Accounting Historians Journal, 2004, Vol. 31, no. 1 [whole issue]

Published by
The Academy of Accounting Historians

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The Accounting Historians Journal

June 2004
Volume 31, Number 1

Research on the Evolution of Accounting
Thought and Accounting Practice

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Historians
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The *Accounting Historians Journal* is a refereed, scholarly journal published semiannually in June and December, printed by the Birmingham Printing and Publishing Company, 3101 6th Avenue South, Birmingham, AL 35233. ISSN 0148-4182. *AHJ* does not assume responsibility for statements of fact or opinion made by its contributors.

ACCOUNTING HISTORIANS JOURNAL

Semiannual Publication of
The Academy of Accounting Historians

Volume 31, Number 1 **June 2004**

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Accounting Historians Journal
Vol. 31, No. 1
June 2004

Rob Bryer
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THE ROOTS OF MODERN CAPITALISM: A MARXIST ACCOUNTING HISTORY OF THE ORIGINS AND CONSEQUENCES OF CAPITALIST LANDLORDS IN ENGLAND

Abstract: A major debate neglected by accounting historians is the importance of landlords in the English agricultural revolution. The paper uses accounting evidence from the historical literature to test Marx's theory that, from around 1750, England's landlords played a pivotal role by adopting and then spreading the capitalist mentality and social relations by enclosures and changes in the management of their estates and tenants. It gives an accounting interpretation of Marx's theory of rent and argues that the available evidence supports his view that the conversion of English landlords to capitalism underlay the later stages of the agricultural revolution. The conclusion explains the linkages in Marx's theory between the agricultural and industrial revolutions, and calls on accounting historians to conduct archival research into the agricultural roots of modern capitalism.

INTRODUCTION

To fulfill the promise of accounting history we must engage with important theoretical and historical debates, particularly those about the genealogy of modern business. A critical debate, neglected by accounting historians, concerns the origin of business in agriculture. Economic historians have struggled to explain the 'agricultural revolution', the massive increase in output that by around 1850 allowed England's population to grow through previous historical limits. Many believe the period "c.1700 - c.1850 . . . was a time of momentous change, in which the output of English agriculture increased by a factor of around 3.5 . . . " [Wade Martins and Williamson, 1999, p. 2]. Most agree on the broad outlines of the change. In 1500 around 80% of the

Acknowledgments: I would like to thank Professor Mike Turner (Hull), Roger Hulme, and Marianne Pitts (Warwick), Professor Stephen Walker (Cardiff) and two anonymous referees, for helpful comments.

Submitted March 2003
Revised September 2003
Accepted September 2003

British population worked in agriculture, and by 1850 it was only one in four. Between 1770 and 1850 Britain's population doubled, but it maintained and may eventually have even increased overall living standards without large imports of food. Output per worker in agriculture probably doubled. By 1800, while many small farmers survived, England had a unique rural structure with many landlords leasing farms to tenants who employed landless wage laborers. Except for some areas of the Low Countries, it had the most productive agriculture in the world. Many think a particularly important factor was the increase in labor productivity that was much faster in England than in Europe. Nevertheless, exactly "when and how this dramatic transformation was brought about is a matter of considerable debate . . . " [Campbell and Overton, 1991, p. 5; see also, Overton, 1996a, p. 1; Turner, Beckett and Afton, 2001, Preface]. Modern historians, however, unite in their scorn for the traditional explanation that the revolution was the product of an "increase in rationality, a new spirit of commercialism in farming" because it is "consistent with nearly any pattern" of change [McCloskey, 1972, p. 30]. Lord Ernle, for example, the authoritative early 20th century agricultural historian, thought that driving the revolution was a "new race of men" (1961, p. 222). The paper supports the traditional approach by precisely defining this new rationality as a 'calculative mentality', and uses accounting to explain and then test Marx's theory that the English agricultural revolution was a critical element in the transition from feudalism to industrial capitalism.

Historians neglect Marx's theory even though many accept a broadly similar chronology. Marx saw the beginnings of change in the late 15th century, but thought the revolution began with the formation of a class of capitalist farmers by around 1670, and that capitalist landlords spread and deepened the revolution from around 1750.[1] Historians often argue an important element from 1750 was that many English landlords began to see "it was in their commercial interests to take a positive lead in promoting change . . . " [Beckett, 1986, pp. 157, 171]. For example, from 1700 to 1750 an index of English and Welsh landlords' investment in "Structures, etc.," increased from 112 to

[1] Always remembering that "epochs in the history of society are no more separated from each other by hard and fast lines of demarcation, than are geological epochs" [Marx, 1996, p. 374]. 'Revolution' can mean profound change or rapid change. Here we mean profound change, no matter that it took 200 years or more.

