contention, related to the form and the content of the AGM reports. In relation to form, it is the case that the subject-matter of this paper has been taken from newspaper and journal reports of AGMs, whereas present-day CSR is directly produced by companies – via annual reports, separate CSR documentation etc. Are the CSR elements of wartime reports deliberately planned disclosures or simply those parts of AGM speeches that were selected by journalists as being particularly controversial? There are a number of reasons for rejecting the latter suggestion. When different publications report the same AGM very similar content appears, suggesting that reports were transcripts, rather than edited and angled versions of what was said. (The reports printed in *The Economist* were paid for by the relevant firm, which makes it unlikely that the journal exercised editorial control over their content).¹⁷ The absence of CSR material from the

¹⁷For instance there are close resemblances between the reports of Armstrong Whitworth in *The Economist* [1918, pp. 374-377] and in *The Times* [19 September 1918], and between those of Boots in *The Economist* [1919, pp. 80-81] and in *The Times* [16 January 1919].

newspaper reports of a substantial number of AGMs is also evidence that published reports were not edited highlights of meetings. It appears that political, social and economic elements were reported when they occurred; speeches that were simply a commentary on financial results and prospects were recorded as such.

In relation to content, the statements made by senior businessmen fall largely into the category of CSR disclosure described by Gray et al [1995, p. 86] as “declarative” – their modern counterparts are categorized as “mission statements, statements of social responsibility and political statements” [Gray et al, 1995, p. 89]. There are some quantitative and monetary elements – e.g. the number of staff who had joined the forces, the amounts of tax/wages/benefits paid in the public interest – but the majority of the disclosures are narrative statements or political/economic arguments. The preponderance of qualitative material marks a difference from contemporary practice, and from contemporary attempts to find new methods of accounting for/quantifying activities, but the qualitative material is still a form of disclosure.

The objection might also be made that the disclosures made are simply self-expression by businessmen with strong political views, and that the content of the present paper is therefore anecdotal, rather than evidence of a general tendency amongst British businesses. The evidence offered can be supported in a number of ways. One aspect that deserves attention is the wide spread of companies making CSR disclosures. As noted above, companies in certain sectors placed particular stress on certain disclosures (shipping and EPD, mining and labor relations), but examples of such disclosures can be found among a wide spectrum of industries and trades – including armaments, iron and steel, food, textiles, chemicals, petroleum and rubber.

The topics that are covered, as noted earlier, fall into a limited number of categories, suggesting that there were certain concerns – about profits and taxation, labor relations, and government intervention – that preoccupied many businesses. The timing of disclosures also coincides – manpower contribution was a topic for the early part of the war; comments on EPD and labor relations became less positive as time wore on, again suggesting a shared point of view. Finally, the extent to which the FBI acted as a proponent of similar arguments suggests that these were shared by many businessmen who were ready to support an organization that would speak on their behalf.

The findings summarized in this paper are of interest for a

number of reasons. They offer an insight into the publicly-expressed views of senior businessmen in a period where these were not widely recorded,¹⁸ and they contribute towards an understanding of the history of CSR, which, as Gray [2002] points out, deserves further exploration. 1914-1919 was a period in which businesses were collectively exposed to a number of similar challenges. It was a stimulus for them to respond vehemently with a repertoire of similar arguments that are a striking case-study in CSR. This is not to suggest, however, that CSR was a product of the First World War in Britain which then went into abeyance until the 1970s. Maltby [2004] gives an overview of similar reporting strategies by a number of large manufacturing firms over the first three decades of the 20th century: there, again, different companies appear to have identified similar issues and applied similar arguments in countering them. As noted above, there have been a number of previous studies which look at CSR prior to the 1970s, but there is still a need to establish how widely CSR was practiced during – and indeed before – the 20th century, what social and political challenges appear to have prompted it and what arguments were adopted by companies in putting their case.

Why did company chairmen publicly express strong views on issues of taxation, labor relations and government control during the Great War? Contemporary writing about CSR offers a number of competing explanations for the activity, which may also be applied to the findings of the present paper. From the company's viewpoint, CSR may be seen as an attempt to communicate with an audience of stakeholders, inside and outside the firm. Certainly the examples offered above display management's desire to demonstrate patriotism, and to impress shareholders with their concern to promote profitability as far as was consistent with serving the national interest, but it is questionable how far management was communicating with workers as stakeholders. At some points, the management style was to treat the workforce as part of a team – at others, management was accusing workers of an unrealistic or a deliberately destructive attitude. Similarly, Maltby [2004, p. 431] quotes the managing director of Hadfields as treating working men as "colleagues" in a 1907 speech; in 1920, he inveighed against the danger of "red ruin" caused by their strikes. Workers appear to

¹⁸Boswell and Johns, [1982, p. 425] note the potential usefulness of company chairmen's speeches as a record of business attitudes.

have been treated as stakeholders only as long as they were co-operative.

Legitimacy theory suggests that companies report in order to demonstrate their adherence to social norms and expectations – they are reacting to external pressures [see for instance Deegan, 2002, pp. 282-311]. Political economy theory on the other hand regards CSR as proactive, “information provided from management’s perspective designed to set and shape the agenda of debate” [Guthrie and Parker, 1989, p. 351].¹⁹ Certainly, wartime reports attempted to demonstrate patriotism and selflessness – companies’ contribution to the war effort via tax, manpower and charitable donations. To this extent, they were legitimizing themselves by allying themselves with the national spirit. But the vehemence with which many businessmen defended their position arguably goes beyond legitimating. Their attacks on government incompetence and trades union Bolshevism suggest that the disclosures made at AGMs were indeed an attempt to set, rather than observe, the agenda and to “show a strong front” to a potentially hostile public. In the same way, armaments manufacturers in the 1930s made the case that they were not self-interested warmongers but essential to national security [Maltby, 2004, pp. 433-434].

The AGM provided companies with an opportunity to advance “the business case” [Owen et al, 2001] using a medium that would enable them to communicate not only with shareholders but with the newspaper-reading public in general. As the environment changed – in wartime with the increasing level of EPD and growing problems in labor relations – the tone of AGM speeches became increasingly aggressive. Companies went beyond aligning themselves with national interests: they were making the case for their own values – for what Sir Robert Hadfield later called their “necessary and honourable service to the nation” [Maltby, 2004, p. 433]. This was achieved not only by recounting their own achievements but attacking those who criticized them or limited their freedom of action. Limited companies were not merely supporters of patriotic values; they presented themselves as embodying those values. When the Chairman of John Brown claimed that his company “were never encouraged by the government to do more than they had done; on the contrary they found themselves in advance of the govern-

¹⁹This is the interpretation placed by Unerman on the disclosures made by Shell 1950-1965, which commented on government behaviour and taxation as it affected the petrol industry.

ment demands" [*Economist*, 1915, pp. 22-23] he was doing more than legitimizing his company – he was presenting it as part of the vanguard of national security.

Recognition that CSR is not the product of a new ethos, but rather a continuing response to social and political challenges, offers scope for further exploration of the motives behind its adoption and the themes which management chooses to address. An investigation of the history of CSR has much to contribute not only to the discussion of modern CSR but to an understanding of the relationship between business and society.

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ACCOUNTING FOR A DISAPPEARANCE: A CONTRIBUTION TO THE HISTORY OF THE VALUE ADDED STATEMENT IN THE UK

Abstract: Burchell et al's [1985] historical analysis of value added in the UK attributes its rise and fall to societal circumstances which initially encouraged the voluntary disclosure of the Value Added Statement (VAS) by companies and then, following societal change, influenced its disappearance. This paper supplements Burchell et al's thesis by arguing that a fuller explanation for the disappearance of the VAS can be found by also considering the contents of the statement itself. An empirical study of the information in the VASs of UK companies shows that they were unlikely to give support to the economic interests of the employee user group who had been promoted as an important beneficiary of the VAS. The study demonstrates that the social and economic nature of accounting means that change analyses which take account of both aspects of the discipline's character are likely to be more convincing than those which focus solely on one or the other.

INTRODUCTION

Although earlier reference can be found to value added (VA) in the accounting literature (e.g. Suojanen [1954], Ball [1968]) it was the influential advocacy of this measure in *The Corporate Report* [ASSC, 1975] that coincided with the emergence of a practical financial accounting interest in VA in the UK. At this time VA reporting began to attract the attention of corporate management, employees and trade unions, the accounting pro-

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fession, accounting academia and government. Each of these groups exhibited a substantially favorable disposition towards the preparation of VA information by accountants and its explicit public disclosure by UK companies. This consensus led, during the late 1970s and early 1980s, to the voluntary inclusion of a Value Added Statement (VAS) in a considerable number of annual shareholder reports. However, the VA phenomenon in the UK proved to be short-lived and by the mid-1980s interest in it had waned and the VAS quickly disappeared from corporate financial reports. Subsequently no significant practical interest has been shown in the VAS and it therefore remains a brief episode in the recent history of UK financial reporting.

This paper explores the reasons both for this rapid disappearance and for the VAS's continuing absence as a practical financial accounting issue. It does so on the basis of an empirical analysis of the utility of the information content of UK corporate VASs. This analysis is designed to ascertain whether the new disclosure served the interests of the employee stakeholder group who were identified as the major beneficiary of the VAS. This group comprised company directors, who controlled the voluntary disclosure of the VAS, other employees and trade unions. A positivist approach is employed to provide an explanation of a significant change in financial accounting [Watts and Zimmerman, 1979]. In this instance the positive approach is not used as a basis for predicting behavior but to explain behavior retrospectively by reference to the possible economic consequences [Zeff, 1978] of the information contained in the VAS for those responsible for its supply and demand. The analysis suggests that the information content of the VAS was likely to have been prejudicial to the interests of the company employee stakeholder group that it was intended to benefit. In addition, information deficiencies in the VAS compromised its ability to meet some important aspects of the purposes on which its advocacy had been based. These findings are used to supplement an existing social history of this period of accounting engagement with VA in the UK [Burchell et al, 1985]. The findings also provide an explanation of the VAS's failure to subsequently reappear on the UK financial accounting scene.

The paper is structured as follows. First, a summary is given of the development of interest in the VAS in the UK from 1975 to 1980, a period during which its popularity reached a zenith. Second, a review is undertaken of the existing historical study [Burchell et al, 1985] that traces the societal influences that can be implicated in the rise and fall of the VAS in the UK. A case is

made for extending this analysis to encompass an examination of VA information, from the producer and user perspectives, both for this period and afterwards. Third, empirical data on the content of the VAS is presented both from the late 1970s (from voluntarily disclosed VASs) and also from a later period in which there was no explicit disclosure of VA information by UK companies (the information was reconstructed from accounting information obtained from commercial corporate databases). This data is then used to argue a positive case, reflecting information user self interest, for the initial abandonment and non-reappearance of the VAS in the UK. In this way the explanation for the disappearance of the VAS is enhanced. Finally, some conclusions are drawn on the explanation for this change in financial reporting.

THE VAS IN THE UK

The Corporate Report [ASSC, 1975] provided an impetus for the UK accounting profession to engage with both the concept and practice of VA. It defined VA as sales income less materials and services purchased that results in a measure of "the wealth the reporting entity has been able to create by its own and its employees' efforts" [ASSC, 1975, p. 49].

It also contained a pro forma VAS (see Appendix 1) and advocacy of the VAS based on the notion that it would complement the existing financial statements (particularly the profit and loss account) by providing a stakeholder as opposed to a shareholder perspective on performance:

The simplest and most immediate way of putting profit into proper perspective vis a vis the whole enterprise as a collective effort by capital, management and employees is by presentation of a statement of value added . . . profit is a part only of value added. From value added must come wages, dividends and interest, taxes and funds for new investment. The interdependence of each is made more apparent by a statement of value added [ASSC, 1975, p. 49].

Four of the UK's leading professional accounting institutes commissioned studies of VA shortly after the *The Corporate Report's* promotion of the VAS (Morley [1978] for The Institute of Chartered Accountants of Scotland, Cox [1979] for The Institute of Cost and Management Accountants, Renshall et al [1979] for The Institute of Chartered Accountants in England and Wales and Gray and Maunders [1980] for The Association of

Certified Accountants). At least one accountancy firm produced a publication on the topic [Binder Hamlin and Fry and Co., 1978]. With the exception of Cox [1979], who focused on the internal use of the VA measure, there was much overlap in these texts. They all provided practical assessments of the use of VA as a measure of corporate performance to be reported externally by accountants. Their main focus was on two aspects of VA. The first was an identification of its main advantages and disadvantages and the second covered the technical measurement issues raised by its computation.

Morley's [1978] comprehensive listing of the VAS's benefits was largely supported by the other accountancy institute studies. A summary of benefits is contained in Table 1. It mirrors *The Corporate Report* advocacy and extends this by emphasizing the value of the disclosure of VA distribution to individual stakeholders and its worth as a corporate size indicator, a national income measure and a foundation for productivity based incentive schemes.

TABLE 1
Summary of the Advantages of the VAS

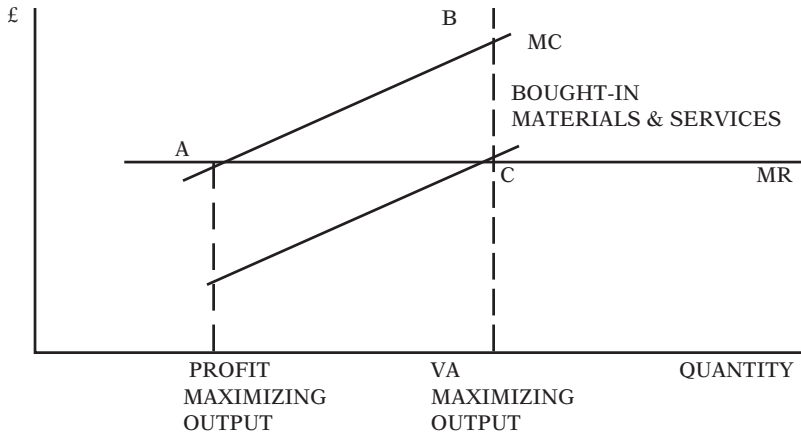
1. VA reflects a broader perspective on corporate performance than profit and will therefore encourage a more co-operative outlook among stakeholders.
2. The facilitation of VA based incentive schemes to reward employees when productivity (as measured by VA and VA based ratios) is improved.
3. Disclosure of employees' share of VA that may combat belief in the exploitation of labour.
4. Disclosure of government share of VA facilitates an assessment of the fairness of taxation.
5. Disclosure of the share of VA for maintenance and expansion of investment directs attention to managerial policy in this important area.
6. VA is a superior measure of company size. It avoids the disadvantages of alternatives e.g. sales inflate size where there are many bought-in materials and services, capital employed favours capital intensive firms and number of employees favors labor intensive firms.
7. VA reports the individual firm's contribution to national income and may therefore play a role in the management of the national economy.

Source: Based on Morley [1978, pp. 19-25].

While all four of the institute's reports were predominantly in favor of VASs and reflected the main positive expectations held about VA at the time, it would be unfair to say that their supportive views were expressed without reservation. It was recognized that VA and profit could result in contrasting indications of performance. For example, the former could have a

positive value while the corresponding profit was negative due to a distribution of more than the total VA generated to employees in remuneration. Moreover, the pursuit of VA as an objective could lead to the sub-optimization of profit (see Figure 1).

FIGURE 1
Contrasting Profit and VA Maximization



VA maximization would mean a profit loss represented by triangle ABC.

VA measurement issues incorporated many of the existing weaknesses of financial accounting, as the VAS was a derivative of the existing profit and loss account. However, there were also some specific measurement problems relating to VA. The most significant of these was the treatment of depreciation. It could be considered a distribution of VA and reported under the heading, maintenance and expansion of investment. Alternatively it could be viewed as a component of bought-in materials and services (representing the cost of services obtained from bought-in fixed assets). Thus depreciation could be treated as a distribution of VA or as a part of the computation of VA, depending upon whether its accounting effect or its inherent nature was given priority in coming to a decision on the manner of its accommodation in the VAS. This flexibility gave rise to a dual possibility in the measurement of VA as both gross VA (former treatment) and net VA (latter treatment) could be calculated.

Other issues, likely to be less significant than depreciation, were also identified. They included the option of computing VA on either a sales or a production basis, the treatment of non-

trading income (additional to VA as a source of stakeholder rewards which could be treated as a deduction from the cost of bought-in materials and services or as an add on to VA), minority interests (which could be shown as a distribution to investors or as a part of retentions), extra-ordinary items (which could be submerged in bought-in materials and services or divided under different headings if say some portion of it were a labor cost and therefore a distribution to employees), and the government distribution (which could be reserved for corporation tax alone or incorporate road tax, national insurance, employee income tax and local authority rates etc).

Professional journals in Britain reflected the contemporary institutional attention given to the VAS. For example, the journal *Accountancy* included regular papers on the VAS between 1975 and the early 1980s. Initially, these provided guidance on and examples of the preparation and presentation of VASs [Lafferty and Neely, 1975; Pendrill, 1977; Roullier, 1978; Rutherford, 1978]. Later they dealt with more varied issues including modification of the VAS to a cash basis [Burns, 1978], issues in its standardization [Smiddy, 1980; Purdy, 1981], how to take account of inflation when preparing it [Burns, 1980; Rutherford, 1982], and its use in employee reporting [Burchell et al, 1981; Hussey, 1981].

In parallel with the professional accounting interest in the VAS the Labour government, 1974-1979 also signaled their support and encouragement for the accounting profession to pursue its interest in VA. A consultative document issued for comment by the Department of Trade in 1976 stated that priority should be given to added value for further consideration as a candidate for statutory disclosure. This proposal was reinforced one year later when it became the basis for the government Green Paper on *The Future of Company Reports* [Department of Trade, 1977a] that contained a specific suggestion for the inclusion of a VAS.

Other user groups of accounting information confirmed that the 1970s interest in VA was broad based. While Burchell et al [1985] do provide evidence of its use in stockbrokers' reports the main demand for VA information was as information for managers, other employees and trade unions. For these groupings VA received advocacy from employers, the TUC, academics and from practicing accountants who incorporated it in their employee reports. Exposure to the VA measure for these parties came in the form of productivity schemes and incentive reward schemes to which VA was central [Gilchrist, 1971; Smith, 1978; Cox, 1979]. Woodmansay [1978] estimated that between 200

and 300 UK companies were operating VA based schemes of this type during the 1970s. While these did not necessarily require the disclosure of a VAS in the annual report it is likely that their existence stimulated interest in VA both among those operating the schemes and those subject to them. The importance instilled in the VA measure through these schemes underpinned its economic significance for the firm and consequently the importance of its public disclosure.

Further employee familiarity with VA came through the burgeoning 1970s' practice of employee reporting in which VA reports featured strongly [Goodlad, 1976; Parker, 1976; Hilton, 1978; Purdy, 1981; Lewis et al, 1984]. Once again the availability of VA information to the workforce enhanced its importance and hence the case for its wider dissemination. Burchell et al [1985] suggest that the economic importance of VA could also be attributed to its use by both trades unions and employers trade associations although they present little evidence of its active role in the process of collective bargaining. In 1974, the TUC recommended that VA had a role to play in explaining company performance to employees and one prominent employers' association (the Engineering Employers' Federation) suggested that VA information could serve as a guide to management in formulating wages policy.

Within accountancy education the VAS soon became an established topic featuring in several leading texts (e.g. Lewis et al [1981], Glautier and Underdown [1982], Fanning and Pendlebury [1984]). In addition to their major contribution to the professional institutes' assessments of the VAS academics had also engaged in a range of research work on the topic. Rutherford [1977] and McLeay compared the accounting concept of VA proposed in *The Corporate Report* with economic approaches to its measurement. Morley [1979] repeated much of his analysis for the profession in a form suitable for an academic audience. Gee [1977, pp. 72-73] advocated the use of VA based ratios in directing divisional investment inside the firm. Foley and Maunders [1977, pp. 168-170] outlined the role that VA could play in collective bargaining as a 'divisible fund' of relevance to negotiators. They argued that VA, in this role, could promote constructive conflict by assisting in prompt information-derived settlements accepted by both parties to a dispute as fair. Burchell et al [1985] used the UK's experience of VA to propose a model explaining how accounting practice developments were susceptible to influence by the society in which they occur. Their ideas are reviewed more fully in the next section of the paper. How-

ever, little systematic empirical research was carried out. One exception was Rutherford [1980] who surveyed the VASs of firms in *The Times* Top 250 published between 1975 and 1978. He found considerable variety in their presentation, terminology and measurement although the guidance proposed in *The Corporate Report* was highly influential. Surprisingly, no studies of the actual information contents of published VASs were undertaken and this omission has restricted assessment of actual user benefits obtained from this novel form of disclosure.

The interest in and enthusiasm for the VAS in the UK was translated into practical action by a considerable number of companies. Rutherford [1980] found 60 instances of the VAS in the annual reports of companies in *The Times* Top 250 UK companies for the year July 1977 to June 1978. A survey of the companies in the FT All Share Index by Platt [1978] found 96 VAS disclosures. Burchell et al [1985] list the number of companies that were recorded in the contemporary surveys of UK published accounts as reporting on VA. A peak of 90 occurred in 1979/80. Thus Morley's [1978] assertion that around 20% of the UK's leading companies were disclosing a VAS is likely not to be too far off the mark.