114, but from 1750 to 1800 it increased to 143, and by 1850 to 232 [Allen, 1994, Table 5.4, p. 109]. E.P. Thompson detected what he called an "important moment of transition" around 1750. He noted the landlords' "far more aggressive agrarian posture" and "meticulous . . . attention to accountancy . . . " [Thompson, 1978, p. 44]. The paper argues that these changes came from the landlords' conversion to capitalism. Modern historians, by contrast, often assume the English landlord had always been a "capitalist", an "entrepreneur" who "had to take decisions about the use of his own capital . . . " [Beckett, 1986, pp. 137, 138; Mingay, 1963, p. 268].[2] The question they do not ask is why, in that case, it was only from around 1750 that landlords began to demand "a level of profit sufficient to support the lifestyle expected of an aristocrat . . . " [Beckett, 1986, p. 138]? It is no answer to say that the "expanding economy, . . . widening markets and rising prices . . . invited . . . sufficiently flexible . . . landowners to invest more capital and farmers to improve productivity . . . " [Mingay, 1963b, p. 284]. We must ask why English landlords, unlike their continental counterparts, were "sufficiently flexible" to accept the invitation of the markets by investing to increase productivity? The answer, the paper argues, reveals their vital contribution. It was not simply the provision of capital. As Mingay himself suggests, the landlords' most significant contribution was "perhaps their attitude toward economic development . . . " [1963, p. 201]. The paper defines this attitude and uses accounting evidence to support Marx's view that their vital contribution was spreading capitalist social relations and its mentality which gave the idea of "improvement" its meaning.[3]

The paper first explains Marx's theory of the transition to capitalism, his theory of the agricultural revolution, and his theory of rent, as integral elements of a testable accounting history. According to Marx, to become capitalists, landlords had to adopt a rate-of-return-on-capital mentality. The paper then argues that this mentality spread throughout the landlord class during the financial revolution of the late 17th and early 18th centuries. The following part examines Marx's assertion that the

[2] I shall follow Marx and most historians who refer to landlords, farmers, etc., in the masculine, even though "estate affairs were often temporarily or permanently in the hands of wives, daughters, or widows" [Mingay, 1976, p. 89].

[3] In the 18th century 'improvement' usually meant investment in agriculture for profit; 'To enhance in monetary value' (*Shorter Oxford English Dictionary on Historical Principles*, 1973]. "[W]hen landlords spoke of 'improvement', it was usually an 'improved rental' they had in mind . . . " [Mingay, 1963, p. 172].

capitalist mentality — the search for higher rents by increasing the rate of return on the capital employed in the farm — drove parliamentary enclosures. It concludes that landlords used enclosures to impose capitalist accountability on their tenants, thereby spreading its relations and mentality. Rents usually increased sharply after enclosure, and continued to increase well into the 19th century. Marx was critical of Ricardo's theory of rent that attempted to explain these increases. Economic historians often rely on Ricardo's theory to explain the rent setting process and the historical trends. The paper contrasts Marx's and Ricardo's theory of rent as alternative accounting histories, and criticizes Allen's [1992] well-known use of Ricardo's theory to support his controversial assertion that enclosures did little to further the agricultural revolution. Put simply, Ricardo's theory implies that accounting was irrelevant to enclosures and managing rents, whereas Marx's theory implies that it was central to both. The paper argues that Ricardo based his theory on a faulty understanding of capitalist accounting that Allen perpetuates. Finally, the paper explores the accounting implications of Marx's theory for how capitalist landlords should manage their rents. It discusses how English landlords determined their rents; how they chose the length of their leases and the size of their farms; how they made fixed capital and other investments; and supports Marx's theory with the available accounting evidence. The conclusion explains the linkages in Marx's theory between the agricultural and industrial revolutions, his 'queer story' of rent in which English landlords helped to create the industrial revolution that, ultimately, undermined their position as a powerful class by turning them into investors, undifferentiated elements of the capitalist class. The paper concludes that accounting historians can make a critical contribution to important historical debates by elaborating and testing Marx's theory of the transition to capitalism against the large amount of still unexplored archival material available.