EXPLAINING THE RISE AND FALL OF THE VAS IN THE UK

Burchell et al's [1985] historical analysis of the VAS in the UK was a seminal contribution to the accounting research literature. In part its importance rests on the clarity of focus it offered on a highly unique and specific change in accounting practice i.e. the widespread interest in and prominence of VA in the UK during the late 1970s. The practical accounting manifestation of the VA phenomenon in the UK was particularly unusual. It is a rarity for companies to voluntarily disclose a novel financial statement. In addition, Burchell et al's study is distinguished by being one of the earliest analyses demonstrating accounting as a social practice. Its significance is enhanced by the absence of other histories of VA development in the UK, by the recognition of its importance by accounting historians (see for example, Parker and Yamey [1994, p. 9], who reproduce the paper and describe it as having "brought into accounting history concerns not previously considered") and by its influence on subsequent research including the development of the genealogical approach to historical research in accounting [Miller and Napier, 1993].

Burchell et al [1985] used both the popularity of VA in the UK in the 1970s and its decline in the 1980s as empirical evidence to illustrate and substantiate their ideas. They attributed both the emergence of VA, its rapid development and its short life to prevailing societal circumstances. The rise and fall of the VAS was an exemplar of how aspects of the social environment could interact with accounting at a technical and practical level. The VAS provided an opportune example to explore the neglected relationship between accounting and the society in which it exists:

. . . the social can influence the technical practice of accounting and that that in turn, can mobilise and change the world of the social . . . little is known of how the technical practices of accounting are tethered to the social, of how wider social forces can impinge upon and change accounting, and of how accounting itself functions in the realm of the social, influencing as well as reacting to it [Burchell et al, 1985, pp. 381-382].

The social factors, which Burchell et al [1985] associate with the voluntary disclosure of the VAS by some UK companies, are represented as a conjunction of three arenas. Although they are separately presented and described, they possessed inter-connections that compounded their power to influence accounting practice.

The first social factor concerned the situation of the accounting profession. The 1970s found the profession in a struggle over standardization and great efforts to avoid the threat of government intervention and preserve its powers of self-regulation. This followed the adverse publicity on the issue of accounting flexibility that had been raised by the GEC/AEI and Leasco-Pergamon takeovers [Stamp and Marley, 1970; Leach and Stamp, 1981; Stamp, 1985]. The Accounting Standards Steering Committee, the body responsible for overseeing the new accounting standards program, had commissioned *The Corporate Report* as a discussion document. The profession was keen to be seen as proactive in both regulating and developing its discipline. The VAS represented an initiative which would not only help achieve this but would also show the profession as sensitive to developments in the other two relevant social arenas of the time.

One of these was the nature of the prevailing system of industrial relations. The period 1974-1979 saw a Labour government promote the interests of the employee. Industrial democ-

racy was given prominence as a solution to many of the UK's industrial ills [Department of Trade, 1977b]. Politically, it was felt that redefining the balance of power between employer and employee would lead to improved industrial relations and more responsible collective bargaining. A key component in the achievement of these aims was the provision of information to employees and trades unions. In 1971, under a Conservative government, statutory duties were laid upon management, for the first time, to disclose information to workers [Industrial Relations Act, 1971, s.56]. However, six years and a political change occurred before a code of practice for this purpose was produced [ACAS, 1977]. The VAS with its more neutral perspective on corporate performance was, in many ways, a perfect fit to these developments.

The third societal arena influencing the progress of VA reporting also lay in the political realm and was related to the management of the national economy. During the 1970s incomes policies were a prominent and recurring feature of the political landscape [Behrend, 1973; 1978]. Norms for wage rise were set on both voluntary and mandatory bases. However, these incomes policies allowed wage rises in excess of the norm where justified by productivity improvements. This fostered an important role for VA as VA itself and VA based ratios provided a convenient means of measuring productivity change. VA therefore assumed an importance for employee remuneration schemes at the level of the firm and this reinforced the relevance of the VAS to both the employee and employer.

These circumstances, so conducive to the VAS's rise to prominence, did not endure for long. In 1979 a right wing Conservative government was returned and the above professional, political and economic elements of the societal contexts were radically altered. The three arenas, which had offered a combined support to VA reporting, were "ruptured and transformed" [Burchell et al, 1985, p.405]. As a result of their absence during the 1980s, the corporate voluntary disclosure of VASs rapidly declined and the VAS eventually disappeared from the UK financial reporting scene.

In their analysis of the UK corporations' flirtation with the VAS, Burchell et al [1985] have quite overtly emphasized the societal as the dominant influence on financial accounting change. This explanation does much to address the actions taken by those companies who voluntarily published a VAS during the 1970s. However, it does not accommodate the distinction between these companies and the large majority of UK

companies who did not disclose a VAS in their annual report. Why did the same social pressures result in a change in accounting practice in some companies but not in others? Moreover, the VAS did not reassume prominence when the social context changed once again in 1997 with the return of a Labour government. Although extended disclosure requirements in the late 1980s allowed the user to reconstruct the VAS (as we have done in this study), the cessation of its explicit presentation in corporate reports has continued and its profile as an additional financial statement has remained low. The evidence suggests that while social factors were important they did not compel VAS disclosure. They were not the only factors implicated in either the cross-sectional or longitudinal patterns of voluntary VAS disclosure and non-disclosure by UK companies.

The Burchell et al [1985] study overcame the neglect of the social apparent in the research literature until that time. However the evidence presented here will suggest that, through their exclusive emphasis on the social, the significance of the technical aspects of accounting as a change-driver of VA reporting has been largely ignored. There is an absence in their analysis of any consideration of the information content delivered by the VAS and its match to user expectations and needs. Accounting is a social and technical discipline and the interaction of both of these twin aspects is relevant to an explanation of change (or, indeed, of no change) in accounting practice. Any analysis omitting consideration of either of these aspects of the discipline's character may be viewed as partial.

This paper focuses on the impact of the information contained in the VAS on corporate employee stakeholders, including company directors who control its voluntary disclosure. The possible effects of the VAS on employees are examined as a factor influencing its demise. It is thus intended to supplement the Burchell et al [1985] analysis by bringing the technical aspect of accounting information content more to the fore as an explanatory factor in accounting change. In this way, the evidence of differential action by companies and the non-reappearance of the VAS can be more convincingly addressed. The analysis is based on a premise that continuation or cessation of the supply of the VAS, once begun, would be influenced by the experiences of those in receipt of the information. Did the VAS live up to expectations? Did it fulfill its expected purposes? Did it prove to be of value to users? Without addressing these questions, explanation of the VAS's disappearance is unlikely to be complete. Burchell et al's [1985] societal thesis is more convinc-

ing when applied to the introduction of the VAS as, at the stage of first introduction, it would have represented novel intelligence for many information users. Its actual content would have been an unknown to most employee recipients and therefore it would have been less influential in the decision to disclose. After exposure to the VAS, however, users' attitudes to it and demand for it would be colored by their actual experience of it. Consequently, in addition to the broader societal influences prevailing, explanation of the demise of the VAS merits specific consideration of the content that it had actually offered to its users.

The additional outlay cost of supplying a VAS is small. All of its contents are readily available and the statement itself adds little to the size of the annual report. From a cost-benefit perspective, therefore, it would appear that the majority of companies had either anticipated few benefits or had identified hidden costs associated with the new statement as they had decided not to include a VAS in their annual report. Moreover, for those companies who did publish a VAS, their prompt abandonment of it indicated that few benefits were realized by its provision. The examination of the contents of the statement can help to explain the apparent lack of benefit attaching to its disclosure.

If VAS information did, in fact, prove useful to the employee recipients of accounting information then it is logical to expect that this utility would be a powerful force for its retention and indeed its extension through making its provision mandatory. Moreover, if a supply of useful information has been stopped, then, even in the changed societal circumstances of the 1980s, some dissent by those affected would have been expected. Unlike other financial accounting changes at this time such as current cost accounting [Pong and Whittington, 1996], in the case of the VAS, disappearance appears to have been both quick and quiet [Burchell et al, 1985] and subsequently there has been no apparent pressure in the UK for its reinstatement. For example, scrutiny of key professional accounting journals (*Accountancy*, *Management Accounting* and *The Accountants' Magazine*) for the period 1985-1990 reveals only one indexed reference to VA [Report and Accounts, 1988]. This comprises a short editorial piece commenting on the disappearance of the VAS and attributing its decline to the changing political and economic climate, the current prosperity of UK companies as compared to the 1970s and the increasing bulkiness of company reports. No reference is made to any great information loss from its demise but it is suggested that a return to more difficult economic conditions could revive interest in it. The manner of

the VAS's disappearance is therefore consistent with its content lacking any enduring appeal to key potential users. To investigate this possibility an empirical analysis of the information content of UK corporate VASs is presented in the following section.

THE INFORMATION CONTENT OF THE VAS IN THE UK

Two sets of empirical data were gathered on the content of VASs in the UK. The first relates to 1978 when the voluntary disclosure of the VAS had become established. This analysis was based on the VAS contents of half of the companies identified as voluntary VAS disclosers by Platt [1978] in his survey of firms in the 1978 FT All Share Index. The second relates to the period 1994-2003. This choice was possible and desirable for a number of reasons. First, the Companies Act, 1985 (Schedule 4.56(4)) required companies to disclose the total annual remuneration earned by employees for the first time. Access to this figure and other annual report information enabled the VAS to be reconstructed¹ after this date. This period also allowed research access to corporate databases (in this case Fame and Datastream)

¹ This was achieved as follows:

VA is computed as, $S_t - B_t = VA_t$

where,

S_t = Sales for the year t.

B_t = Bought-in materials and services for year t.

VA_t = Value added for year t.

As B is not disclosed by companies, VA cannot be computed in this way. However, as shown below VA is also equal to the summation of its distribution to stakeholders.

$VA_t = W_t + T_t + Div_t + I_t + P_t + Dep_t$

where,

W_t = employee remuneration for year t.

T_t = taxation for year t.

Div_t = dividend for year t.

I_t = Interest for year t.

P_t = profit retained for year t.

Dep_t = depreciation for year t.

As W, T, Div, I, P, and Dep are all required disclosures in the annual report, VA can be computed from their summation and B is therefore identifiable as a missing figure. Morley [1978, p. 50] suggests that this approach to VA measurement was adopted by corporate VAS preparers, "... in practice the VAS is prepared using bought-in items as the balancing figure". Rutherford [1977] confirms this, describing bought-in items as a "sink" used by those reporting VA for all the items difficult to classify elsewhere.

that facilitated the gathering of the appropriate accounting variables for both longitudinal and cross-sectional analyses. The period chosen therefore permitted the VAS to be considered over a period at the mid point of which a significant political change occurred with the return of a Labour government in 1997. All UK quoted companies (excluding investment trusts) who survived for the whole of this period are included. The following data analysis is therefore based on 409 companies.

VAS Content, 1978: Table 2 reveals the average amount of VA earned by the 48 companies studied and shows how the VA created by them was distributed. The distribution categories largely match those suggested in *The Corporate Report* (ASSC [1975], see also Appendix 1) although minority interest is identified as a separate category and the company directors' share is distinguished from that of other employees. At just under 70% on average (directors 0.5% and other employees 68.4%), the employees' share was by far the largest. This confirms Morley's [Morley, 1978, p.21] opinion that, in the 1970s, employees typically obtained around 70% of their company's VA. Other individual stakeholders all received less than 10% of the VA generated.

TABLE 2

Value Added Distribution in the UK, 1978

Year	Average Firm VA (£m)	Directors %	Other Employees %	Shareholders %	Lenders %	Minority %	Govt. %	Depreciation %	Retained Profits %
1978	205.9	0.5	68.4	3.4	3.6	0.4	8.4	7.4	7.9

VAS Content, 1994-2003: The results of reconstructing the VASs of UK companies are summarized in Table 3. They reveal a considerable growth in VA over the period. Although the two sets of companies are not matched, the VA distribution is, in many respects, similar to that of the companies studied in 1978. The employee group has remained, with an average share of almost 70% (directors 4.2% plus other employees 64.6%), the major recipient of VA by quite some margin. In fact, they have even made a small proportional gain over the period. Shareholders and lenders average 8.5% and 7.2% of VA respectively and in both cases their shares have been reasonably stable. The 'losers' have been government and particularly the maintenance and expansion category. The latter is despite a substantial increase

TABLE 3
VA Distribution in the UK, 1994-2003

Year	Average Firm VA (£m)	Directors %	Other Employees %	Share-holders %	Lenders %	Minority %	Govt. %	Depre-ciation %	Retained Profits %
1994	146.8	4.3	61.4	7.3	7.3	0.6	7.1	8.3	3.7
1995	166.0	4.2	61.8	8.2	8.3	0.4	7.4	8.7	1.0
1996	173.2	4.2	60.2	8.3	7.0	0.7	7.3	9.1	3.2
1997	195.2	5.4	68.5	8.4	9.7	0.6	5.8	11.3	(9.7)
1998	206.1	3.8	62.4	8.3	7.2	0.3	7.4	9.1	1.5
1999	231.7	3.9	63.3	10.1	6.6	0.3	6.8	10.3	(1.3)
2000	298.7	4.3	64.6	8.4	8.4	0.3	7.0	12.4	(5.4)
2001	274.9	3.8	59.9	8.3	4.6	0.5	6.1	11.5	5.8
2002	299.3	3.9	64.6	8.5	6.9	0.5	6.1	12.6	(3.0)
2003	320.6	4.7	74.5	8.3	7.7	0.5	4.3	15.2	(15.2)
Average	231.3	4.2	64.6	8.5	7.2	0.5	6.4	11.3	(2.7)

in depreciation that could not compensate for the marked deterioration in retained profits.

EMPLOYEES AND THE VAS

The preceding literature review indicates that, within the UK, one of the major objectives proposed for the VAS was to provide a counter balance to the proprietary orientation of conventional financial statements. Consequently, company employees were intended to be the prime beneficiary of the VAS. This section assesses the extent to which the contents of the VAS would support the economic interests of employees. It is based on the presumption that there are two main purposes underlying employee demand for accounting information of the type contained in the VAS. These are (1) the evaluation of employment security and (2) the attainment of an acceptable level of remuneration [ASSC, 1975; Maunders, 1984].

The first area of employee concern relates to the ongoing financial viability of the company and its prospects for employment growth or downsizing. Like the other financial statements in the annual report the contents of the VAS are historic in nature and consequently are not designed to directly indicate future performance. Moreover, it is profitability and liquidity that are the financial characteristics most closely linked to corporate survival and growth and it is the profit and loss account, balance sheet and cash flow statement that contain information most relevant to these dimensions of corporate performance.

Indeed, a pre-occupation with the pursuit of VA may even compromise profitability (see Figure 1). In any case, the VAS adds little information to that already available in the annual report. In the 1970s it was only the segmentation of cost into bought-in materials and services and employee remuneration that was new information in the VAS. Since 1985 all of the components of the VAS can be obtained from the annual report. New insights into the future prospects of the company were therefore unlikely from the VAS. Even the strong advocacy of the VAS in the 1970s did not claim any suitability for this particular purpose.

It was the second area of employee information use that was seen as particularly apposite by the advocates of VAS. However, this may be to take an optimistic view of the statement's worth for even during the 1970s when the advocacy of VA was at its strongest, the main arguments used in collective bargaining by trade union wage negotiators were based on the cost of living and on comparability with others [Glendon et al, 1975]. Compared to these factors, aspects of corporate financial performance were not highly rated as a basis for obtaining wage rises.

In theory, employees can make use of the VA distribution to assess the level of corporate benefits obtained and use this intelligence to substantiate a bargaining case for increased remuneration. This can be done by comparing the employees' share of VA with those of other stakeholders and by monitoring, over time, whether they are losing out in the share out of VA. If, for example employees' share of value added appeared low relative to other stakeholders or was diminishing over time then this information could be used to underpin their case for higher wages.

The above data presented on VAS in the UK content shows that employees obtained, on average, by far the largest portion of VA. It may therefore be difficult to make a case for increased wages on the basis of an unfair attribution of VA when around 70% is already being obtained. If the alternative net measure of VA were to be used the employee percentage is raised to an average of over 75% of VA. The dynamics of VA distribution offer no additional support to the employee case for remuneration enhancement either. If Morley's [1978] claim that "In general the employees' share of VA of British companies has risen steadily over the past three decades and is now at a much higher level than in many competing nations, notably Japan" is true then the high share of VA attributed to employees in the 1970s was the culmination of a period of consistent increase [Morley, 1978, p. 21].

Moreover, the recent 1994-2003 data reveals that employees have maintained and, indeed, marginally enhanced their share of VA. Taken at face value, the information content of the VAS shows that employees, far from being disadvantaged or exploited, are the main winners in the VA share out. The content of the VAS actually provides ammunition to the other stakeholders for a re-distribution in their favor.

One further reason why the VAS is lacking in appeal to employees as a bargaining tool lies in an important deficiency in its content. In a period when share values have increased, the employees' return relative to that of shareholders can be exaggerated by the VAS to the detriment of the employees' case for a greater share. The VAS shows shareholders as benefiting only from dividends. Their return in the form of the capital appreciation of their shares is excluded, as corporate accounting systems do not incorporate capital gains on shares. This factor can be significant enough to make a considerable impact on the comparative benefits enjoyed by employees and shareholders. For the companies used in the 1994-2003 analysis the capital gains obtained by shareholders were as shown in Table 4. Although considerable variation is apparent, in all sectors capital gains considerably exceeded the dividend return shown in the VAS. Overall capital gains have a weighted average that is 3.6 times that of dividends. Thus the main element of shareholder return

TABLE 4
Capital Returns to Shareholders, 1994-2003

USSIC	Average of Change in Market Value (£m)	Average of Dividend Receipts (£m)	Ratio of Capital Gains To Dividends
Agriculture, Forestry And Fishing	12,757.50	6,869.72	1.86
Mining	419,290.00	165,201.27	2.54
Construction	280,311.20	76,485.04	3.66
Manufacturing	892,709.08	309,630.39	2.88
Transportation, Communications Electric, Gas and Sanitary Services	3,055,200.94	667,689.71	4.58
Wholesale Trade	214,767.69	135,213.04	1.59
Retail Trade	812,648.21	417,504.44	1.95
Finance, Insurance And Real Estate	285,599.02	94,192.36	3.03
Services	234,509.15	67,868.04	3.46

has been omitted from the VAS and consequently, the statement results in the employees appearing more favored in terms of the relative benefits received by these two groups. Taking account of capital gains on shares the average relative benefits of employees and shareholders in 1994-2003 would change from a VAS based ratio of 8.1:1 to one of 1.8:1.²

It is a sub-set of the employee group, company directors, who control the voluntary disclosure of corporate accounting information. From an agency theory perspective [Jensen and Meckling, 1976], their pursuit of self-interest creates a 'moral hazard' for their shareholder principal. The information advantage held by directors restricts the control that shareholders can exercise over them. By facilitating improved monitoring of the agent (e.g. through the publication of a VAS) this information advantage can be diminished. Company directors are therefore likely to be sensitive to disclosures that reduce their information advantage. The resistance to the strong societal forces promoting the VAS in the 1970s, evident in the 80% of UK companies not disclosing a VAS, is indicative of this trait. In the UK, corporate sensitivity to disclosure has been heightened by the prominent profile accorded to high levels of director remuneration and corporate governance issues over the past decade. Criticism on these issues has come from the investment community (e.g. BBC [2002]), from trade unions (e.g. ePolitix.com, [2003]) and from financial commentators (e.g. HRM [2004], Manifest [2004]). Typical of the strength of feeling aroused by the issue of director remuneration are the following comments from prominent trade union leaders:

Fat cat directors have shown no ability to self restraint so far . . . shareholders, the public and the government have all expressed their disgust at the current excess [Kevin Curran, GMB General Secretary, ePolitix.com 03.06.03].

There has to be some link to the pay of workers generally within the company. Pleading for cost restraint, increasing unachievable targets, paring staff numbers to the bone, cutting back on benefits and increasing

²The average shares of VA of employees and shareholders, in the period 1994-2003, were 68.8% and 8.5% respectively (see Figure 4). This represents a ratio of 8.1:1. When the capital appreciation on shares (which is, on average, 3.6 times the level of dividend return) is also treated as a part of the value created by the companies studied then the relative shares are 52.7% (employees) and 29.9% (shareholders). This represents a ratio of 1.8:1.

hours are not acceptable when balanced against 20/30 per cent pay increases, increased pension provision and guaranteed bonuses for executives [Dai Davis, Director of Communications for UNIFI, ePolitix.com 03.06.03].

Table 5 shows that, in the companies studied from 1994-2003, this issue is particularly pertinent as director remuneration increased by a substantially larger amount than the wage of the average employee and the rate of general inflation.

TABLE 5
Relative Rates of Increase in Employees' and Directors' Remuneration, 1994-2003

Year	Average Employee Wage (£)	% Rate of Increase	Average Board Remuneration (£)	% Rate of Increase	% Rate of Annual Inflation
1994	20,207	-	856,683	-	-
1995	21,897	8.4	949,715	10.9	3.4
1996	23,134	5.6	1,045,141	10.0	2.4
1997	24,146	4.4	1,124,467	7.6	3.1
1998	24,821	2.8	1,154,803	2.7	3.4
1999	27,155	9.4	1,328,258	15.0	1.6
2000	29,541	5.1	1,446,066	8.9	2.9
2001	30,303	2.6	1,483,808	2.6	1.8
2002	31,377	3.5	1,536,934	3.6	1.6
2003	32,607	3.9	1,556,697	1.3	2.9
Overall	61.4	81.7			

The impression given by the VAS of the employee group being the main corporate beneficiary from value created is unlikely to be one that the directors want to convey to company owners. Combined with the poor level of provision for maintenance and expansion of investment from the retained profits source, the VAS does not reflect well on the directors' performance in corporate governance. Finally, the emphasis on stakeholders' relative shares created by the VAS leads to the likelihood that the share of VA obtained by company directors will be scrutinized. Table 5 reveals that although this is a fairly small, but variable, percentage of VA it does represent, on average, a very substantial proportion (63.5%) of the dividend return to shareholders. Again, the absence in the VAS of the capital gains accrued to shareholders exaggerates this comparative percentage to the detriment of the directors. It is also noticeable that the directors' share of VA in the voluntary VAS disclosures in 1978 was less than one-eighth of the share obtained on average

in the companies studied from 1994-2003. This may be indicative of voluntary disclosure occurring in those companies where further analysis of the contents of the VAS was relatively more favorable to the directors' position.

We claim, therefore, that analysis of the contents of the VAS can contribute substantially to a possible explanation for its initial voluntary adoption by a minority of companies, why it was soon dropped and why there has been no enthusiasm for its return. The information in the statement does not serve well the needs of the employee group that it was designed to serve and, far from acting as a mechanic to engender co-operation between stakeholders, it may well encourage competition and disagreement among them over the relative levels of reward that they obtain.

CONCLUSION

Accounting change can be complex in nature. Much of this complexity derives from the great range of, often interacting, socio-technical factors that influence its occurrence. The diversity of accounting research on change reflects this complexity with diffusion theory, contingency theory, information systems theory, institutional theory, positive theory and various social and philosophical theories all having been applied in pursuit of explanations of accounting change in both historical and contemporary contexts. This work has, among other factors, implicated fashion following, mimicry, legitimacy, labor exploitation, economic self interest, political advantage, power relations, market dynamics, social circumstances, warfare and technological development in the accounting change process. It is thus unlikely that any individual study will identify all of the issues and influences that impinge on a particular accounting change. Over time, therefore, research on specific change involves the gradual process of individual studies adding incrementally to the explanation and understanding of it.

This study's contribution is of this type. It involved introducing some factors, relating to the accounting content of the VAS, which can be used to supplement an already existing socio-contextual explanation [Burchell et al, 1985] of the rise and fall of the statement as a practical proposition in the UK. It has shown that information on the distribution of VA among stakeholders can be used to enhance the explication of this temporary accounting change. In comparison with Burchell et al's [1985] study of VA in the UK, the paper suggests that different

factors are likely to play different roles in the change process. Information content will be a consideration influencing both the supply of and demand for information on VA. At the level of the individual firm, information content affects directly those who take decisions on voluntary disclosure policies and it is an important determinant of the utility of the information to those creating the demand for it. Thus, this factor specifically contributes to an understanding of the partial (among companies) and temporary nature of the change.

Changes in financial accounting are made by those involved in its production and its use. However, its development does not involve recourse to an immutable body of theory or set of governing principles. Historically, the human influence on accounting has been described as driven by the clash of vested interests where winners determine the justifying theories in vogue and the practices found in the real world [Watts and Zimmerman, 1979]. The selection of accounting methods to be applied in practice therefore takes place in a transient "market for excuses". Societal circumstances influence the views and actions of groups with vested interests in accounting but this will be tempered by the content of accounting and its perceived impact on the self-interests of the parties involved. The contents of the VAS in the UK did not provide the enduring attraction required to maintain support either from those voluntarily supplying VASs (company directors) or those expected to be its major source of demand (other employees and their trades union representatives). This key absence of support is likely to have contributed significantly to the VAS's disappearance.

In contrast, the role of the three societal arenas referenced by Burchell et al [1985] appears to have been more significant in profiling the VAS as an issue of the time and placing it on the agenda of those who made corporate disclosure decisions, as opposed to directly driving a universal change in practice. Societal factors raised the matter of VAS disclosure as an issue for corporate consideration but did not act as an inevitable determinant of companies' ultimate disclosure practice on VA. Accounting change is dependent on factors, both external and internal to the firm. Investigating how their combination leads to different outcomes will help to elucidate the process of development in the accounting discipline.

The actuality of the VAS in the UK contrasted with its advocacy, which, on reflection, can be considered somewhat idealistic. The information contents of the VAS did not suggest that it was a mechanism suitable for resolving the disputatious nature

of collective bargaining. From an examination of relative shares of VA, employees generally appeared to be the favored stakeholder and this neither helped the case of trades union negotiators nor would it have reflected well on management when held to account for VA distribution by company owners. The disclosure of how VA was distributed was not necessarily a basis for stimulating stakeholder co-operation. It had the propensity to foster competition among self-seeking stakeholders by revealing their relative shares in VA and how these were changing over time. The relevance of VA information to employees can also be questioned by the low emphasis given by trade union negotiators to specific company performance intelligence as an element in their arguments for greater benefits. In addition, in practice the VAS suffered from measurement and presentational variation that may have led to user suspicions about its susceptibility to manipulation. The VAS also omitted major stakeholder benefits (capital gains on shares and share option awards) that limited its suitability for its intended purposes. It is also the case that by the second half of the 1980s, although explicit disclosure of the VAS had ceased, the annual report contained all of the information required to reconstruct a VAS. Given that the user could then access VA information as required, the VAS could be viewed as technically redundant. Many of those factors run counter to the positive social pressures of the 1970s in the UK for VAS disclosure. They are all, therefore, likely contributors to the relatively low level of the voluntary adoption of the VAS by UK companies and to its prompt demise and non-return.

This study also indicates some avenues for future research. First, it appears that UK companies differed in the way in which they dealt with the issue of voluntary disclosure. It would therefore be insightful to identify why the social forces of the 1970s, identified by Burchell et al [1985], to which all companies were exposed, proved to have more practical impact on some than on others. Although all companies eventually dropped the VAS, some decided to assess the change by experimentation through adoption while others opted for a non-adoption decision based on some form of a priori reasoning. Neither this study nor that of Burchell et al [1985] was designed to conduct an in-depth inquiry into the detail of how the internal disclosure decisions were taken. Who took the decision to disclose? What factors do decision makers claim were influential? How was the decision to cease explicit disclosure of the VAS taken? Can disclosers and non-disclosers be differentiated in any systematic way? Case studies, designed to capture the first hand experiences of key

personnel in both VAS adopters and non-adopters would enrich understanding of the issues raised by these questions and shed more light on the roles and relative importance of both societal factors and VAS information content in VAS disclosure policies. The topic is one where oral histories could still be obtained.

Second, the VAS provides an opportunity for researchers to pursue the idea of comparative international accounting history proposed by Carnegie and Napier [1996, 2002]. While the UK's experience with the VAS was short-lived and voluntary in nature, in other countries events have unfolded differently. In continental Europe there is evidence of a more enduring incorporation of the VAS in financial reporting [Maitre, 1978; Jaggi, 1980; Dijkema and Van der Wal, 1984; Rundfeldt, 1985]. In the USA, despite some advocacy for the VAS [Meek and Gray, 1988] it has not emerged as a prominent practical feature. Studies of the synchronic, parallel and diffusion types [Carnegie and Napier, 2002] would all be possible on the VAS and would enhance explanation of the significance of both societal circumstances and information content in the historical development of financial reporting.

Third, a more analytical study of the market relevance of UK corporate VA information may repay further investigation. No market based analytical work has been done on VA in the UK but the same is not so of the USA [Riahi-Belkaoui, 1996]. While the voluntary disclosure of the VAS had not been a significant feature of financial reporting in the USA, it is possible to reconstruct the information in much the same way as data was produced in this paper. The results of VA based research of this type in the US have shown that:

... a value added-based model has a better association with stock returns than an accounting profit-based model ... market return is better explained by value added than either earnings or cash flows ... value added accounting information can supply considerable explanatory power of market risk beyond that provided by earnings or cash flow measure, especially at the individual firm level ... [Riahi-Belkaoui, 1996, pp. viii-ix].

Similar analyses would now be possible using VA for the UK data reconstructed from corporate annual reports in the manner adopted in this paper for the period 1994-2003. If the measure proves to have significant predictive worth then it may be that users will renew their interest in the explicit disclosure of the VAS and a new chapter will open on the history of the VAS in the UK.

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APPENDIX 1

The Value Added Statement

	£	£
Sales		x
Bought-in materials and services		(x)
Value added available for distribution		x
Applied in the following way		
To pay Employees		
Wages and related employers' costs		x
To pay Providers of Capital		
Interest on Loans	x	
Dividends to Shareholders	x	
		x
To pay Government		
Corporation Tax		x
To Provide for Maintenance and Expansion of Assets		
Depreciation	x	
Retained Profits	x	
		x
Value Added		x

Source: Based on the format illustrated in *The Corporate Report* [ASSC, 1975]. A gross basis of VA computation is used.

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ACCOUNTING, COERCION AND SOCIAL CONTROL DURING APPRENTICESHIP: CONVERTING SLAVE WORKERS TO WAGE WORKERS IN THE BRITISH WEST INDIES, C.1834-1838

Abstract: The paper describes the nature and role of accounting during apprenticeship – the transition period from slavery to waged labor in the British West Indies. Planters, colonial legislators, and Parliamentary leaders all feared that freed slaves would flee to open lands unless they were bound to plantations. Thus, rather than relying entirely on economic incentives to maintain viable plantations, the Abolition Act and subsequent local ordinances embodied a complex synthesis of paternalism, categorization, penalties, punishments, and social controls that were collectively intended to create a class of willing waged laborers. The primary role of accounting within this structure was to police work arrangements rather than to induce apprentices to become willing workers. This post-emancipation, pre-industrial formalization of punishment, valuation, and task systems furnish powerful insights into the extent of accountancy's role in sustaining Caribbean slave regimes.

INTRODUCTION

The paper describes the nature and role of accounting during the so called period of “apprenticeship” in the British West

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Indies when the British government attempted to convert the slave labor force into waged labor. Britain's involvement in slavery dated from the 17th century, and was closely linked to the rise of sugar production in the Caribbean. From the outset, the demand for labor on sugar plantations far outstripped the supply of European immigrants, with slaves from Africa filling the void. Britain had become the world's leading exporter of slaves from Africa by the mid-18th century, carrying some 1.6 million slaves between 1760 and the abolition of the trade in 1807. Production in the fields and sugar mills was organized on a quasi-industrial scale, with a "tightly coordinated" labor force engaged in "coerced, intensive and continuous" activity [Blackburn, 1988, p. 8]. The survival rate of slaves was low, partly because of their concentration in the disease-ridden tropical lowlands, but also due to neglect and overwork. The disproportionate number of slaves in the Caribbean compared to Europeans resulted in the retention of aspects of African culture, which gave the slaves a sense of communal identity in the face of oppression [Blackburn, 1988, pp. 5-8, 12, 21; Walvin, 1992, pp. 24-26].

The ascendancy of the planters was, however, relatively short-lived. The focus of Britain's economic interests shifted in the early 19th century with the increase in domestic consumption and the rise of new colonial markets. Slaveholding came to represent "only a tiny fraction of total imperial wealth" [Blackburn, 1988, p. 521], and the British government could afford to compensate planters on emancipation without placing great strain on the Treasury. From the late 18th century onwards, the planters faced concerted opposition from an evangelical alliance which orchestrated arguably the most successful popularist campaign of the 19th century. New imports of slaves from Africa were outlawed in 1807, with abolition of slavery following in 1834 [Blackburn, 1988, pp. 138-141, 302; Turley, 1991, pp. 3, 7, 11-14; Walvin, 1992, pp. 96-98].

The Abolition Act of 1833 established a four-to-six year apprenticeship period following emancipation in the British Crown Colonies during which time the liberated slaves, now termed "apprentices," were obliged to continue working for their former masters. The very notion of Caribbean apprenticeship corresponded to British master and servant law. Apprentices were bound to their masters in Britain by an indenture for a fixed period of time, usually seven years. Although an apprentice was not paid wages, his master was obliged to provide for his material needs and to train him in a craft. The master also had legal rights, "entitling him to control his apprentice's

person.” Runaways could be punished with imprisonment; negligent or disobedient apprentices were to have their malfeasancess “corrected” [Steinfeld, 1991, pp. 25-26].¹ The precedents under British law legitimized the continued “enslavement” of plantation workers in the West Indies after emancipation by providing an alternative form of binding and social control that was traditionally accepted at home.

On March 27, 1834, some four months before slaves in the colonies were emancipated and their apprenticeship as waged workers began, E.G. Stanley, the Secretary of State for the Colonial Department, wrote with some trepidation about this “great national experiment . . . the success of which the country looks forward to with much anxiety” [CO 318/118/55]. A few months later on Christmas day, William Tharp, who was managing his family’s sugar plantations in Jamaica, expressed the view that “if God grants me help, I will see out this awful experiment and keep things right as long as I can” [Furness, 1980, p. 11]. He had just given evidence to the Jamaican House of Assembly, which was investigating how emancipation was working. The point is, emancipation was an experiment and contemporaries did not know how it was going to turn out.

The Abolition Act also established a £20 million fund distributable to former slaveholders, but only if a colony’s legislature passed ordinances detailing work rules and punishment schemes by August 1, 1834 when the Abolition Act would take effect. A fund was seen as legitimate compensation for planters who were forced to give up their property rights in human capital, although the apprentices were required to live on plantation lands and do the same work as they had done as slaves. Planters and local legislatures had virulently opposed ending slavery, but their objectives generally aligned with the British government once the Abolition Act was passed – to preserve plantation economies and maintain an industrious and stable work force in advance of full freedom. Holt [1992, p. 44] summarized the challenge faced by the British government and colonial legislatures: “It was necessary that industrious habits be inculcated in some manner; work discipline must be internalized by the freedmen without the normal spur of necessity or desire. The problem was to overcome the legacy of slavery”.

¹Steinfeld [2001, p. 6] argued that the use of criminal sanctions (e.g., imprisonment or corporal punishment) against British workers for breaking labor agreements remained common practice in the 19th century and was not limited to apprentices.

Planters, colonial legislators, and Parliamentary leaders alike feared that workers would flee plantations to open lands and would work for former masters only under compulsion. Thus, instead of providing economic incentives in the form of market wages, output sharing, or land ownership, the Abolition Act and subsequent local ordinances embodied a complex synthesis of paternalism, categorization, penalties, punishments, and social controls, underlain by accounting to ensure compliance.

Clearly, apprenticeship was seen as an imperfect solution by both slaves and planters. Slaves sought complete freedom, while planters “resented their loss of arbitrary power [and] feared the disintegration of a social and economic system which had provided them the highest rank and authority” [Green, 1976, p. 131]. Apprenticeship represented an attempt to sustain colonial plantation economies by getting the freedmen accustomed to work for wages, to accept the practice as normal, and to become willing waged workers. Ultimately, the experiment failed and apprenticeship was abandoned early. In the larger colonies, former slaves retreated into the bush and became peasant farmers. For them, plantation work became an occasional and supplementary source of income. Planters had to import indentured workers to fill the void. As profits declined, major British investors chose to place their money elsewhere and divested themselves of their plantations. The Caribbean sugar trade collapsed and did not recover until the 20th century [Adamson, 1975, pp. 461-464; Hall, 1978; Paton, 2004, p. 9]. However, that was all for the future. In 1833, the British government was determined to make emancipation work, and employed the panoply of social tools at its disposal to create a controlled environment through apprenticeship that was carefully designed to turn slaves into a willing, waged work force.

Undoubtedly, the main rationale behind apprenticeship was economic – to maintain production in the short-term by coercion, to maintain tight control over labor costs, and to create a class of willing waged laborers through education and indoctrination in the longer term. Even transferring the right to issue punishments from overseers to magistrates was arguably as much about making the population willing to work through regularizing relationships within the workplace as protecting them from indiscriminate brutality.

However, there were major social implications as well. As Holt [1992, p. 37] observed:

The same Parliament that debated and approved the abolition of slavery and entertained proposals for universal education enacted legislation to reform prisons, poor relief, and the police. There were striking similarities in the governance and discipline that they established in penitentiaries, mental hospitals, workhouses, schools, and reformatories.

Turley [1991, p. 108] described the interactions between abolition and the other reform initiatives as “multiple layers of interlocking activity.” For example, apprenticeship was connected with the free-trade movement. Free traders argued that apprentices would only become truly free if plantations were exposed to the competition of a free market. Otherwise, the price of sugar would remain artificially high, and planters would have no incentive to change “their old oppressive ways” [ibid., p. 126].

Similarly, the anti-vagrancy provisions of the Abolition Act and local ordinances were fully consistent with the drive to outlaw vagrancy in Britain that saw 28 new acts between 1700 and 1824 [Wiener, 1990, p. 150; Rogers, 1994, p. 104].² Accounting, in fact, played a central role in the government initiative to control the poor in Britain and to make the administration of poor relief more efficient [Walker, 2004]. The system of labor control that was employed on plantations prior to emancipation also contained many features exhibited by the later scientific management movement in industry [Aufhauser, 1973; Cooke, 2003]. The campaign for labor discipline exercised the minds of abolitionists and industrialists alike. At home, inculcating the labor force with regular working habits and a sense of “disciplined time” was regarded as a major problem [Thompson, 1967, pp. 81-84]. Factory masters like Richard Arkwright and Josiah Wedgwood followed Bentham’s ideal of creating “Houses of Industry” modeled on principles “of surveillance, regimentation and division of labor” [Davis, 1975, p. 456]. Abolitionists like William Wilberforce lent their support to the promotion of industrial discipline, “cushioned by a benevolent paternalism” in Britain [ibid., p. 460]. The emphasis on “duty and subordination” during the crucial period of transition from slave to voluntary labor was only to be expected therefore [Davis, 1975, p. 465].

²Davis [1975, p. 466] similarly described how the rise of antislavery sentiment in Britain coincided with the “urgent domestic problem” of imposing labor discipline on an “immense, uprooted rural labor force.”

Finally, the infliction of pain on ex-slaves as the penalty for shirking work was entirely consistent with British home policy. As Wiener [1990, p. 111] observed, the belief “that pain was required for reformation was rarely questioned” in Britain. If the prime purpose of the penal system at home was to inculcate social deviants with work habits, and inflicting pain through corporal punishment, physical deprivation, hard labor, or the treadmill was a necessary part of the process, the same was bound to be true in the colonies.

It is certainly possible to view apprenticeship through a Marxist lens – that plantation accounting was not “modern” and British capitalists, being fed up with subsidizing slavery, sought to abolish it without establishing the crucial conditions for turning apprentices into wage workers.³ Thus, the system of labor control depended on physical coercion rather than the economic coercion of the market. Completely lacking was a system of incentives supported by accounting measures that would persuade the apprentices that they would be better off working on the plantations than subsisting as peasant farmers. However, the principal motive behind apprenticeship was to enforce labor turnout and maintain productivity within the confines of an entrenched social structure that was both in decline and under siege; and in this respect, economic rationalism provides a good explanation of the accounting system that was adopted.

The paper proceeds by describing the rules of apprenticeship and considers accounting in conjunction with apprenticeship as linked elements of social control and economic rational behavior. Subsequently, the role of accounting during apprenticeship is examined in the context of the mid-19th century campaign in Britain to instill labor discipline and to create a willing class of waged workers to service the nation’s industries.

RULES OF APPRENTICESHIP

The Abolition Act of 1833 embodied a comprehensive framework for the transition from slavery to waged labor. It

³As one reviewer noted, Marxist theorists might see apprenticeship as maintaining the feudal/slave owners’ focus on use-values and that accounting’s role was to allow the former slave owners to continue with their previous labor practices. In other words, the accounting system reflected the planters’ preoccupation with controlling the use-value of labor rather than the capitalists’ preoccupation with its economic value. We find merit in this perspective, but feel that economic rationalism helps explain apprenticeship and the nature of accounting therein and is, therefore, an equally compelling framework.

served as a template for each colony's unique set of rules and regulations.⁴ The Abolition Act included specific measures as well as guiding principles, but it left the mass of detail regarding work behavior, task-rate levels, and punishment schemes, amongst a host of other issues, to be hammered out by the colonial legislatures [Green, 1976, p. 122]. For example, the Abolition Act specified that apprentices would work no more than 45 hours each week in return for food, housing, clothing, and medical care, but each colony was to specify the length of the workday, the specific allotment of food rations, and the quantity of task work that could be substituted if mutually agreed upon by master and apprentice. Finally, each colony's particular ordinances had to be approved by the Colonial Office before its slave owners received any compensation.