A MARXIST ACCOUNTING HISTORY OF THE ENGLISH AGRICULTURAL REVOLUTION

Marx argued that industrial society emerged from long processes of class conflict resulting in the overthrow of the feudal mode of production by the capitalist mode of production. A society's mode of production combines its 'forces of production' — the material and human means of production — and its 'social relations of production' — the modal relations of economic superiority and subordination that condition the way owners of the means of production extract surplus value from labor. Accounting is central to understanding and testing Marx's theory because rationalizing and reproducing each set of social relations — each way of extracting surplus — is a particular calculative mentality and a mode of accountability [Bryer, 2000a]. The feudal mentality pursued the direct appropriation of surplus labor (labor itself, commodities or cash) from self-sufficient peasants, and feudal landlords and merchants kept income and expenditure accounts. The capitalist mentality pursues the rate of return on capital employed in production by extracting surplus value from the sale of commodities or services produced by wage labor, and the capitalist keeps balance sheets and profit and loss accounts. To use this correspondence to explain and test Marx's theory of the agricultural revolution and the role of landlords, we must first explain his theory of the transition to capitalism as a testable accounting history of the interrelationships between revolutions in the social relations of production and revolutions in accounting and calculative mentalities. Marx proposed a two-step transition to the capitalist mode of production that we should observe as the transition from the feudal to the capitalist way of accounting.[4] Step one is from the feudal to a transitional, 'capitalistic' or 'semi-capitalist' mentality and ways of accounting. Step two is from the semi-capitalist to the capitalist mentality and accounting. Figure 1 summarizes the ideal-typical historical modes of accounting we should see according to Marx's theory:

FIGURE 1

Accounting Signatures of the Transition from Feudalism to Capitalism

Calculative Mentality	Feudal	Semi-capitalist	Capitalist
Accounting Signature	Consumable Surplus (CS)	$\frac{\text{CS}}{\text{Opening Capital}}$	$\frac{\text{Profit}}{\text{Capital Employed}}$

[4] This and the following two paragraphs summarise a discussion of Marx's theory of the transition to capitalism and the views of his critics and supporters in Bryer [2000a] and a preliminary survey of accounting evidence in Bryer [2000b].

Marx says the first decisive step towards capitalism occurred around 1550 when some farmers undertook enclosures and employed wage labor. Although, like modern capitalists these farmers exploited wage labor, they were only "formally" capitalists, only semi-capitalists, because they made no attempt to change the methods of production, and continued to pursue feudal surplus using charge and discharge accounting. Semi-capitalists of a different kind appeared in trade with the first joint stock companies. These enterprises, employing socialized capitals, were the first to pursue a rate of return on capital.[5] These merchants were only semi-capitalists because they pursued consumable surplus divided by the initial capital advanced. The capitalist mentality is the product of the semi-capitalist relations and mentalities that emerged in agriculture and trade. Capital from the land flowed into trade, and capital from trade flowed back onto the land bringing with it the return-on-capital mentality. Farmers harnessed the merchant's rate of return mentality to their mentality of exploiting labor in production giving us the capitalist mentality. This mentality was revolutionary because it drove farmers, landlords, entrepreneurs and, ultimately, managers to continuously increase the intensity and productivity of labor to earn an excess return on capital. Capitalists, in short, pursued the 'real subsumption' of labor by managing production to increase the return on capital employed.

Capitalism appeared when peasants became "free" wage workers and faced "free" capital [Marx, 1973, p. 502-503]. Capital began to win its freedom when landed and mercantile interests merged as semi-capitalist farmers invested in privateering ventures, for exploration, commodity production and international trade. Conflicts over who would reap the rewards from international trade culminated in the 'bourgeois revolution' of

[5] The paper uses the terms 'socialised' and 'social capital' to describe a continuum from recognisably social to fully social capital, the "thing" that Marx called "total social capital" [Marx, 1988, p. 23]. Socialised and social capitals are both pooled. Socialised capital involves pooling across a limited number of investors for limited purposes. Capital becomes social by losing its identity with its owner, but in the early stages with socialised capital there are restrictions on who can invest in the capital and its purposes — on the transferability and the uses of capital. An example is a partnership where the entry of a new partner requires the agreement of the other partners. By contrast, at its upper limit fully social capital involves pooling across all investors and all investments. All members of an investing society can participate in a social capital; the capital is freely usable for any lawful business; and is freely transferable - for example, marketable government debt and listed shares. Here the identity of the owner with the functioning of capital disappears and the social restrictions are minimal.

the mid-17th century which resulted in the victory of the rate-of-return-on-capital mentality over the feudal mentality [Bryer, 2000b]. The bourgeois revolution paved the way for the 'financial revolution' that matured into a large and active market in government debt. In Marx's theory, the financial or "credit system . . . is itself on the one hand an immanent form of the capitalist mode of production and on the other hand a driving force of its development into the highest and last possible form . . . " [1981, p. 742]. Government debt provided a riskless foundation for the development of joint stock companies [Marx, 1976b, pp. 919-920]. Capital gained its freedom in these markets for social capital where the required return on capital appeared and provided the owners of capital with the means for judging their investments [Bryer, 1994a].