It was widely believed that once the daily threat of flogging was removed, former slaves would work on the plantations only if an extensive network of rules, regulations, adjudication procedures, paternalistic persuasion, education, policing, prison, and punishment schemes were employed. As a result, the Abolition Act included a complex set of legal and social controls to regulate the behavior of apprentices. James Carmichael Smyth, the Governor of British Guiana, alluded to this point in a proclamation to the slave population when he assumed office in June 1833. At that time, slaves were keenly aware that emancipation was coming, although the specific rules for apprenticeship still needed to be developed. Smyth's remarks reveal the determination of the authorities to enforce standards of behavior during the transition:

I wish to warn you, however, against all impatience, disobedience to your masters, absence from your duties, insubordination, rioting, or illegally assembling. The peace and tranquility of the country must be maintained; and if you adopt any other conduct than that which becomes peaceable and obedient subjects, you will compel me, however unwillingly, to employ force to uphold the existing laws... Every man in this world is required to work in some way or other; and by the command of the Almighty Father of us all, we must all and each of us acquire our bread with the sweat of our brow [Enclosure in Despatch 87, 29 July 1833, Smyth to Stanley, *British Parliamentary Papers (BPP)*, 1835, Vol. 81, p. 240].

⁴See CAP. 73 [pp. 666-691] in *The Statutes of the United Kingdom of Great Britain and Ireland, 3 & 4 William IV, 1833* for the complete act.

Three months later Smyth issued another proclamation congratulating the apprentices for following his "advice" [Enclosure in Despatch 92, 2 October 1833, Smyth to Stanley, *BPP*, 1835, Vol. 81, p. 252].

It certainly appears that slaves in British Guiana and throughout the colonies expected many more liberties than they were given by the Abolition Act or local ordinances. In early August 1834, immediately after the Abolition Act took effect, Smyth noted that, "The Honourable Mr. Bean has written to me recommending the proclaiming of martial law within certain districts" [Enclosure in Despatch 114, 9 August 1834, Smyth to Stanley, *BPP*, 1835, Vol. 81, p. 287]. Although Smyth did not support Bean's request, he did review the process for handling apprentice complaints. The office of "slave protector" had served as the official mechanism for complaints, but this office expired with the Abolition Act's passage. In its stead, Smyth proposed that apprentices would refer all of their complaints to the "high sheriff," who would record details in a book that would be forwarded to the special magistrate of the district and in summary to Smyth. An Office of Special Magistrate was created by the Abolition Act and will be discussed subsequently within the context of the entire judicial superstructure.

The Abolition Act, 1833 distinguished between praedial apprentices, who worked in agriculture and produce, and non-praedials, who chiefly served as domestics. Praedials were limited to 45 hours of required work and were to gain full freedom in 1840 after a six-year apprenticeship; non-praedials worked longer hours and were to be freed two years earlier. It appears that many planters attempted to classify their apprentices as praedials in order to gain the additional two years of captive service. For example, one of Smyth's special magistrates reported that:

Numerous cases having been submitted to me by apprenticed labourers, complaining of their employers having ordered them to do praedial work, to which many of them had never in their lives been subjected . . . [I] have found them, on the admission of their employers, to be substantially correct [Enclosure B in Despatch 250, 13 November 1835, Smyth to Glenelg, *BPP*, 1836, Vol. 83, p. 101].

The formation by the Abolition Act of a group of adjudicators called Special Magistrates proved of major significance. These men would play the key role in implementing the Aboli-

tion Act by “combining the roles of judge, teacher, and taskmaster” [Holt, 1992, p. 57]. The range of their responsibilities was immense – they listened to complaints, adjudicated cases, specified punishments, participated in appraisals, assessed fines, filed regular reports, and administered floggings for violations of the Abolition Act and their local ordinances. They were charged with enforcing the Abolition Act, ensuring that the apprentices put in the requisite number of labor hours, while protecting them from overwork, abuse, or mistreatment.

The ability of the judiciary to act impartially was questionable, however. In the case of British Guiana, the colony was to be divided into 12 judicial districts (later increased to 15), each with its own special magistrate. But by the Abolition Act’s effective date, only four special magistrates had arrived from Britain. Smyth, therefore, promoted eight local justices to the position of special justice to fill the gap, all of whom had ties with the local plantocracy. Of the 67 local magistrates who either were serving or had served as special justices in British Guiana through March 1835, only four were noted as “Unconnected with Colonial Property.” The remainder were described as “Planter,” “Planter and Attorney,” “Attorney,” or “Attorney and Merchant” [Slavery Abolition Proceedings, 12 March 1835, *BPP*, 1835, Vol. 81, pp. 1087-1090]. George Lowenfeld, a typical appointee, described himself as “one of the Representatives of the Estates of the late Woffert Katz; three of these are coffee estates – the one named Gebroeden is under my particular charge” [CO 111/151, p. 281]. It was only to be expected that with such connections to land owners, the adjudications of local justices would be heavily biased in favor of planter interests [Turner, 1999].

In the hopes of achieving impartiality, the 1833 Abolition Act specified that only the special magistrates and special justices appointed by the British government could try apprentices or planters for breaches of the Abolition Act. Locally appointed justices in British Guiana were deprived of that power in August 1835 [Enclosure in Despatch 162, 9 January 1838, Smyth to Glenelg, *BPP*, 1837-38, Vol. 85, II, p. 205]. However, apprentices rarely brought cases against planters, and when they did, it was usually the planters’ views that were upheld [Paton, 2004, pp. 75-77]. It also appears that the majority of planters were distressed by any decisions that were rendered against them, especially if the outcome reduced the domination they had exercised over workers under the slavery regime. The comments of Spring-Rice, Secretary for War and the Colonies, are pertinent. He advised Smyth:

... to adopt a course as may secure for you the confidence and support of the white population of the Colony, when this can be done without a sacrifice in principle. When the magnitude of the change effected, and the difficulty which the best men feel in surrendering power, is taken into account, many allowances should be made for the proprietors of West India property [Despatch 116, 7 November 1834, Spring Rice to Smyth, *BPP*, 1835, Vol. 81, pp. 287-288].

The difficulties experienced in making the system work, especially during the early months of apprenticeship, were not only explained by inherent bias or planter resistance, but also by the apprentices' understandable reluctance to comply with the legislation. They were required to live and work on the plantation; they could not occupy vacant lands or subsist solely on provision-ground output.⁵ They were penalized, either through imprisonment, extra work hours, or with a specified number of "stripes," for failing to follow strict rules of attendance, for being insubordinate, for refusing to work, for being more than five miles from their plantation without a written pass, or for not working up to a standard of "assiduous and steady industry" [CO 111/142, Caput (CAP) IV, Section 2, British Guiana Ordinance].⁶ Apprentices were also precluded from purchasing land, seeking other types of employment, or moving to another colony without a passport issued only with the written consent of the master. A detailed system of fines, extra work-hour requirements, and floggings was stipulated in the colonial ordinances to enforce these rules. The only real change from their prior life as slaves was that apprentices would receive wages, but only for work done in excess of 45 hours per week when food rations were provided, or for work exceeding 40½ hours if apprentices tended provision grounds in lieu of receiving rations.

ACCOUNTING AS A CONSTRUCT OF SOCIAL CONTROL

Accounting and accountability played a crucial role in bolstering the apprenticeship system. Work attendance, acts of insubordination, sub-scale work performance, and medical reports all had to be recorded in a prescribed fashion in particular journals so that when the special magistrates or justices made

⁵ Provision grounds were lands earmarked for the personal use of slaves on the majority of larger Caribbean plantations.

⁶ According to Burn [1937, p. 179], stealing, malingering, and carelessness with property were commonplace.

regular visits or conducted special hearings, planters would be able to document their complaints. Thus, while the apprenticeship system depended on the force of law, it was supported and sustained by accounting evidence. In essence, accounting's dual roles were to maintain control *over* labor as well as to measure the economic performance *of* labor. However, it was not just the workers who were affected by accounting. The success of the apprenticeship system as a transition to willing waged laborers depended on the effectiveness of the judiciary, which was also held accountable through regular reports to the Colonial Office in London. The Colonial Office, attempting to regulate the whole process, demanded a range of other data, including lists of appraisements and public sales to ensure that the Abolition Act and local ordinances were properly applied.

Although each colony's regulations varied to a degree, they all addressed the same set of issues outlined in the 1833 Act. Uniformity enabled local officials to compare the performance of apprentices and special magistrates and justices in different districts, and it enabled the Colonial Office to make inter-colony comparisons based on the regular reports they received. In October 1835, for example, Smyth furnished the Colonial Office with data concerning the declining number of punishments in British Guiana during each of the previous four months [Despatch 242, 28 October 1835, Smyth to Glenelg, *BPP*, 1836, Vol. 83, p. 70].

It followed that the colonial ordinances differed in detail rather than substance, as in the level of punishments (e.g., fines, floggings, terms of imprisonment) that were authorized [Burn, 1937, p. 204]. The regulations relating to British Guiana were typical. The July 26, 1834 issue of the *Royal Gazette* of British Guiana contained the final version passed by the local assembly.⁷ Several sections of this colony's provisions had a direct impact on accounting for and valuing labor as discussed below.

Enforcing Ownership Rights over Labor: The overall aim, ensuring that the apprenticed laborers put in the requisite amount of time on the plantations, could not have been accomplished without accounting data to track it. This synergy was acknowledged in CAP. I of the Ordinance relating to British Guiana where the rationales underlying the detailed provisions that followed were

⁷The document is entitled "An Ordinance for the Government and Regulation of Apprenticed Labourers" and is reproduced in CO 111/142.

listed. It acknowledged that the prime aim of Section 16 of the Abolition Act [CO 111/142; CAP. 73, p. 672] was:

. . . ensuring the punctual discharge of the services due by them [the apprentices] to their respective employers, and . . . the prevention and punishment of indolence, or the neglect or improper performance of work . . . securing exactness in the computation of the time during which such Praedial Apprentices Labourers were thereby required to labour in the service of such their respective employers.

Labor control was achieved in British Guiana through the appointment of a committee of “seven or eight of the most respected planters” to develop a “reasonable tariff of the amount of work each Negro ought to perform” [Despatch 102, 25 February 1834, Smyth to Stanley, *BPP*, 1835, Vol. 81, p. 262]. According to Burn [1937, p. 194], Smyth was the first governor in the West Indies to call for the development of labor standards. The committee, chaired by Charles Bean, prepared scales of task-work for cane, plantain, coffee, cotton cultivation, and wood cutting, based on what might be expected from an “effective labourer” and “average weather and soils.” If apprentices did not fully complete their prescribed tasks, they could be required to work extra hours or be punished as specified in other sections of the Ordinance. However, it was important that the apprentices felt that the scales were reasonable to avoid civil unrest:

All attempts to impose upon the Negro, or to exact from him more than a fair proportion of work, must be as sedulously guarded against on the one side, as any act of insubordination on the other; either would equally lead to the interruption of peace of the province [Despatch 108, 2 July 1834, Smyth to Stanley, *BPP*, 1835, Vol. 81, p. 274].

Partial scales for cane cultivation and wood cutting are reproduced in Table 1.

The underlying obligations of the apprentices to the plantations were themselves carefully detailed, as documented in CAP. V, Section 4 of the Ordinance:

. . . that every contract between the employer and the praedial apprenticed labourer, for the performance of any specified work as a task, and in lieu of the prescribed daily labour, or for the performance of any labour in extra hours, shall by such employer, be reduced into writing and entered into a book to be kept

TABLE 1

Scales of Task-work in the Colony of British Guiana

Description of Work	Work now performed in 9 hours	Work to be performed in 7½ hours
Cane Cultivation:		
Digging new navigable canals, 12 feet wide and five feet deep, and throwing the ground on both sides	600 cubic feet	500 cubic feet
Throwing back a six foot parapet from the above, and levelling the ground	72 feet in length	60 feet in length
Digging new punt trenches as above, where the ground is thrown on one side	480 cubic feet	400 cubic feet
Throwing back six feet parapets from above	48 feet in length	40 feet in length
Digging new small drains 2 x 2 land cleared	18 roeds ⁸	15 roeds
Throwing out small drains one shovel deep	50 roeds	42 roeds
Holing or banking land 2½ x 2½	36 roeds	30 roeds
Shovel ploughing new holed land a shovel deep, and rounding beds	72 roeds	60 roeds
Wood Cutting – Squaring Timber:		
Felling trees and squaring them for saw logs	25 cubic feet	21 cubic feet
Ditto, ditto for framing timber	18 ditto	15 ditto
Making wallaba shingles and carrying them to a water carriage	200 each labourer	175 each labourer
Making staves, and heading and carrying them as above	100 ditto	87 ditto
Cutting and cording hardwood for fuel	6 labourers to four cords	6 labourers to three cords

Source: CO 318/128, West Indian Miscellaneous, 1837, Vol. 1.

for that purpose on the plantation; which book it shall be the duty of the Chairman or senior Special Justice of the district to inspect as often as he shall, in the manner aforesaid, repair to the several plantations within his district.⁹

Plantations kept daily productivity accounts collectively for the various work gangs. Accounts of the daily pickings, pulping, and

⁸The “roed” mentioned in the foregoing tariff is the Rhymland roed, equal to 12 feet and 4 inches nearly.

⁹Establishing legal accountability through written contracts with accounts to monitor compliance was also a feature of estate-management practice in Britain [Oldroyd, 1999, pp. 186-187].

milling on the Balcarres coffee plantations in Jamaica, for example, have survived for the first four years of the apprenticeship period [Crawford Papers, 25/11/652-655].

A system of regular medical examinations was established in order to prevent apprentices from avoiding work by feigning illness. These examinations were again carefully documented for possible later action in the courts. CAP. III, Section Six of British Guiana's Ordinance described the responsibilities of the medical examiner and his reporting requirements. If the illness or injury was genuine, the key question then became, when would the apprentice be fit enough to resume work?

And be it further enacted, that every person in this colony having under his or her management forty apprenticed labourers or upwards, shall, and is hereby required, to engage a medical practitioner to visit such apprenticed labourers once at least in every week; and it shall be the duty of such medical practitioner, and he is hereby authorised and required to keep a Journal, and to enter the name of each apprenticed labourer then labouring under sickness or disease, distinguishing such apprenticed labourers as are thereby disqualified for labour, and such as are disqualified for the ordinary amount of labour, and prescribing such medicines or articles of diet as may in his judgement be necessary for the restoration of the patient; and such journal shall be placed under the care of the employer or manager of such apprenticed labourers.

Prior to apprenticeship, slaves customarily worked six 9-hour days per week – a total of 54 hours. The Abolition Act limited the number of hours apprentices worked for masters to 45, a reduction of one-sixth from the previous norm, but it allowed each colony to determine the number of days over which these hours would be spread. The apprentices in British Guiana generally preferred working five 9-hour days rather than six 7½-hour days if given the choice [CO 111/132, p. 290]. Scales were adjusted to convert 9-hour to 7½-hour days by a fairly consistent percent reduction to achieve the same level of performance on an hourly basis. In either case, Sunday belonged to the apprentice. However, it was enforced “as a day of uninterrupted rest” from any work, such as tending provision grounds, which in Jamaica might lie as far as ten miles away [Burn, 1937, p. 177], to ensure that the apprentices were fully rested by Monday morning when they worked for the masters instead of themselves.

Section 2 of British Guiana's Ordinance converted the concept of "assiduous and steady industry" into specific work-level expectations. The scales were informational for masters and overseers as well as for apprentices, and were developed, in part, to deter masters and overseers from requiring inordinate levels of output and effort. The Abolition Act, 1833 did not specify whether an apprentice's free time was contingent on his or her demeanor or meeting scale targets. Bean's summation, however, revealed the planters' intention to link them:

The committee recommend that this apportionment shall be by giving five days' labour or 45 hours to the master, and one day, which they recommend to be Saturday, to the apprenticed labourer; provided that in all cases the consolidation of the daily time of one hour and a half of the labourer into the Saturday of each week shall only take place on the due and proper performance of the daily task, and be consequent upon the good, orderly and industrious conduct of the labourer, and not otherwise [Enclosure in Despatch 111, 29 July 1834, Appendix B, Smyth to Stanley, *BPP*, 1835, Vol. 81, p. 282].

Smyth forwarded a copy of the special justice's work instructions to Stanley, the Colonial Secretary, in order to demonstrate the impartiality that special justices were expected to pursue. In Section 6 of the document, Smyth described how task-rate scales should be used to adjudicate complaints about the "diligence or idleness of the labourers" [Enclosure in Despatch 111, Smyth to Stanley, *BPP*, 1835, Vol. 81, pp. 277-279]. However, the scales alone were inadequate for this purpose, owing to the vagaries of "the weather and other circumstances" affecting productivity. Ultimately, performance evaluation came down to the judgment of the magistrate. It is unlikely that the special magistrates or justices were completely impartial when applying Smyth's recommendations in the field since their adjudications must have been influenced by their experience, attitude towards abolition, and attachment to local planter interests. The following sworn report by the aforementioned plantation manager Lowenfeld, who also served as a local justice, illustrates the subjectivity inherent in adjudication proceedings:

I have read over the evidence of Mustick, foreman on Lonsdale; he states, what I knew to be the truth, that in weeding three persons are put to each bed; the bed is from 65 to 70 roeds; each person taking a row of coffee

trees. This is the amount of work given on coffee estates generally, and which is performed very frequently in less than five hours; under any circumstance this is a task which could easily be performed in less than 7½ hours. Weeding to be with the hoe. On Gebroeden the women often do the same quantity of work in 4½ hours. In assorting coffee, 80 lbs is an easy task; the women on coffee estates earn extra wages for clearing a further quantity [CO 111/151, p. 281].

Edward Hicks, the other “unbiased” examiner in this case, had himself been a coffee planter for 18 years [Enclosure in Despatch 367, 14 August 1837, Smyth to Glenelg, *BPP*, 1837-38, Vol. 85, II, p. 96].

Regulating Sales and Valuations of Apprentices: CAP. X of British Guiana’s Ordinance allowed planters to continue selling, leasing, or otherwise disposing of apprentices just as they had done with slaves prior to the Abolition Act. The only exception provided that “no such apprenticed labourer shall be publicly exhibited or compelled to attend at the place of sale, as was the custom with respect to slaves.” Again, the process was regulated through careful documentation of the transactions. Sales of the “services of apprenticed labourers” were recorded in a Vendue Sales Book that was kept in a designated Vendue Office. Information recorded in the book included the date of sale, name of seller, name and age of laborer, classification (praedial or non-praedial), and price [Document A in Enclosure to Despatch 242, 28 October 1835, *BPP*, 1836, Vol. 83, p. 70].

One of the areas reserved by the Abolition Act for local legislative action related to “how the necessary Appraisalment of the future Value of such [apprenticeship] services shall be made” [CO 111/142, CAP 73, p. 672]. Valuations of the human “livestock” had been a traditional feature of plantation record keeping under slavery for a variety of reasons including probating wills, providing collateral for bank loans, buying and selling slaves, hiring slaves in and out, or monitoring the performance of agents by absentee owners [Fleischman et al., 2004].

The main reason for such appraisals envisioned by the British government during apprenticeship, however, was to enable apprentices to buy their own freedom. In these instances, it was in the planters’ interests to inflate the valuation. According to Green [1976, p. 133], “biased decisions were the rule,” as the appraisalment tribunals normally comprised two planters compared to one independent judge. One of the two appraisers

would be appointed by the employer, the other by the judiciary (typically a special justice), with a judge acting as “umpire” in the absence of agreement between the first two referees. The planter bias is evident from the government returns for British Guiana for the period April to December 1837. Of 136 valuations taking place, there were 56 instances where the employer’s valuation exceeded that of the special justice, compared to only one that was lower. The remaining 79 valuations were the same, doubtlessly the result of collusion. Furthermore, in most cases the umpires favored the planters. In 34 out of the 56 valuations where there was a difference in favor of the planter, the verdict of the umpire was either the same as that of the employer’s appraiser or closer to it than to the special justice’s valuation [Enclosure in Despatch 134, 26 July 1837, Smyth to Glenelg, *BPP*, 1837-38, Vol. 85, pp. 152-153; Enclosure in Despatch 137, 27 November 1837, Smyth to Glenelg, *BPP*, 1837-38, Vol. 85, pp. 156-157; Enclosure in Despatch 138, 19 January 1838, Smyth to Glenelg, *BPP*, 1837-38, Vol. 85, pp. 157-159].

The Colonial Office knew about the bias associated with the valuation practice [Despatch 250, 13 November 1835, Smyth to Glenelg, *BPP*, 1836, Vol. 83, pp. 99-100]. Indeed, Smyth tried to remedy the situation in British Guiana by requiring full details to be published of the name, age, and sex of the apprentice, amount of appraisal, identity of the appraisers, and approving judge. It was hoped that this policy of full disclosure would act “as a check upon exorbitant and unfair appraisements” [Despatch 259, 11 March 1836, Smyth to Glenelg, *BPP*, 1836, Vol. 83, p. 148]. However, the relatively small number of apprentices who were able to afford to buy their release in the first three months of 1836 suggests the strategy did not work [Enclosure in Despatch 266, 6 May 1836, Smyth to Glenelg, *BPP*, 1836, Vol. 83, pp. 178-179]. It may also be concluded that a number of valuation procedures resulted from the buying and selling of plantations or the rental of apprentice labor.

The continuation of valuations during the apprenticeship period reflected the workers’ ongoing lack of freedom. They remained economic commodities with a market value, albeit one that was in decline as full emancipation approached. The decrease in value can be seen from the annual series of valuations of the Marshall’s Pen and Martin’s Hill plantation in Jamaica. The average value of the slaves in the years prior to the Abolition Act was around £100 [Crawford Papers, 23/14/8]. In 1834, it fell to £25, with the Abolition Act about to come into force [Crawford Papers, 25/11/653]. On the Lowther plantations in

Barbados, the reduction was from £75 to £50 [Lowther Plantations, 43507/7-25]. In 1838, the last year of apprenticeship, the figure for Marshall's Pen and Martin's Hill dropped to £11/6/8 [Crawford Papers, 25/11/656]. From 1839, the annual valuations of livestock continued there, but they were now confined to horned stock and mules. Linked to the annual valuations were the schedules of the increases and decreases occurring during the year in the numbers of slaves/apprentices. These reports were intended to encourage plantation managers to preserve the human capital by rendering them accountable to the owners for any deaths [Roughley, 1823, p. 28]. Again we see this practice continuing during the apprenticeship period until it was abandoned when the owners lost control of the work force [Lowther Plantations, 43507/27-30; Crawford Papers, 25/11/647, 656]. From 1839, the "Negroes" had become "daily labourers," and weekly pay lists started to appear [Crawford Papers, 25/11/647].

Regulating the Penal System and the Judiciary: The law reflected the apprentices' newly found status as freedmen by taking punishments out of the hands of the plantation overseers and regulating the severity of penalties that could be inflicted. One of the Abolition Act's key provisions was to forbid masters from flogging apprentice workers. Corporal punishment did not end, however, either officially or unofficially. Unofficially there were many cases of illegal beatings on plantations [Paton, 2004, p. 69]; officially that particular task was given to the special magistrates or justices to administer. Women, however, were now exempt. The figures for British Guiana show that from August 1, 1834 to July 31, 1835, a total of 8,152 punishments were administered, of which 2,177 (26.7%) were corporal punishments [Enclosure 2 in Despatch 236, 19 September 1835, Smyth to Glenelg, *BPP*, 1836, Vol. 83, p. 55]. In the case of British Guiana, special justices were restricted to 15 lashes when acting alone [Enclosure B in Despatch 117, 13 October 1834, Smyth to Spring Rice, *BPP*, 1835, Vol. 81, p. 291], compared to the maximum of 30 allowed in the colony's Ordinance [CO 111/142, CAP. IV, Section 6]. CAP. II, Section 3 of the same document prescribed the full range of punishments available to special justices:

And be it further enacted, that every Special Justice shall be and he is hereby empowered and authorized, in respect of apprenticed labourers convicted of offences before him, to award any one of the following punish-

ments: - 1. Confinement with or without hard labour on the Tread Mill, or otherwise, for a period not exceeding fourteen successive days; 2. Extra labour at the rate of fifteen hours per week in the service of his or her employer, with or without confinement at night, for a period not exceeding fourteen days; 3. Fifteen stripes for every male labourer. And in respect of an employer, or person acting for him, when convicted of any violation of the present law, a penalty not exceeding Five Pounds sterling, or in the case of protraction of labour of an apprenticed labourer by force or fraud, a fine of One Shilling per hour.

Each colony was required to maintain detailed records on the quantity and nature of fines, imprisonments, and corporal punishment to enable the Colonial Office to monitor compliance with the regulations. Burn [1937, p. 207] noted, for example, that whenever a Jamaican special magistrate imposed flogging as punishment, "the number of lashes to be given must be entered in the Estate Book." A summary of punishments for the first 22 months of apprenticeship in four of the colonies, which is reproduced in Table 2, was compiled from these records by

TABLE 2
Summary of Punishments Inflicted on the
Apprenticed Laborers in the British Colonies
1 August 1834 to 31 May 1836

Total for Jamaica, Barbados, British Guiana,^a Grenada, and St. Lucia (British Guiana figures in parentheses):

Number of Apprenticed Labourers	433,000	(72,000)
Number punished		
Males	56,938	(7,691)
Females	42,502	(8,539)
Total	99,440	(16,230)
By Flogging	17,050	(2,668)
Average Number of Stripes	14½ - 22½	(20)
Total Amount of Lashes	353,601	(53,360)
Other Punishments ^b	82,390	(13,562)

^a "Many offences committed by Apprenticed Labourers of a petty character, instead of being adjudicated by Special Justices, are sent before the inferior Criminal Court, where the almost invariable punishment ordered to be inflicted is flogging. These do not appear in the flogging table.

^b Includes hard labour – in penal gangs, and worked in chains; extra labour; tread mill, stocks, dark cells, imprisonment, solitary confinement, fines, etc.

Source: Enclosure in Despatch 108, 2 July 1834, Smyth to Stanley, *BPP*, 1835, Vol. 81, p. 274.

the anti-slavery campaigner, John Scoble, in August 1837 [CO 318/128, West India Miscellaneous, 1837, Vol. 1].¹⁰

Smyth refuted many of the incidents Scoble cited during his stay in British Guiana [Despatch 300, 7 April 1837, Smyth to Glenelg, *BPP*, 1836-37, Vol. 84, II, p. 77]. However, Scoble's involvement shows the potential of accounting to act as an emancipating force in society once data become publicly available, which has been observed in other 19th century venues [Gallhofer and Haslam, 2003; Brackenborough, 2003]. Indeed, the culpability of accounting in the practice of slavery is not a one-sided issue. The pressure exerted by the British government on the colonial authorities to keep proper accounts of punishments arguably protected the apprentices against the worse treatment they would otherwise have received had no records been kept.¹¹

The judiciary was itself held accountable to the Colonial Office through the regular filing of reports. CAP. II, Section 6 of British Guiana's Ordinance, for example, specified the particular data that should be recorded regularly by the SJs:

Every Special Justice and every District Session of Special Justices shall keep a journal of all the cases brought before him or them, in which shall be entered – 1st, the date of the complaint; 2nd, the name of the complainant; 3rd, the name of the accused; 4th, the substance of the complaint; 5th, the names of the witnesses adduced on either side; 6th, the substance of the evidence; 7th, the decision on the case; 8th, whether the decision has been carried into effect; and to every case shall be added any general remarks which may be thought advisable; and all such journals shall be kept in one uniform manner, to be prescribed for that purpose by the Governor and Court of Policy.

In summary, the special justices were accountable to the special magistrates, who were responsible for overseeing their work in the district. The special magistrates, in turn, were obliged to submit a monthly summary report to the Colonial Office in ad-

¹⁰Green [1983, p. 103] described Scoble as “the indefatigable abolitionist.” Scoble toured British Guiana in 1839 and reported “damningly” on the condition of indentured Indian laborers that were recruited to address the labor shortages on plantations. Green noted that Scoble's report was published in 1840, entitled “Hill Coolies, A Brief Exposition of the Deplorable Condition of the Hill Coolies in British Guiana and Mauritius.”

¹¹We gratefully acknowledge Barry Higman for making this point in his helpful comments on an earlier draft of the paper.

dition to internal reports, the nature and frequency of which varied from colony to colony. In Jamaica, for example, Governor Sligo required his special magistrates to file a weekly report as well as to provide immediate notice of every valuation they conducted [Burn, 1937, p. 207]. In British Guiana, there was a monthly reporting interval.¹²

Although the content of the reports varied, the two reproduced in Figures 1 and 2 are generally representative [Enclosure A in Despatch 119, 16 December 1834, Smyth to Spring Rice, *BPP*, 1835, Vol. 81, pp. 293-294].

FIGURE 1
Monthly Special Justice Report
District B

Sir,

Vryheid's Lust, 30 Nov. 1834.

I have the honour to transmit a monthly report, agreeable to the request of his Excellency the Lieut.-governor.

1st. The apprenticed labourers in District B. are contented, cheerful and civil, with the exception of the following estates: plantations Paradise and Bachelor's Adventure.

2d. They have not performed their work with alacrity and good will, on the above two estates. On the other plantations the work has been well done.

3d. There has been no instance of resisting authority by force. Insubordination has been general on the two above-mentioned plantations.

4th. Those that are disposed to neglect their work, are frequently rude and insolent to those in authority over them. Such misconduct has not been general, and I do not attribute it to any combination or conspiracy. It is only with respect to a few idle disorderly apprentices that any complaints are made.

5th. The attendance of the apprentices at church and at school has been regular during the preceding month, and to the full extent of the accommodation afforded. The attendance of the young at the Sunday school, the same as the preceding month.

6th. As an individual magistrate I have been under the necessity of punishing three with whipping. There have been four delinquents punished with whipping, by order of the court, during the preceding month.

I have, &c.

Henry Gloster, Esq.
Gov. Secretary

A.M. Lyons, S.J.P., Chairman District B.

Source: Enclosure A. in Despatch No. 119, 16 December 1834, Smyth to Spring-Rice, *BPP*, 1835, Vol. 81, pp. 293-294.

¹² Similar, albeit less frequent, reports of judicial proceedings had been required of the Slave Protector in British Guiana in the period prior to apprenticeship [*BPP*, 1836, Vol. 83, p. 55].

FIGURE 2
Monthly Special Justice Report
District C

Office of Special Justices, George Town
17 Dec. 1834.

Sir,

In obedience to his Excellency the Lieut.-governor's confidential order of the 23rd of September last, I have the honour to state for his information, in answer to –

Query 1st. That the apprenticed labourers of this district, during this month (November), have certainly exhibited a better feeling than in the last, on very many properties. That within the Town district, incivility and rudeness towards their employers and those in authority under them, have not disappeared.

Query 2d. That during this month (November), the work on various estates has been performed in a manner leading me to suppose that the misunderstanding previously existing is wearing away. But it is not to be expected that, until they fully understand the benefits accruing to them, and something like a fixed rate of wages is fallen into for their extra hours, that alacrity and good will may be expected.

Query 3d. The instances of insubordination and unlawful combination have decreased considerably this month; nor have there been any attempts to resist authority by force, except in one or two instances of persons in a state of intoxication.

Query 4th. The cases which have been manifested in this month (November), of combination to neglect their work, and to disobey lawful orders, have decreased more than one half.

Query 5th. The attendance of the apprenticed labourers at church and at school are proceeding in an increased ratio.

Query 6th. I have individually as a magistrate, and the district courts under my charge have, still found it necessary to punish by flogging; but the instances have decreased during this month (November), to 37 instead of 72, of which the greatest number was inflicted on persons who had run away since the months of August and September as follows:

Running away	15
In subordination, and not doing a sufficient quantity of work,	
Disobedience and insolence	3
Carelessly, indolently and negligently doing their work	3
Drunkenness, &c.	2
Absenting from duty	3
Unlawful combination not to do a sufficient quantity of work,	
And to resist lawful orders	11

I have, &c.

S.W. Gordon, Chairman District C.

Source: Enclosure A. in Despatch N. 119, Smyth to Spring-Rice, *BPP*, 1835, Vol. 81, pp. 293-294.

Most noteworthy were the range of social issues that Smyth asked special magistrates to report and his overriding concern for peace and stability within the colony. Detailed economic data were also collected over a wide range of issues and passed back to London regularly via the governor-generals [e.g., Despatch 126, 6 July 1835, Smyth to Glenelg, *BPP*, 1836-37, Vol. 84, pp. 305-306; Enclosure D in Despatch 140, 21 June 1835, Sligo to Glenelg, *BPP*, 1835, Vol. 81, pp. 352-399].

DISCUSSION

Apprenticeship was not an isolated experiment but rather one element of a wider, inter-connected dialogue of social and behavioral reforms in the 1820s and 1830s. Thus, economic rationalism, based on our understanding of modern labor relations, only provides a partial explanation of the system of labor control and accounting adopted during apprenticeship. For example, the plantation wage records of the Tharp plantations of Jamaica in the post-emancipation period suggest that apprentices were paid on a piece rate basis over the various plantation tasks, but it is interesting that specific piece rates and output levels were not noted in the books [Tharp Papers, R55/7/127/1/1]. Unlike contemporary British factory workers, apprentices living in larger colonies with vacant lands could pursue peasant farming and were generally disinclined to increase their pay through added effort. In Britain, the creation of free and willing wage labor was the result of a "long process of revolution in the social relations of production, particularly enclosures that deprived workers of the means of subsistence."¹³ Arguably, such a change in attitudes and opportunities could not be imposed suddenly [Thompson, 1967, pp. 80-81, 90], as was the attempt with apprenticeship.

Clearly much work lies ahead in exploring the accounting implications of these issues. In this respect, some of the most influential work to date concerns applying the ideas of Michel Foucault relating prison discipline to discipline of the industrial work force [Armstrong, 1994]. Foucault's [1991] conclusions were based on the contrast between traditional and reformed penal regimes. Here in the West Indies in the 1830s, we find some of the earliest scientific prisons expressly designed to reform the behavior of the "inmates" by making them law-abiding,

¹³We acknowledge a reviewer for this comment on the historical development of British labor.

compliant workers.¹⁴ Other non-Foucauldian studies have considered the formation of the state in relation to government control of company law [e.g., Edwards et al., 1997]. Again, government intervention in society during apprenticeship took place on an unprecedented scale in the British Empire, regulating the actions of landowners as well as workers, and “heralding future change” [Paton, 2004, p. 66].

Another contemporary determinant of the call for greater work discipline is the role played by Quakers in the abolition movement in Britain and the U.S. [Cooke, 2003]. Central to the Quaker ethic of “responsibility” was the notion of the “self-disciplined worker,” which also impinged on prison reform. The aim of modern prisons was to transform deviants into “dependable and willing workers” through subjecting them to a “habit-shaping regimen” of regular work and strict social control. In this respect, apprenticeship provided a test case for Quakers, for if former slaves in the Caribbean could be inculcated with a sense of work discipline, the same could be achieved at home “with vagabonds, whores, felons, and deviants of every kind” [Davis, 1992, pp. 52-53].

The powers granted to West Indian magistrates is an additional factor relating to work discipline that should be noted. The Orders in Council of 1824 and 1830 reflect the British government’s intent to regulate corporal punishment and limit the discretionary powers of magistrates during the apprenticeship period [Orders in Council, 10 March 1824, *BPP*, 1825, Vol. 26, pp. 124-138; Orders in Council, 1 May 1830, *BPP*, 1830-31, Vol. 16, pp. 93-138]. These acts specified the nature and quantity of corporal punishments that could be administered and mirrored the “push for uniformity” that was “perhaps the most persistent motor” driving the new scientific approach to penal policy in Britain at that time [Wiener, 1990, pp. 103-107]. The installation of treadmills in parishes throughout the West Indies during apprenticeship also typified the shift from corporal to self discipline and was intended to painfully promote an inner ethic to work willingly and cooperatively. Originally invented in 1818 and introduced into British prisons in the 1820s, the great attraction of the treadmill was that its “mechanical operation

¹⁴Cooke [2003] presents the interesting example of a 150 foot tall watch tower on a Cuban plantation in 1835 that provided a 360 degree panoptical view of slaves at work. The ability to monitor slaves in such a manner lends support to a Foucauldian view of management history.

meant that it supposedly required the same labor from all who worked on it" [Paton, 2004, p. 88].¹⁵

It is important to be clear about the role of accounting during apprenticeship because of the wider implications discussed above. As we have seen, accounting was integral to a social system which was built on a hierarchy of accountability. First, the workers were held accountable for putting in a reasonable effort on the plantations through the imposition of work standards and accounting returns which monitored output. Second, the planters were held accountable for complying with the regulations relating to the treatment of their workers through regular inspections by the justices and magistrates. The ultimate means of redress was prosecution under the law, with fines for recalcitrant planters and floggings or incarceration for the workers. Finally, the judiciary was itself held accountable to the Colonial Office in London through regular reports. In short, the role of accounting was coercive.

The complicity of accounting in the reformed prison regimes of the West Indies and indeed elsewhere awaits research, but as far as external reporting is concerned, accounting during apprenticeship was intended to coerce the various parties into submission rather than to encourage them to provide their labor services willingly through bonuses, time off, or other incentives. Socially "engineering" an ethic to work was left to other initiatives and institutions that included the establishment of schools, religious education, reforming prisons, etc. Accounting returns that were submitted to London included quantified measures of the success of these initiatives, such as "the number of communicants who have received the Holy Sacrament during the last quarter, the marriages which have taken place, and the numbers

¹⁵At the beginning of apprenticeship, the treadmill was considered an ideal punishment. It was especially useful as a substitute for the flogging of women, now prohibited under the Abolition Act. The punishment fell into disrepute through misuse, however. Captain J.W. Pringle, in a report to Parliament in 1838, described how treadmills were used in Jamaican prisons: "On many of the wheels the prisoners are strapped by their wrists to the rail, so that, if they do not tread, they must hang, the steps hitting their shins. This I witnessed in several instances with both men and women. They appeared to hang in this manner purely from obstinacy, and that they could have stepped had they tried to do so. As the wheels were not revolving rapidly, their shins were only slightly hurt. At Kingston and Vere, however, cats were regularly hung up under the wheel; and at the former place the supervisor admitted that it was used by his authority when the prisoners would not step properly. The supervisor and the mayor of Kingston prevented my examining the prisoners themselves . . ." [CO 318/136, p. 8].

who attended either daily, afternoon, or Sunday schools" [Despatch 193, 23 July 1836, Smyth to Glenelg, *BPP*, 1836-37, Vol. 84, p. 458]. Other schemes for social improvement included the distribution of Bibles [CO 318/118/384], providing separate schools for females to enable them be "instructed in those arts of useful industry which belong exclusively" to them [CO 318/118/406], and presenting medals for good behavior. As to this later point, Governor Smyth wrote: "I periodically visit the different churches and chapels, as well as the parish and other schools, and distribute medals amongst the most attentive and best behaved of the scholars of both sexes" [Despatch 253, 12 December 1835, Smyth to Glenelg, *BPP*, 1836, Vol. 83, p. 106].

Smyth's criteria for awarding medals were set out in a government notice reproduced in Figure 3 [Enclosure in Despatch 272, 1 June 1836, Glenelg to Smyth, *BPP*, 1836, Vol. 83, p. 196].

FIGURE 3 Government Notice

Major-general Sir James Carmichael Smyth hereby offers, and will present in the month of January 1837, in the name of His Majesty, the following honorary medals:

1. A gold medal, of value of five guineas, to the manager of that estate in the district of Demerary on which, in comparison with the number of apprenticed labourers attached to such estate, the greatest happiness, industry and contentment shall have prevailed during the year 1836. The high sheriff and two special justices will form the committee to select the manager.
2. Ditto for the District of Essequibo. The sheriff of Essequibo, and two of the special justices of the Essequibo district to form the committee.
3. Ditto for the District of Berbice. The sheriff of Berbice, and two of the special justices of the Berbice district to form the committee.
4. A gold medal, of the value of five guineas, to the manager of that estate in the district of Demerary on which, with reference to the number of apprenticed labourers attached to such estate, there shall have been the greatest number of clean healthy children attending school, during the year 1836.
5. The same for the district of Essequibo.
6. The same for the district of Berbice.

Candidates for the above medals are requested to have the goodness to send in their names as early in the month of January as may be convenient, in order that their respective claims may be referred to the committee with as little delay as possible.

The rectors or ministers of the several parishes (as the case may be) will be requested to join the committee in selecting the individuals to whom the three last-named medals are to be presented.

By Order of his Excellency the Lieutenant-governor,
Guiana Public Buildings Henry John Baird,
26 May 1836 Assist. Gov. Sec.

Source: Enclosures with Despatch No. 272, Glenelg to Smyth, *BPP*, 1836, Vol. 83, p. 196.

Accounting's lack of direct involvement in social engineering does not imply that the system of governance and underlying reporting practices adopted did not change people's attitudes and beliefs. Paton [2004, pp. 78-81], for example, described an incident of apprentice resistance in 1834 that culminated in the removal of a special magistrate from his position. The episode demonstrated the awareness among a gang of apprentices in Jamaica of their rights and obligations under the newly found legislation and a belief in its efficacy for seeking redress. Adamson [1975, p. 463] documented a similar event occurring in British Guiana in 1842. Another possible example of shifts in attitude concerns the use of scale-rates as a means of defining reasonable work effort during apprenticeship. These were akin to the task-rates that became increasingly popular on some plantations after 1807, and resulted in a discourse between managers and laborers not dissimilar to the later one surrounding the use of standard costing in industry [Tyson et al., 2004]. The readiness with which scale-rates were devised under apprenticeship suggests that tasking was well known in the British West Indies as a means of organizational control in the slavery era even within the context of supervised gangs.

The fundamental nature of accounting as an instrument of coercion during apprenticeship is illustrated by the fact that corporal punishment meted out on the basis of accounting evidence remained the ultimate deterrent for non-compliant workers. It has been suggested that the Foucauldian distinction between pre-modern and modern prison regimes, the one based on physical punishment and public spectacles, the other on mental control behind closed walls, was not entirely clear-cut in practice [Wiener, 1990, p. 101; Arnold, 1992]. This was certainly the case in the West Indies, and indeed Great Britain through to the 20th century, with pain still being inflicted on the prisoner's body [Paton, 2004, pp. 10, 105-106]. This kind of blurring was also true of accounting during apprenticeship. Accounting formed part of a strikingly modern social apparatus that sought to inculcate former slaves with a sense of work discipline that would hold good after apprenticeship had ended and they became free laborers. But to a large extent, accounting itself retained its traditional role of enforcing rights and obligations rather than enacting behavioral change.

SUMMARY AND CONCLUSION

This paper has described the multiple roles of accounting during the apprenticeship period in the British West Indies. Un-

der slavery, planters maintained complete control by physically compelling slaves to perform tasks, and they were legally sanctioned to flog them for failing to perform to expectations. During apprenticeship, planters were precluded from using the lash to compel work effort, but rather than providing sufficient inducements for workers to exchange their labor power willingly, planters, colonial legislatures, and Parliamentary leaders believed that former slaves would only work on plantations under enforced compulsion. These power holders colluded to establish a complex system of rules, regulations, and prescribed behaviors that would “replace the slave-owners’ authority and secure the workers’ new contract terms” [Turner, 1999, p. 19].

While accounting practices did not drive apprenticeship, they played an important role in sustaining its complex social-control mechanisms. Absent the ability to use indiscriminate floggings to ensure work obedience, detailed records were kept to document absences, work effort, and contract violations, all of which were used to maintain the plantocracy’s dominance over labor. The planters and judiciary were in turn held accountable by a reporting network feeding into the Colonial Office in London.

The information that was regularly submitted to the Colonial Office was both detailed and profuse, and served to illuminate not just the practices under apprenticeship, but also during the earlier slave era. It cast light on the punishment regime during slavery, and helps answer the contentious question posed by planters and abolitionists alike of whether slaves were better or worse off than British factory workers. Wilberforce himself observed:

The difference, then, between the free-born Englishman and the negro seems to be this, that one is compelled to labour while he is able by the pinching of hunger, the shivering of cold, or the horrors of a jail; and the other is forced to it when he is well fed and clothed, and in sound health, by the terrors of the cart whip [Knox, 1789, p. 15].

In point of fact, apprenticed workers may not have been treated uniquely – the British laboring classes also faced physical punishments through the penal system if they refused to comply. However, the difference in severity is difficult to ascertain because the abolitionists had a vested interest in popularizing a picture of unremitting cruelty on plantations, whereas the converse was true of planters [Knox, 1789, pp. 41-43, 64; Roughley, 1823, p. 75].

Apprenticeship may be seen as one element within a wider scientific movement to instill a sense of work discipline into the poorer elements of British society, including factories, workhouses, prisons, as well as plantations [e.g. Thompson, 1967; Walker, 2004]. While accounting was used to monitor the *economic* performance of an entity, its primary purpose in the Caribbean was to sustain a complex, racially-based, social regime by policing workplace relationships and arrangements. There is little evidence to suggest that accounting was used to create incentives or effect behavioral change whereby workers would more willingly provide labor services or accumulate a surplus.

Once accounting is perceived as a social apparatus that is used to bolster or maintain the dominance of one group over another, a number of historical situations present themselves for further study. Comparisons of accounting practices in the United States and the Caribbean during their respective transitions from slavery, as well as of accounting practices in apprentice plantations and concurrent British factories, are two possibilities. Further research is also needed to understand accounting's role in the mid-late 19th century drive to develop willing and productive workers that were essential to meet the demands of expanding industrialized economies.

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INTERFACES

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ACCOUNTING IN HISTORY

Abstract: Recent studies of publication patterns in accounting history portray a myopic and introspective discipline. Analyses reveal the production and dissemination of accounting history knowledge which focus predominantly on Anglo-American settings and the age of modernity. Limited opportunities exist for contributions from scholars working in languages other than English. Many of the practitioners of accounting history are also shown to be substantially disconnected from the wider community of historians. It is argued in the current paper that interdisciplinary history has the potential to enhance theoretical and methodological creativity and greater inclusivity in the accounting history academy. A practical requirement for this venture is the identification of points of connectedness between accounting and other historians. An analysis of publications with accounting content in *Historical Abstracts* reveals increasing interest among historians in the history of accounting. This substantial literature incorporates sites largely unfamiliar to accounting historians, such as Eastern and Central Europe and Central and South America. Historians also communicate their findings on accounting in a variety of languages. Subjects particularly deserving of interdisciplinary research engaging accounting and other historians include accounting in agricultural economies, the institutions of pre-industrial rural societies and diverse systems of government.

INTRODUCTION

The turn of the 21st century has witnessed the appearance of a number of papers reflecting on the flourishing state of accounting history and impediments to its future progress. The empirical base for these commentaries is the analysis of publication outputs. While a cynical observer might comprehend this

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tendency to introspection as indicative of intellectual exhaustion in a hitherto vibrant field, a number of important findings have emerged from such studies which pose challenges to the accounting history community. In particular, the findings of recent papers on publishing patterns illustrate the need for accounting historians to practice greater inclusivity.

Based on an admittedly limited population of English language papers appearing from 1996 to 1999 in the specialist accounting history journals, Carnegie and Potter concluded that their analysis indicates “the existence of a relatively insular international accounting history research community dominated by a small number of institutions and authors” [2000]. Carnegie and Potter contended that accounting history authors seldom engage in cross-border collaborative research and display a limited tendency to venture beyond core themes and the modern period. A subsequent study of the sex distribution of authors in the same journals revealed, unsurprisingly, that authorship and editorial board membership in accounting history is male-dominated [Carnegie et al, 2003]. Edwards’ [2004] broader review of the accounting history literature identified concerns about areas of fading interest, publication media and the dissemination of research findings. Fleischman and Radcliffe’s celebration of the advance of accounting history during ‘the roaring nineties’ is tempered by fears of its quiet demise in the United States [2005].

In his study of the contents of the first ten volumes of *Accounting, Business & Financial History* Anderson [2002] identified a predominance of UK, US and Australian authors and subjects, a concentration on the 19th and 20th centuries and a dearth of citations by accounting historians to published material outside of accounting and business. Anderson [2002] concluded that “*ABFH* authors have relied upon a very narrow literature, with almost 50 per cent of all citations deriving from ten leading accounting and accounting/business history journals”. Such findings are confirmatory of Parker’s observation almost a decade earlier [1993] that “accounting history is increasingly dominated by writers in English discussing private-sector accounting in English-speaking countries of the 19th and 20th centuries”.

A comprehensive study of accounting history publications in both the specialist and general accounting journals has been conducted by Carmona [2003]. With a focus on diffusion this research is particularly enlightening in its confirmation of the

introspective tendencies of most accounting historians. Carmona's analysis of knowledge transfer between accounting history and related disciplines shows that only 7% of citations in accounting history articles published between 1990 and 1999 were to papers in history journals [also Badua, 2003]. The study also reveals that accounting history authors are decidedly 'local' in their use of literature and primary sources, Anglo-American authors being especially reluctant to access pertinent work in other languages. Carmona's [2004] study of accounting history papers in international (English language) journals and conferences during the 1990s reveals that 91% of authors were 'Anglo-Saxon', publications focused on Anglo-American settings and 72% of papers related to the period 1850-1945.

Analyzing publication outputs in accounting history is valuable where the object is to identify threats, opportunities, excluded academic communities and new research arenas and approaches. The recent upsurge in 'navel gazing' has been accompanied by calls for expansive agendas (such as comparative international accounting history [Carnegie and Napier, 2002]), consideration of future research directions and methodologies [Funnell, 1998; Parker, 1999] and exhortations for the greater inclusivity of scholars operating in non-'Anglo-Saxon' contexts. Carmona [2004] concluded that embracing non-Anglo-Saxon scholars and subject matter was the "most important challenge" for accounting historians.

As well as calling for the greater collaboration of accounting historians across geographical and cultural space, the findings reported in studies of publication patterns indicate the desirability of greater engagement across disciplines. It is this challenge to the accounting history research community which is the focus of the present paper. In contrast to most recent analyses of the content of specialist accounting history journals, the current contribution seeks to look outwardly to the wider discipline of history, of accounting in history as opposed to accounting history in accounting. The study is partly a response to Miller et al's [1991] important contention that accounting history would be advanced by "examining the work of historians in fields other than accounting, and assessing the extent to which they enable new questions to be posed or existing research agendas to be refined or modified".

The following section reviews the nature of interdisciplinarity, particularly as it relates to the production of knowledge in history. It is suggested that adherence to a holistic con-

cept of interdisciplinarity may have a regenerative impact on research agendas, offers a palliative to the insularity of accounting history and has the potential to challenge the 'Anglo-Saxon' hegemony. Identifying points of connectedness between accounting and other historians is suggested as a starting point for the encouragement of greater interdisciplinary practice in accounting history research. Hence, the subsequent section reveals the results of an analysis of a major bibliographical database, *Historical Abstracts*, with the aim of exploring the presence of accounting in history publications over the past half century.

INTERDISCIPLINARY ACCOUNTING HISTORY

Accounting historians have long been conscious of the potential importance of accessing other disciplines, not least because the work of historians, sociologists and philosophers in particular, has been instrumental in generating research questions and igniting debates in the field. The pluralization of methodologies and interdisciplinarity were key tenets of the regenerative 'new accounting history' espoused by Miller et al [1991]. The publication of papers in their special issue, drawn from Interdisciplinary Perspectives on Accounting Conferences, led Miller et al [1991] to conclude rather optimistically that "the interdisciplinary study of accounting history is an accomplishment rather than a promise".

Subsequently, critical scholars continued to iterate the advances in historical knowledge which accrued from a greater receptivity to interpreting events through alternative theoretical lenses [Merino, 1998] and broadening the subject matter, sources and frameworks employed in accounting history research [Gaffikin, 1998]. Cross-disciplinary potentialities have been explored at the interface between accounting and its close neighbor, business history [Carnegie and Napier, 1996; Mathias, 1993; Parker, 1997, Ville and Fleming, 1999/2000]. Parker [1997, 1999] has revealed the opportunities for accounting history research which emerge from further engagement with management and social history. One of the important themes to emerge from the Academy of Accounting Historians Consortium on Comparative International Accounting History in 1999 [see *The Accounting Historians Notebook*, 1999, No. 2] was the need to nurture mutually beneficial connections between accounting historians and historians. The 'interfaces' section of *The Accounting Historians Journal*, inaugurated in 2001, was a response to this. In a recent contribution to this section, Zan

[2004] reiterated a demand for greater plurality in accounting historiography made by Carmona and Zan [2002]. The ongoing character of such calls for diversity, combined with the results of studies of publishing patterns, confirm the essential *intradisciplinary* character of most accounting history. The time appears ripe for revisiting the arguments for greater *interdisciplinarity*.

Interdisciplinarity is taken here to refer to “any form of dialogue or interaction between two or more disciplines” with a view to “producing new forms of knowledge” [Moran, 2002, p. 16]. Interdisciplinarity is one of three principal types of supradisciplinarity [Balsiger, 2004]. Multidisciplinarity involves drawing on knowledge from two or more disciplines without collaboration or the cross fertilization of research outcomes. The vogueish transdisciplinarity concerns research orientated towards seeking solutions to societal problems and a heterogeneous approach to knowledge production which transcends academic disciplinary structures. It has been suggested that whereas interdisciplinarity involves a ‘mixing’ of disciplines, transdisciplinarity involves their fusion [Lawrence and Després, 2004; Klein, 2004].

Interdisciplinary approaches are widely lauded for their potential to relieve methodological bottlenecks and arrest theoretical stagnation within a single discipline. The importation of insights borrowed from other disciplines can inspire creativity and regeneration. Outsiders or ‘immigrants’ may bring fresh perspectives to a discipline or identify ‘crossdisciplinary oversights’. An interdisciplinary stance may also reveal issues which exist beyond disciplinary borders and encourage integrated approaches to solving complex problems [Nissani, 1997]. Since the 1960s, the advocates of interdisciplinary history in particular have argued that the cross-fertilization of theories and methods from other humanities and social sciences has the potential to pose new research questions and introduce alternative techniques for addressing them [Rotberg and Rabb, 1970]. Although it remains the case that interdisciplinarity has “deeply affected the thinking and scholarly output of only a minority of historians”, it is firmly established at the highest level of scholarship. The question “whether or not the historian *should* use the ideas and methods of other fields is no longer at issue” [Horn and Ritter, 1986].

Interdisciplinarity also implies a democratic approach to knowledge production, one which has the potential to challenge

the vested interests, intellectual orthodoxies, conventions and exclusivity which can emerge from the institutionalization of single disciplines [Moran, 2002, pp. 3, 14]. Indeed, critics of the current 'Anglo-Saxon' hegemony in accounting history might perceive the organizations which represent the field, the discourse surrounding its practice, and the research traditions, authors and languages which dominate its journals, as illustrative of the institutional structures of an *intradiscipline*. These problems might be assuaged by greater interdisciplinarity.

The broader notion of democratized plurality in interdisciplinarity is epitomized by one of its most tangible manifestations in the field of history - the establishment of *The Journal of Interdisciplinary History* in 1970. This journal continues to pursue familiarity with, and integration of, "a variety of topics without limit to geographical area or chronological period" and has produced special issues in a variety of languages. Interdisciplinary approaches (and transdisciplinary approaches even more so) recognize that borrowings from other territories may be cultural and lingual as well as theoretical and methodological. The reasons for this were iterated by Lovejoy as early as 1940 [pp. 3-4]:

The history of political events and social movements, of economic changes, of religion, of philosophy, of science, of literature and the other arts, of education, have been investigated by distinct groups of specialists, many of them little acquainted with the subjects and the researchers of the others. The specialization which - the limitations of the individual mind being what they are - had this as its natural consequence was indispensable for the progress of historical knowledge; yet the consequence proved also, in the end, an impediment to such progress. For the departmentalization - whether by subjects, periods, nationalities, or languages - of the study of the history of thought corresponds, for the most part, to no real cleavages among the phenomena studied. The processes of the human mind, in the individual or the group, which manifest themselves in history, do not run in enclosed channels corresponding to the officially established divisions of university faculties. . . . Historiography, in short, for excellent practical reasons, is divided, but the historical process is not; and this discrepancy between the procedure and the subject-matter has tended, at best, to produce serious lacunae in the study of the history of man, and at worst, sheer errors and distortions.

Other potential advantages of interdisciplinary approaches for accounting historians include the scope they offer for improving the contextualization of the phenomena studied (an attribute increasingly sought by journal reviewers) and the increased opportunity for research funding in nations where agencies actively encourage project proposals which straddle subject boundaries.

The benefits of interdisciplinarity have been well rehearsed. Yet, the approach is not without its critics. Interdisciplinarity has been described as “the most seriously underthought critical, pedagogical and institutional concept in the modern academy” [Liu, 1989, quoted in Moran, 2002, p. 1]. Detractors note that if pursued to the exclusion of mono-disciplinarity, interdisciplinarity can result in excessive eclecticism, historical reductionism and the stultification of advances in the production of depth knowledge. Further, the practitioners of interdisciplinary research suffer the burden of mastering more than one body of knowledge, loss of identity in their academic ‘home’ and may suffer the consequences of operating in contexts where the institutions which measure research and teaching performance remain structured around traditional disciplinary boundaries.

Critics also note that calls for interdisciplinarity in historical research frequently offer ‘banal exhortations’ of its virtues as opposed to producing works which reveal its utility. Proponents of interdisciplinarity often fail to address the undoubted complexities of its practical implementation [Hunt, 1994]. Horn and Ritter [1986] contended that “Even today, there is doubtless more talk about the need for interdisciplinary history than actual production of interdisciplinary work”. Of particular importance to the practice of interdisciplinary research is encouraging dialogue between the practitioners of different disciplines. Also desirable is the assumption of an outward-looking as opposed to an introspective stance - receptiveness to the insights to be gained from researchers operating in various geographical and disciplinary territories. Among the impediments to fostering communication and co-operation across boundaries is lack of knowledge about points of connectedness and potential engagement [Rotberg and Rabb, 1970]. It is in relation to this practical impediment to interdisciplinary endeavor (as it relates to potential interfaces between accounting historians and historians) that the paper now turns.

SOURCES AND METHODS

Accounting historians have long benefited from a regular supply of bibliographical data. During the 1970s and 1980s, R.H. Parker recognized the importance of compiling bibliographical sources to assist researchers in the developing discipline [1980, 1988; Pryce Jones, 1974]. Parker and Graves' [1989] bibliography of historiography was testament to the need for methodological and epistemological advance in accounting history. *The Accounting Historians Notebook* has a regular 'History in Print' section which identifies "accounting history research which may be of interest and use by the Academy membership". Readers are encouraged to notify the *Notebook* of publications "in an effort to provide the broadest coverage and recognition of accounting history research". 'History in Print' has enumerated items in a variety of accounting and business journals, and on occasion the listing has extended beyond publications in the English language [see, for example, October 1998]. The recently compiled taxonomic classification of papers in the *Accounting Historians Journal* contained in the Accounting Research Database is also a useful bibliographic research tool [Badua et al, 2003].

Anderson has provided a similarly valuable service in compiling an annual listing of 'Accounting History Publications' for *Accounting, Business & Financial History*. This details material written in English on accounting history broadly defined and is drawn primarily but not exclusively from accounting and related journals. Anderson's compilation excludes business history which is separately reviewed on an annual basis in *Business History*. *Accounting History* has also published an annual publications list. This too is confined to material written in English and is substantially compiled from accounting and accounting history journals. The *Accounting History* list is not intended to be exhaustive. Rather, it seeks to indicate types of research conducted over the relevant period.

The current study draws its data from a bibliographical source which is not confined to accounting and business history. According to its managing editor, *Historical Abstracts* "has long been recognized as the leading bibliography for historical study in the world" [<http://serials.abc-clio.com/abouttha.html>]. *Historical Abstracts* commenced in 1954 and represents a bibliographical database of history articles, doctoral theses, and books reviewed in journals. Material on the period from 1450 to the present day is included in the database. Publications on pre-

medieval subjects are not. *Historical Abstracts* includes papers culled from more than 2,000 outlets, comprising “the key historical journals from virtually every major country”, as well as other journals of interest to historians in the humanities and social sciences [ibid]. Publications are not confined to those written in English, though the abstracts are translated or prepared in that language. Publications on US and Canadian subjects are covered by a separate database *America: History and Life*. *Historical Abstracts* currently contains over 600,000 entries and 20,000 new citations are added annually. The database is updated monthly.

As available on the Internet, *Historical Abstracts* permits simple and advanced keyword searches by subject, author, title, language, journal name, document type, publication date and period. For the purposes of this study, searches were made of the following keywords: accounting, accountancy, bookkeeping, audit, auditing, accountant, accountants. At the end of August 2003, these produced the following numbers of items: ‘accounting’ (819), ‘accountancy’ (29), ‘bookkeeping’ (105), ‘audit’ (57), ‘auditing’ (44), ‘accountant’ (39), and ‘accountants’ (48). The abstracts were downloaded and reviewed. A number of items were then removed from the population studied. These represented publications which appeared in one of the three specialist accounting history journals (*Accounting Historians Journal*; *Accounting, Business & Financial History*; *Accounting History*) or *Business History* (which, as stated earlier, has its own annual review of the literature). Articles on historical subjects published in general accounting journals do not feature in *Historical Abstracts*. A small number of articles on US subjects published in the 1950s and 1960s were also excluded as more appropriately belonging to the database on *America: History and Life*.

Items where the abstract included a keyword such as ‘accounting’ but no apparent accounting content were also removed. Most of the latter instances used the word ‘accounting’ to mean the giving of reasons or offering explanations, as in ‘Accounting for Taste: Export Bananas, Mass Markets and Panama Disease’; or, as an assessment of a life, as in ‘Ernst Kantowicz: An Accounting’. As a result of this selection process the number of abstracts in the population was reduced from 1,141 to 521. Given the numbers involved, references to individual publications are not provided in this paper. However, it is hoped that sufficient information is offered about particular articles to enable keyword searches of *Historical Abstracts*. It

should also be emphasized that the full articles and theses were not read and the extent of the accounting content of the publications has not been ascertained. The latter is likely to vary considerably. However, it is hoped that the findings reported will identify potential areas of research for accounting historians and convergences of interest with mainstream historians.

The next section provides a statistical summary of the characteristics of publications in history journals and theses which relate to accounting. This is followed by a more detailed survey of the accounting content of items featuring in *Historical Abstracts*.

PROFILE OF PUBLICATIONS IN *HISTORICAL ABSTRACTS* WHICH RELATE TO ACCOUNTING

Year of Publication: The data in Table 1 indicates an increasing number of publications in the history literature on accounting-related subjects. This mirrors the advancing interest in history in accounting academe. In 1954-1969, the average number of accounting-related history publications contained in *Historical Abstracts* was 3.9 per annum. During the 1980s and 1990s, this increased to 16.7 per annum.

TABLE 1
Year of Publication

Year of Publication	N	%
1954-59	17	3
1960-69	45	9
1970-79	102	20
1980-89	164	31
1990-99	170	33
2000-02	23	4
TOTAL	521	100

Language: Table 2 shows the principal languages in which publications contained in the database were written. Although the dominant language was English, 66% of publications were prepared in 24 other languages. These ranged from Afrikaans to Swedish. This finding indicates the existence of a significant history literature relating to accounting outside of the English language.

TABLE 2
Language of Publications Included in the Database
(where n ≥10)

Language	N	%
English	227	44
Spanish	61	12
French	54	10
German	36	7
Italian	27	5
Russian	27	5
Japanese	14	3
Polish	13	2
Other (n=17)	62	12
TOTAL	521	100

Period Studied: Table 3 reveals that 61% of the items contained in the database concerned the modern period. This finding accords with the temporal focus of most accounting historians.

TABLE 3
Period Studied

Century	N	%
15th	18	3
16th	42	8
17th	38	7
18th	65	13
19th	121	23
20th	196	38
Various/non-temporal	41	8
TOTAL	521	100

Geographical Location Studied: Table 4 reveals that most of the publications in the dataset concerned European countries. The accounting subject matter examined in historical studies in the principal locations is now explored.

SUBJECT MATTER

Great Britain: There were more publications relating to accounting in Britain in *Historical Abstracts* than any other single country. In part, this reflects the journals included in *Historical Abstracts* and the fact that established accounting historians have achieved publications in economic history journals and therefore appear in the database for this study. Contributors such as

TABLE 4
Geographical Location Studied
(where n ≥10)

LOCATION	N	N	%
<i>Europe</i>			
Great Britain	89		
USSR	38		
France	36		
Germany	36		
Italy	30		
Spain	26		
Poland	15		
Austria	13		
Czechoslovakia	11		
Other (n=13 countries)	<u>59</u>		
Total		353	68
<i>Asia</i>			
China	22		
Japan	16		
Other (n=10 countries)	<u>27</u>		
Total		65	13
<i>Africa</i>		15	3
<i>Australasia</i>		10	2
<i>Central and South America</i>			
Peru	11		
Other (n=15 countries)	<u>44</u>		
Total		55	10
<i>Non-specific</i>		23	4
TOTAL		521	100

Boyns, Fleischman and Tyson, reveal the findings of recent scholarship on core subjects addressed in earlier works by economic historians such as Pollard on capital accounting in the industrial revolution and McKendrick on cost accounting at Wedgwood during the 18th century.

The most significant subject-interface between accounting and British history concerns the state and public administration. Again we may identify work by accounting historians in the database, such as doctoral theses by Jones on accounting and local government since the 19th century and Haslam on the state, accounting and accounting publicity in the early-19th century. Miller and Rose's work on governmentality also features in *Historical Abstracts*. Beyond these more familiar works lay a variety of themes pursued by historians with more vigor than

their colleagues in accounting. These include: the history of the Scottish Exchequer and accounting and audit of royal revenue in Scotland from the 13th century; the office of The Comptroller in 15th-century Scotland; accounting and audit in the reform of public finances under Henry VII; accounting for the court revels of Henry VIII and shifts from narrative to documentary accountability; the work of the Court of Audit in the early 16th century; accounting procedures in the royal household during the 17th century; the importance of the Commissioners of Public Accounts of the 1690s in English party politics; the work of the Commissioners for Examining Public Accounts during the 1780s as a component of an administrative revolution; and the deficiencies of central government accounting and financial control since 1866. In relation to more recent times, subjects include computerized accounting for Value Added Tax; debates over the National Audit Act, 1983, and auditing in the Ministry of Defence during the 1980s.

Similarly, there are a small but increasing number of studies of accounting in British military history. Subjects include accounting controls to prevent fraud in procuring supplies for the navy during the 1770s and 1780s; Samuel Bentham's system of accounting and accountability in naval dockyards, 1797-1811; accounting reforms in naval dockyards in the second half of the 19th century; and cost accounting in the army during the early-20th century.

The most significant subject of historical works on accounting beyond the state and public administration in Britain is the accountancy profession. Again, this is partly attributable to the inclusion in *Historical Abstracts* of publications by accounting historians. Doctoral theses on the profession in Scotland by Kedsleie and Walker feature, as do articles on Scottish accountants in the sociological literature. The work of Anderson, Edwards and Matthews on accountants in British management has also been published in journals of economic and business history. Jones' history of Ernst and Whinney is also included in the database. Less familiar studies also feature. These concern, for example: an accountant who was influential in the formation of North Wales Quarryman's Union; biographies of a pacifist Quaker accountant; an accountant's family as an example of middle class life after World War II; firms of Manchester accountants in 1950-1980; and research on the development of the expectations gap during 1980s.

The significance and use of accounting records as a source

in business history is the subject of several British studies, primarily authored by archivists. Business and economic historians have utilized such material to investigate subjects such as: smuggling by Bristol merchants during the 16th century; publishing history during the late-17th century; the profitability of the 18th-century slave trade; Covent Garden theatre in the 1730s; Welsh industry from 1700 to 1830; and the financial performance of various companies from the late-Victorian to the interwar periods.

Accounting practice as opposed to accounting records feature more explicitly in studies of the following: 16th-century ironworks; the Hudson Bay Company in the late-17th century; mercantile bookkeeping manuals of the 17th and 18th centuries; absentee landed estates in the 17th century; trading families in the 18th century; large corporations during the interwar period; the introduction of computerized processing in the Lyons food company in 1947; and studies of corporate culture since World War II. Accounting concepts also emerge in studies of national income accounting from the 17th century onwards, social accounting models in macro-economic analyses of the 1930s, and Keynesian double entry formats in national accounting.

Another significant interface is between accounting and transport history. Again, this partly represents the contributions of accounting historians such as Arnold in journals of transport and maritime history. Papers explore accounting fraud in 19th-century railway companies; railway accounting during the 1930s to 1950s; pricing and financial accounting in tramway companies during the second half of the 19th century; bookkeeping in local shipping firms during the 1750s; the use of accounting records to assess the performance of shipping companies during the 19th century; financial reporting by shipping companies in late-19th and early-20th centuries; secret reserve accounting and reporting by shipping companies during World War I and the post-war period.

A small number of publications on British social and medical history engage with accounting. These include studies of charity and poor relief in 16th and 17th-century Exeter; accounting and vocational education in Lowland Scotland during the 18th century; accounting and audit in voluntary hospitals during the mid-18th century; the history of medical audit from the mid-19th century; and insights to the Primitive Methodist Church through bookkeeping records. Some potentially fascinating studies with accounting content have been undertaken in

literary history. These include Samuel Pepys' diary (1660-1669) as an accounting for the self; bookkeeping arithmetic in John Graunt's *Natural and Political Observations* (1662); accounting for acquisitive individualism in Alexander Pope's *The Dunciad* (1728); and the concept of accounting and quantification in Daniel Defoe's *Moll Flanders* (1772).

USSR: Perhaps one of the most surprising findings of this study is the number of abstracts relating to accounting in the countries comprising the former Soviet Union. Before the dissolution of the USSR in 1991, most history publications on Russia with an accounting content concerned the development of accounting in the Communist state. Particular attention was devoted to accounting under the New Economic Policy of 1921. Authors frequently refer to the gestation and implementation of Lenin's ideas on accounting in the planned economy and the functioning of costing in state industry and collective farms. 'Self accounting' in workers co-operatives 1920-1980, accounting in the First Five-Year Plan for the steel industry from 1928, and accounting on collective and state farms from the 1950s also feature. Studies also examine attempts to introduce mechanized accounting in the Soviet economy from 1928 and in the Latvian Soviet Socialist Republic during the 1970s. Studies of the Great Patriotic War (1941-1945) discuss state agencies such as the work of the 'Committee for Accounting' on the distribution of labor while critiques of 'fascist bookkeeping' concern accounting for Soviet prisoners of war and the number of military casualties. Studies of the post-war USSR also refer to accounting in economic planning, assess the accounting systems used in industrial complexes in Siberia, the problems of ascertaining costs on Soviet farms, and the accounting consequences of the gradual introduction of market economics during the 1980s. During the Cold War, authors outside the USSR also critiqued the accounting methods behind disclosures of Soviet military spending and macro-economic performance.

Publications on auditing refer to the audit function of the Workers and Peasants Inspectorate and its significance for implementing state policy at the local level during the 1920s. Also considered is the work of the Central Auditing Commission of the Communist Party from 1917 to 1933. Articles relating to pre-revolutionary Russia include studies of the accountability of monasteries to the state during the 17th and 18th centuries; accounting practices in the 19th-century fur trade, company law

on accounting, 1836-1917; and accounting practices on rural estates during the 18th century. Accounting records have formed the raw material for assessments of the standard of living of the Latvian peasantry in the 18th century and the productivity of mines in the Urals during the 1860s.

France: Advancing interest in accounting history in France is demonstrated by the annual research conference, established in 1995, and the appearance of special issues on French accounting history in *Accounting, Business and Financial History* in 1997 and 2001. The editorial introductions to the latter suggest that an originating concern among scholars in France with accounting and the management of enterprises [Parker et al, 1997] has been recently supplemented by a more interdisciplinary focus [Boyns and Nikitin, 2001]. The accounting citations in *Historical Abstracts* on French subjects are suggestive of a plurality of interests of a longer duration. Studies on accounting in industry focus on: major concerns such as Schneider and the Société Générale d'Entreprises; a cloth factory during the 18th century; shipping firms in 18th-century Nantes; the iron industry during the 1830s; intermediate accounting in public works firms during the interwar period; and Emile Rimaillho's work on cost accounting for the French Commission on Scientific Management during the interwar years. There are also studies on the relationship between accounting methods and the social sources of capital in 18th-century companies and the development of concepts of commercial capital. Articles address the problems of accounting for slaves in the French West Indies during the 18th century; issues in the development and regulation of corporate reporting; the audit function of the Cour des Comptes from 1807; and accounting and business fraud since the 1950s. As in Britain, the work of accounting historians (such as Lemarchand and Nikitin) feature among the citations.

Studies of pre-industrial businesses in France include merchants in 16th-century Bordeaux and Toulouse. *Historical Abstracts* also contains studies which consider accounting in agriculture and rural society. In relation to the 18th century, these studies include accounting for land, the advocacy of agricultural accounting by the Physiocrats, and auditing communal accounts in Eastern Gascony. Research on the 19th century has focused on agricultural accounting in the Pas-de-Calais, accounting on cattle farms in Normandy and the books of a wine grower in Medoc. Accounting records have been used in re-

search to evaluate agricultural revenue and production in various periods, taxation, and economic activity in local communities.

Studies of socio-religious subjects in France concern the use of accounting records to analyze the consumption patterns of patients in a Paris hospital during the 15th century; language and trade between French and German bailiwicks in the 15th century; the circulation of money in the Burgundian church during the late-15th century; the activities of a charitable brotherhood in Toulouse from the 1490s to the 1540s; religious persecution and politics in a local community during the 17th century; secularization in a local parish during the 17th and 18th centuries; and the Portuguese Jewish Community in Paris during the late-18th century. One paper refers to the teaching of accounting in advanced schools of commerce during the 19th century.

Germany: German historians have referred to accounting in a wide variety of contexts. Papers discuss the importance of teaching cost accounting to those educated for business management and the accounting taught to tradesmen. Accounting records are extolled for the insights they offer to subjects ranging from peasant life in the 19th and 20th centuries to understanding the operations of companies trading overseas. One paper urges the importance of tax (as opposed to corporate) balance sheets as a source for the analysis of industrial concerns.

Studies of the pre-industrial period focus on accounting and audit in local and provincial government and church administration. This focus reflects the existence of disparate principalities and states before the emergence of a unified Germany in the 19th century. Publications discuss accounting and bankruptcy in Augsburg during the 16th and 17th centuries, the role of annual financial reporting by local communities to the central authority under enlightened absolutism in 18th-century Baden, and the accounting procedures used in concerns operated by the princes of Thurn in the 19th century. Particularly intriguing is the application of Goethe's concept of 'natural' budgets while administrator of the Duchy of Saxe-Weimar-Eisenback in the late 18th century.

Cost accounting and bookkeeping in German heavy industries features in business histories of major concerns such as Krupp. One paper discusses accounting information in the family firm of Freidrich Engels. An organization which has received

particular attention from historians is the German National Railway Company. This was founded in 1924 in the wake of the Dawes Plan for the scheduling of German payment of post-war reparations. The modernization of the railways included a new costing system. The origins of the system and opposition to its implementation have featured in studies of the German National Railway Company during the interwar period. Other studies track the limited application of Bedaux's system of rational industrial management (including accounting and cost control). There are two doctoral dissertations on accounting for inflation (one by Graves) during the 1920s and histories of the statutory corporate audit from the 1870s to the 1930s.

Research on German subjects is not confined to business organizations. Studies have been published on Frederick I's audit of the finances of the Jewish community in Berlin in 1717; discussion of energy accounting, agricultural economics and Marxism during the 1880s; the accounts of Prussian universities during the late-19th and early-20th centuries; accounting and cost control in hospitals during the 20th century; administrative bookkeeping, criminal statistics and social control during the 19th century; and the role of accounting in ensuring democratic control over the West German military after World War II.

Italy: Studies on Italian subjects include and extend beyond the emergence and use of double-entry bookkeeping in financial and mercantile institutions and the work of historians, such as Federigo Melis, on tracing the origins of the technique. Studies of accounting in the state and public administration concern the work of the Corte dei Conti (Court of Accounts) established in 1862; accounting methods in public works during the 19th and early-20th centuries; uniform accounting in French-controlled Tuscany during the Napoleonic Wars; and fascism and the professional class (including accountants) during the 1920s and 1930s. Studies of the Catholic Church include the accounting techniques applied on the estates of the clergy during the 17th and 18th centuries, the use of accounting records to trace the role of the church as a source of credit in the same period, and the accounting reforms in Vatican finances introduced by Pius X at the start of the 20th century. With the exception of a study of the armaments sector during the early-20th century, industrial accounting in Italy does not feature significantly in the database. Research on accounting and land ownership, estate management and relationships in aristocratic families in various

periods are more common. One paper examines accounting and estate management by Farm Workers' Councils in 1919-1920.

Another theme is accounting education in Italy. Publications refer to surviving school notebooks to reveal the teaching of bookkeeping in Umbria in 1480; teaching accounting as part of instruction on estate management at an agricultural institute in Meleto, 1834; and how the secondary education of girls in Turin included accounting as preparation for managing households and family businesses. Other work has examined the importance of personal bookkeeping to the upper class in late-15th century Florence, the impact of accounting for imaginary money on inflation during the 16th and 17th centuries; the accounting system of the postal service in Mantua; and a treatise by Giovanni Bianchini, an accountant, on algebra for astronomers.

Spain: Boyns and Carmona [2002] identified and analyzed 135 research pieces and two doctoral dissertations on Spanish accounting history, 1996-2001. Accounting-related publications on Spain contained in *Historical Abstracts* are much fewer in number. The work of Hernández Esteve features in the citations. A distinguishing feature is the limited number of Spanish studies on manufacturing contexts and the presence of work relating to the rural economy, religious institutions, the public sector and colonial administration. In relation to the first of these, accounting records have been used to study the productivity of Navarre viticulture during the 19th century, the economic strategies on landed estates in the 19th century, and the cattle industry from the 16th century. Studies relating to religious institutions concern accounting for estate property by convents in 18th-century Madrid, the finances of chapters in the Cathedrals of Murcia and Segorbe, and the importance of accounting for Episcopal revenues from the 16th century to the development of accounting principles in Spain.

Publications concerning the state and public administration relate to: the ledgers of the royal accountant and financing the Spanish crown, 1495-1504; improvements to the bookkeeping system of the royal exchequer and the Council of Finances in Castile during the early-16th century; the introduction of double entry to the royal treasury of Castile in 1592; accounting in the Valencian bailiwick during the 17th and 18th centuries; accounting procedures and tax collection during the 18th century; the history of financial accounting in the navy from the 16th

century; debates over the introduction of double-entry bookkeeping in accounting for colonies in South America during the 1780s and 1790s; accounting in the Province of Guipuzcoa during the 19th century; and Treasury accounting following reforms instituted in 1911. Studies relating to accounting functionaries refer to the determination of a 'just' rate of interest by Philip II's accountants following financial crisis in the 1570s; biographical studies of a Basque accountant and an accountant of the Royal Treasury; and accountants in the Catalan textile industry from the 19th century. Accounting in the 16th-century Segovian slave trade and bookkeeping education in academies established by the Chamber of Commerce in the Canary Islands during the 19th century also feature.

Poland: Perhaps another unexpected finding of this study is the number of articles contained in *Historical Abstracts* on Polish subjects with an accounting content. These articles relate primarily to economic and social history research which utilized accounting records. Accounting sources have been the basis of investigations into the financial management of churches, monasteries, Jewish Consistories and guilds in periods ranging from the 15th to the 19th centuries. Accounting records have also been used to trace the administration of landed estates during the 18th and 19th centuries, the profitability of river transport and the structure of the grain market in the 18th century. Studies also cover debates about moral accounting in Polish Jewry during the 19th century; the employment of foreign accountants in farm modernization programs during the early-20th century; accounting for reparations between Poland and Germany following the Treaty of Versailles in 1919; accounting and economic reform during the 1970s; and the work of the Central Auditing Board of the Polish United Workers' Party in the early 1980s.

Austria: Biographical studies relate to Josef Schlegel, Governor of Upper Austria, 1927-1933 and later President of the Austrian Accounting Office; Gustav Tauschek, inventor of bookkeeping and calculating machines, and; an attendee of the School for Merchants in Vienna at courses in accounting and auditing during the late-18th century. There is also reference in one publication to the founding of a Chair of Accountancy in the Philosophical Academy, Brno as early as 1846. A variety of other accounting subjects are also referred to in Austrian studies.

These include the customary use of tallies and decimal counters for bookkeeping before the 19th century; accounting and public finance in Vienna and Austrian towns in the 15th and 16th centuries; the insights offered by 656 payment ledgers (1542-1825) in the Imperial Archive to public finance and the court of the Habsburg Dynasty; the performance of accounting functions by women in family trading concerns in 18th-century Salzburg; and the history of corporate accounting in Austria during the 20th century.

Czechoslovakia: Accounting in history in the former Czechoslovakia also reflects the major presence of rural-agricultural subjects in East European studies. Articles concern the use of estate accounts to trace consumption patterns among the landed elite during the 17th century; using accounts to investigate farm management, the standard of living of farmers and the history of forestry; bookkeeping systems employed on estates from the 17th century to the elimination of private property in 1948; and the role of the accounting section of the Ministry of Agriculture in the modernization of Czech farming during the interwar period. Other topics include false accounting to Berlin on the condition of Bohemia and Moravia during the Nazi occupation; cost accounting in the post-war socialist economy; and the establishment of a commercial bookkeeping school for Russian refugees to Czechoslovakia following the 1917 Revolution.

China: In a recent thematic issue of *Accounting, Business & Financial History*, Lu and Aiken [2003] suggested the centrality of Chinese developments to the history of accounting. They charted the reasons why accounting history in China has attracted limited attention in the past and pointed to an increasing interest in recent years. Themes emerging from entries in *Historical Abstracts*, which discuss accounting in China, include the relationship between indigenous accounting, economic development and westernization. The role of accounting in public administration, economic planning and state control, particularly in the Communist era, also appears. A number of studies discuss the manner in which economic development and reforms have been frustrated by traditional Chinese accounting practices. This features in discussion of budgeting and accounting in a mid-19th century naval yard, the insufficiency of cost accounting in programs of industrial growth during the 1960s, and economic reforms during the 1980s. One paper relates the role of

the Australian Audit Office in training the Chinese in modern audit techniques.

Studies on China also discuss problematic accounting and management in public granaries from the mid-17th century to the Revolution of 1911 and deficient accounting in provincial administration during the late-19th century. There are also general histories of accounting from 200 B.C. to the 20th century and particular studies of accounting in Chinese businesses during the 19th to early-20th centuries. One paper utilizes business accounting records from late Qing China and Weberian theory to explore the relationship between bookkeeping and capitalism. Another discusses the accounting records of the British firm, Jardine, Matheson & Co, which operated in China from the late-18th century.

Intriguing research has been conducted on the role of *zhangjiu* (accounting shops) on the development of Chinese banking from the 18th century; accounting prescriptions contained in inter-family contracts for economic co-operation during the 19th century; accounting in rural cooperatives during the 1920s and 1930s; and the auditing organizations established following the overthrow of the Qing Dynasty in 1911. Population accounting under the oppressive regimes of the Manchu Dynasty and the ordering of annual audits of magistrate activities during the 18th century offer potentially interesting insights to accounting and governance.

Japan: As well as an increasing presence in the western accounting history literature [Chiba and Cooke, 2001], papers on accounting appear in Japanese journals of business and socio-economic history. Studies of accounting in particular businesses concern the Dutch East India Company's factories at Deshima and Hirado during the mid-17th century; the House of Mitsui, a multidivisional firm, 1673-1872; Shengtai Hao Company in Nagasaki; and depreciation accounting in the Onoda Cement Co during the late-19th and early-20th centuries. Studies of financial reporting and auditing relate debates about the use of the British or continental forms of balance sheet during the 19th century, the establishment of a Board of Audit during the late-19th century, and the regulation of corporate financial accounting during World War II. There are also studies of tax and accounting during the 17th to 19th centuries and the system of colonial accounting implemented when Japan gained control of Taiwan in 1897, Sakhalin in 1905 and Korea in 1910. One paper

explores accounting methods in Japan during the early-20th century, as revealed in the letters of an English architect.

Among the studies of other Asian countries are a number relating to India. These reveal the role of accounting in public administration in the Kingdom of Golconda during the 16th and 17th centuries, state formation in pre-colonial India, estate management in late-18th century Bengal, and the modernization of finance and budgeting in colonial government during the mid-19th century. This emphasis on public administration is also revealed by a study of accounting procedures introduced by the Governor of Uttar Pradesh during the 1920s and 1930s. Contributions also exist on the teaching of accounting in Bengal schools during the 19th century, and peasant accounting in a North Indian village during the 19th and 20th centuries.

Peru: The single most significant location of studies on Central and South American subjects contained in the database is Peru. Accounting in histories of Peru relate to two principal themes. The first of these is ethnographic and anthropological studies of record keeping, counting and taxation by the Incas. The second concerns accounting under Spanish colonial rule from the 1530s. Studies examine the Royal Court of Accounts in Peru following the Spanish conquest; the chief accountants of Peru; accounting for tributes extracted from Indians to finance Spanish rule; the accounting system of the Tribute Department following administrative reforms during the mid-18th century; the audit of Treasury accounts under Spanish rule during the 16th century; and biographies of accountants involved in colonial administration during the 17th and 18th centuries. The audit of municipal finances in Lima during the 18th century also features.

Studies relating to other Central and South American locations tend to concern accounting under Spanish colonial administration, particularly during the 18th century. The problems of establishing government accounting procedures in post colonial states have also been investigated. Accounting practices on haciendas in Venezuela and Mexico offer insights to estate management and rural society. Some potentially insightful work has been published on the following: accounting and labor control in a 17th-century textile factory in Ecuador; the bookkeeping practices of Jesuit missionaries in 17th-century Brazil; accounting in Mexican mining during the 18th century; accounting for tithe collection in the Archbishopric of Mexico during the 19th

century; and cost accounting in the Cuban five-year plan of 1976-1980. Another study refers to the contents of 8,000 volumes of the Main Accounting Office in Chile, 1579-1896.

Africa and Australasia: As Table 4 illustrates, there are comparatively few studies in *Historical Abstracts* which relate to accounting history in Africa. A number of abstracts refer to research on South African subjects such as accounting and accountants in the Dutch East India Company and accounting practices in Cape Colony during the 1830s. There are even fewer studies on Australasian subjects and those cited include examples of accounting historians venturing into history journals (such as Carnegie and Potter and Craig and Jenkins), and doctoral theses by Funnell on state auditing and Poullaos on the accountancy profession.

CONCLUSIONS

The findings of this study indicate the existence of a substantial literature on the history of accounting which has received limited attention from accounting historians. The analysis also reveals that increased interest in the history of accounting has not been confined to accounting historians. Like accounting historians, historians with an interest in accounting have tended to focus on the modern period and on European subjects (though the latter finding is biased by the scope and coverage of the data source for this project). The study reveals the existence of a considerable amount of work of potential relevance to accounting historians published in languages other than English. Significant numbers of mainstream historians pursue research which interfaces with accounting in countries which have remained outside the international accounting history community. Historians with an interest in accounting in Eastern and Central Europe, and Central and South America are seldom found among the membership lists of the Academy of Accounting Historians. There also remain territories, civilizations and cultures in the African, Asian and South American continents which have received little attention from any historians with an interest in accounting. While a number of accounting historians have successfully crossed the boundary into the history literature, scope clearly exists for further movement in the opposite direction.

The analysis of *Historical Abstracts* reveals a number of accounting-related subjects which have been researched by histo-

rians. In addition to the conventional interface between accounting and business history, we may add educational, military, transport, medical and social history. However two particular subject areas, which emerge from this study, deserve particular synergetic development between accounting and other historians. Firstly, the accounting history literature has tended to be dominated by research on western industrial economies and modernity. Historians working outside this tradition reveal the potential importance of exploring accounting in agricultural economies, pre-industrial rural societies and the dominant institutions thereof, such as the church. Secondly, in almost all the countries referred to, historians have explored the role of accounting in governance and public administration. Studies range from accounting in Communist totalitarian states to accounting and the administration of overseas colonies and accounting in provincial and local government.

The foregoing indicates that while greater inclusiveness in accounting history may be advanced by internationally oriented research agendas, adherence to supradisciplinary approaches to knowledge production are also desirable. In addition to pursuing the undoubted research opportunities for advancing knowledge within the specialist home field, receptivity to insights from other disciplines offers scope for not only challenging the 'Anglo-Saxon' hegemony in accounting history, but doing so in ways which transcends the potential for the replacement of one form of spatial-cultural dominance by another. Interdisciplinarity also presents opportunities to arrest any recent tendency in accounting history to navel gazing, introspection and exhaustion by encouraging the import of regenerative theoretical and methodological insights. Moreover it also offers the prospect of exporting accounting history knowledge to other disciplines where its contribution remains to be fully recognized.

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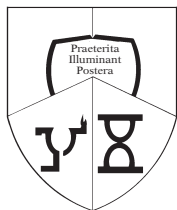
EDITORIAL ANNOUNCEMENT: SUBMISSIONS

**Please note that article submissions should be
sent to the incoming editor:**

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**The outgoing editor would like to thank all connected
with *AHJ* for their support and encouragement over
the past five years**



***THE ACCOUNTING
HISTORIANS JOURNAL,***
1974-1992

AVAILABLE ON-LINE

The early volumes of the *Accounting Historians Journal* (1974-1992) have been digitized and indexed. Articles are available as part of the University of Mississippi's

DIGITAL ACCOUNTING COLLECTION

<http://umiss.lib.olemiss.edu:82/screens/dacopac.html>

The journal has been scanned from cover to cover including prefatory matter and end matter. The journal may be browsed issue by issue. Each article has both a word searchable PDF file and a PDF page image file. The collection may also be searched by title, author and subject. While the Optical Character Recognition Program used has created highly accurate texts that were hand checked for errors, whenever the researcher may doubt the accuracy of the transcription, the image file is available for immediate verification. The collection currently contains over 450 articles and sections of *AHJ*.

The Digital Accounting Collection also features:

- Over 120 AICPA Exposure Drafts (non-current), 1968-2004.
- A collection of photographs and illustrations taken from the AICPA archive featuring frontispieces of early accounting texts, cartoons, illustrations, logos, mastheads, and early photographs of accounting pioneers and organization meetings.
- A searchable collection of pamphlets from the library of the AICPA (items relate to the period 1905 to 1924).

The Digital Accounting Collection project was funded by the Institute of Museum and Library Services and permission to digitize materials was obtained from the Academy of Accounting Historians and the American Institute of Certified Public Accountants.

THE ACADEMY OF ACCOUNTING HISTORIANS VANGERMEERSCH MANUSCRIPT AWARD, 2006

In 1988, The Academy of Accounting Historians established an annual manuscript award to encourage academic scholars new to the field to pursue historical research. An historical manuscript on any aspect of the field of accounting, broadly defined, is appropriate for submission.

ELIGIBILITY AND GUIDELINES FOR SUBMISSIONS

Any accounting faculty member, who holds a full-time appointment and who received his/her masters/doctorate within seven years previous to the date of submission, is eligible to be considered for this award. Coauthored manuscripts will be considered (if at least one coauthor received his/her master/doctorate within the last seven years). Manuscripts must conform to the style requirements of the *Accounting Historians Journal*. Previously published manuscripts or manuscripts under review are not eligible for consideration.

Each manuscript should be submitted by **June 15, 2006** in a Word file as an e-mail attachment to the chair of the Vangermeersch Manuscript Award Committee, Professor Thomas Tyson (ttyson@sjfc.edu).

A cover letter, indicating the author's mailing address, date masters/doctoral degree awarded, and a statement that the manuscript has not been published or is not currently being considered for publication should be included in the submission packet.

REVIEW PROCESS AND AWARD

In addition to the chair, the Vangermeersch Manuscript Award Committee includes the following members:

Salvador Carmona
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The committee will evaluate submitted manuscripts on a blind-review basis and select one recipient each year. The author will receive a \$1,000 (U.S.) stipend and a plaque to recognize his/her outstanding achievement in historical research. In the case of coauthored manuscripts, only the junior faculty member(s) will receive prizes. The winning manuscript will be published in the *Accounting Historians Journal* after an appropriate review. The award will be given annually unless the Manuscript Award Committee determines that no submission warrants recognition as an outstanding manuscript.

**YEARBOOK OF THE ACCOUNTING
HISTORY ASSOCIATION**

(Accounting History Association, Japan)

ABSTRACTS OF PAPERS
VOLUME 23 (2004)

**Leonardo Pisano's "Liber Abaci" and its Contributions to
the Progress of Accounting**

Toshiya Hashimoto

It has often been pointed out that the introduction of Arabic numerals into Europe made a great contribution to the progress of accounting. It was Leonardo Pisano who introduced them with his book *Liber Abaci*, published in 1202. In this book Pisano explained how to apply the new numerals to commercial practice. The book enabled Europeans to handle numbers with ease, and urged them to grasp commercial activities through numbers. It is concluded that *Liber Abaci* can be regarded as the origin of "accounting thought" in Europe.

**A Study of Eugen Schmalenbach: From the
Viewpoint of Activity-Based Costing**

Kazuyoshi Morimoto

The aim of this paper is to examine an article by Schmalenbach in 1899 and to show the present-day significance of his studies. In order to achieve this aim, a comparative study of Schmalenbach's thesis and Activity-Based Costing was conducted. Both Schmalenbach's thesis and Activity-Based Costing supported full absorption costing based on the separation of cost into variable costs and fixed costs. It is intended to reveal the present-day significance of studies by Schmalenbach by showing many similarities between the two approaches to costing.

The Formative Period of the Industrial Accounting System

Nobuko Takahashi

The purpose of this study is to clarify the system which first put accounting regulations into practice in Japan. In some industries in Japan corporate accounting is regulated by the industrial code. This industrial accounting was originated in banking

regulations of the Meiji era. At that time, industrial organizations and related ministries worked together to establish and propagate effective accounting practices for industry.

The Origin of Accounting Standards for R&D Costs in Japan
Tsunehiko Nakamura

Accounting standards for R&D costs in Japan legally authorized asset capitalization during WWII. Accounting standards for R&D during WWII were established under conditions of 'total war'. Experimental research and development costs were established for the "encouragement of airplane development" and "fostering subcontractors". The accounting standards for R&D costs established during WWII continued through the postwar period under the so-called "1940 System".

The Significance of Historical Factory Financial Statements of Oji Paper and Non Monetary Accounting
Fujio Yamaguchi

In Oji Paper Co. Ltd., performance was measured using both financial data such as product cost and profits, and material data such as input-output amount and defect rate, described here as non-monetary accounting. Material calculation tables were peculiar to the place of business. Today, material energy flow cost accounting, one of the environmental management accounting techniques, the measurement of intangible assets, and the measurement of service effect are examples of non-monetary accounting.

Eleventh World Congress of Accounting Historians

NANTES (France) 19 - 22 July 2006

Call for Papers

Six years after the Madrid Congress in 2000, the WCAH will return to Europe, after stops in Melbourne in 2002 and St-Louis in 2004. In fact in July 2006, the Eleventh World Congress of Accounting Historians will take place in Nantes, and France will welcome this gathering for the first time.

Ideally situated, Nantes is only two hours from Paris by TGV (the high speed train with 20 round trips daily) and approximately two hours by plane from the majority of European Capitals. Gateway to Brittany and its ports, it is equally very close to a number of major tourist sites, such as Mont Saint-Michel, le Puy du Fou, the Futuroscope, and the "Châteaux of the Loire".

Settled over two millennia ago on the banks of the Loire, fifty kilometres from the Atlantic Ocean, Nantes was, during the middle ages, the capital of the Duchy of Bretagne. In the eighteenth century, the city became the great merchant port of the French crown, opening commercial and maritime routes of the Americas and Africa. The leading industrial shipyards of the western half of France from the nineteenth century, noted for its naval engineering and its canning industry, Nantes and the Loire estuary have developed into a leading metropolis for the service and high technology sectors. Economic capital of western France and the major French city in terms of its rate of demographic growth, Nantes draws interest not only for its economic achievements but also for its quality of life and its environment.

The Congress will take place on the campus of the University of Nantes, a few steps from the historic centre of the city and from the majority of the hotels likely to lodge congress attendees. In 1995, the *Journées d'histoire de la Comptabilité et du Management*, which takes place in France in March of each year, was organized for the first time in Nantes. The same year, the University of Nantes made a major acquisition of a collection of works dealing with accounting and its history, amassed by the Belgian Accounting Historian Ernest Stevelinck. Deceased in 2001, Ernest Stevelinck was the initiator and organiser of the first World Congress of Accounting Historians, which took place in Brussels in 1970. Holding the eleventh Congress in Nantes will therefore possess symbolic value and will be an opportunity to recognise his legacy.

Call for Papers

Conference submissions can examine any aspect of the history of accounting, but the history of Nantes, the presence of the Stevelinck Collection, and the experience with the *Journées d'Histoire de la Comptabilité et du Management* motivates us to encourage papers dealing with the following themes:

- Accounting and Ocean Routes: maritime trade, major commercial companies, colonisation
- 1970-2006: 36 years of accounting-history research: thematics, authors, methodologies, prospective approaches
- Accounting writers: biographies, works, influence... privileging new research approaches and new issues
- Accounting in relation to other management disciplines: strategy, management, human resources management, marketing, finance
- Interdisciplinary approaches to accounting history

Manuscripts must be submitted in English, and will be reviewed by the members of the Scientific Committee. Submissions by electronic mail are acceptable.

Submission of Proposals:

The deadline for proposed manuscripts is **January 15, 2006** and should be sent to:

Yannick Lemarchand

Congress Convenor

Centre de Recherches en Gestion Nantes-Atlantique CRGNA

Faculté des Sciences économiques et de gestion

Université de Nantes

BP 52331

44322 Nantes Cedex

FRANCE

Email: wcah@sc-eco.univ-nantes.fr

Authors of accepted papers will be advised at the latest by March 15, 2006.

Further information about the Eleventh WCAH will be available progressively on the Congress website: www.iae.univ-nantes.fr/11wcah

THE EIGHTH INTERDISCIPLINARY PERSPECTIVES ON ACCOUNTING CONFERENCE

Cardiff Business School
Cardiff University
10-12th July 2006

CALL FOR PAPERS

The IPA conference is an established forum for research into the social, political and organizational aspects of accounting theory and practice. The organizers of the Eighth Conference invite researchers from all areas of the social sciences to contribute papers.

The conference will respond to the concerns of an evolving research community. The organizers aim to highlight emerging intellectual issues and encourage new agendas, as well as stimulate debate within and between established paradigms, by arranging a variety of workshops, panel discussions and plenary debates. Major themes in the past have included: accounting, finance and organizational controls; markets, institutions and social order; accountability, identity and gender; the changing organization of the accounting profession; globalization, regulation, and technology; public and environmental policy; and accounting methodology, knowledge and practice. **Three copies of completed papers or the paper in Word should be sent to the organizers no later than 15 February 2006.**

A distinctive feature of the IPA is the thorough review that each paper receives. In addition, papers are presented at the conference by a discussant with a response from the author. Reviewers and discussants are central to the continuing success of this conference and we encourage wide participation in the conference through the review process.

EMERGING SCHOLARS' COLLOQUIUM

IPA2006 will host a forum specifically for post-graduates and new Faculty, which will be held immediately prior to the conference.

If you would like to register for the conference, submit a paper, attend the emerging scholars' colloquium, be a reviewer and/or discussant, details of what to do next can be found at our website.

ALL ENQUIRIES AND FURTHER INFORMATION:

IPAWebsite: <http://www.cf.ac.uk/carbs/conferences/ipa/home.html>

E-Mail: RobertsJA1@cardiff.ac.uk

Conference secretary:

Julie Roberts

Conference organizers:

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CALL FOR PAPERS

ACCOUNTING, BUSINESS AND FINANCIAL HISTORY

SPECIAL ISSUE

2007

Volume 17 (3)

Studies of Irish Accounting History

Guest editor: Ciarán Ó hÓgartaigh, Dublin City University

Accounting, Business & Financial History is an international, peer-reviewed journal which covers the areas of accounting history, business history and financial history. The journal provides contributors with an opportunity to publish the results of their research into mainstream aspects of accounting, business, and financial history, and also explores the interface between these three disciplines. A particular feature of the journal is its country-based special issues which are acknowledged as having played an important part in internationalising the study of accounting history.

This special issue invites contributions that explore the nature and context of Irish accounting, business and financial history. Irish accounting history is relatively under-explored but, as a cultural, political and economic setting, is a potentially rich seam of accounting history research. In that context, the special issue intends to broaden the canvass on which Irish accounting history is traced and also add colour and context to research in the area.

Submissions which reflect the social, political, economic and geographical context of Irish accounting history are particularly welcome. For example, the implications of Irish accounting history in areas such as the accounting profession, the practice of accounting and accounting education as well as the historical interactions between accounting and other social institutions are of interest. Similarly, much knowledge may be gained through studies of the influence of accounting in particular historical settings, such as in state institutions, the public service and in corporate settings. Further, studies which locate Irish accounting history in an international context, including the contribution of Irish accountants and accounting to accounting, business and financial change in other countries, are encouraged.

Potential contributors are encouraged to contact the guest editor at their earliest convenience. All submissions will be subject to the usual editorial policies of the journal. Instructions for authors can be viewed at:

<http://www.tandf.co.uk/journals/authors/rabfauth.asp>

Papers should be submitted electronically to Ciarán Ó hÓgartaigh (ciaranohogartaigh@dcu.ie) by **30 November 2006**. Early submission is encouraged.

CALL FOR PAPERS

ACCOUNTING FORUM

Financial Accounting: Past, Present and Future

GUEST EDITORS:

Mike Jones

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Newcastle Business School, Armstrong Building,

Newcastle-upon-Tyne, NE1 7RU

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This special temporally-orientated issue of Accounting Forum looks at the development of Financial Accounting through time, the current situation and likely future developments. It takes the view that studying the past helps to understand the present and predict the future. There should be an attempt to develop themes over time. Papers linking past historical research, current issues and future policy recommendations are particularly welcome. The editors are happy to receive papers across a wide spectrum of topics. The following topics can be used for guidance, but are not meant to be exclusive. Thus, potential topics could include:

- ❖ The form, nature and presentation of financial statements over time e.g., charge and discharge statements, balance sheets, income statements, funds flow/cash flow statements, value added statements.
- ❖ The historical development of measurement and valuation of assets, liabilities and equity.
- ❖ The historical development of disclosure of assets, liabilities and equity.
- ❖ The historical evolution of guidelines, rules and regulations over time.
- ❖ The historical development of objectives, stakeholders and users.
- ❖ The persistence of the behavioural aspects of accounting behaviour over time, including creative accounting.
- ❖ The development of governance regulations within a financial reporting framework over time.
- ❖ The effectiveness and development of financial accounting as a communicational mechanism over time.
- ❖ International comparisons of the comparative evolution of financial accounting and reporting practices.
- ❖ Development of accounting policies over time such as depreciation, goodwill, stock valuation, foreign currency transactions.

Authors should in the first instance send their manuscripts to Mike Jones. Papers should be drawn up in the Accounting Forum's Guide for Authors found in a past issue of the Journal. Journal submission date should be by 30th June 2006. The Special Issue is scheduled for 2008.

Accounting Forum is published by Elsevier. The General Editors are Glen Lehman and Tony Tinker.

THE ACADEMY OF ACCOUNTING HISTORIANS

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