Peasants were 'freed' from their land by enclosures that reached a new intensity from the 1760s, completing by parliamentary means a process that began in the 16th century. Marx thought that many farmers became capitalists from 1670 to 1750 helping to create capitalist landlords [1981, pp. 276, 751, 754, 938]: "the farmer turns capitalist before capitalists become farmers . . . " [1969a, p. 17]. In other words, ordinary farmers became capitalists before landlords and merchants became capitalist farmers. According to Marx, landlords became capitalists in two steps. The first was the appearance of capitalist tenant farmers turning their landlords into *de facto* capitalists, even though they were not necessarily consciously active capitalists. Landlords as a class took the second step when social capital on a national scale and the first real land market appeared and the typical landlord's mentality changed from a focus on feudal rent to a focus on the rate-of-return on capital. Semi-capitalist landlords soon became conscious and active capitalists if they had capitalist farmer tenants. Capitalist landed property "is a specific historical form, a form transformed by the intervention of capital and the capitalist mode of production . . . " [Marx, 1981, pp. 751, 754]. In other words, capitalist farmers and social capital created capitalist landlords. Capitalist farmers engage in the real subsumption of labor. This, Marx says, only gets "under way" from around 1670, and improvement and cost reductions only "set in" from around 1750 [1981, p. 938]. Marx's theory, in short, is that "*wage labour* in its totality is initially created by the action of capital on landed property, and then, as soon as the latter has been produced as a form, by the proprietor of the land himself. This latter then 'clears' . . . the land of its excess mouths . . . " [Marx, 1981, p. 276]. Modern landed property appears as a "form" when capitalist farmers appear, and then, says Marx, the "proprietor", the landlord, finishes the job. Driving him to clear his land of excess mouths — that is, to increase labor productivity through enclosures and other investment — was the landlord's conversion to capitalism.

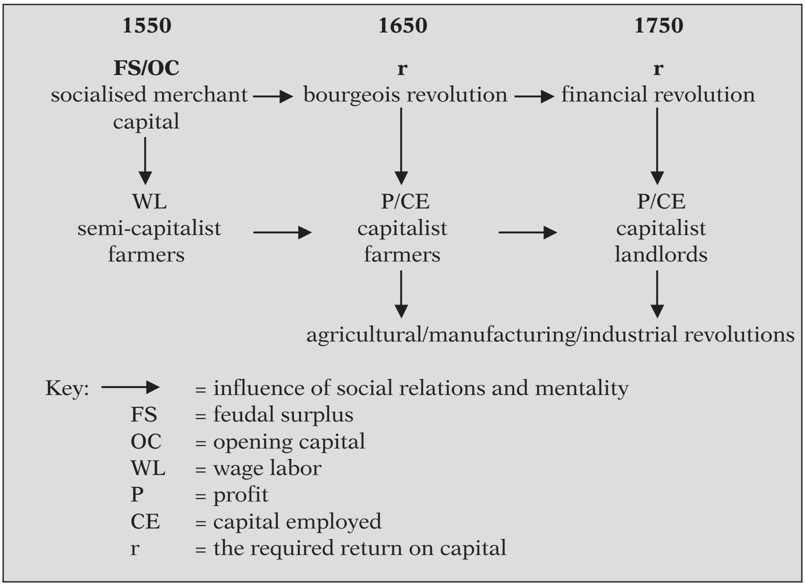
Capitalist landlords were a necessary condition for the industrial revolution: "Although capital can develop itself completely as commercial capital without th[e] transformation of landed property it cannot do so as industrial capital . . . " [Marx, 1981, p. 277]. First, capitalist landlords led in completing the creation of universal wage labor [Marx, 1981, pp. 276-277]. Second, through enclosures, other investment, and the active management of their tenants, landlords made capitalist attitudes the common form. To become a capitalist the landlord "needs only to transform his workers into wage workers and to produce for profit instead of for revenue . . . " [Marx, 1981, p. 277], that is, change his mentality to produce for capitalist profit instead of feudal rent. As the capitalist mentality spread in agriculture, it spread in 'industry' because "[o]riginally, agricultural labour and industrial labour are not separate: the second is an appendage of the first . . . " [Marx, 1981, pp. 770-771]. As the real subsumption of labor gave an economic advantage, the capitalist revolution quickly spread: "Once it has appropriated agriculture and mining, the manufacture of the principal textiles, etc., it moves on to other sectors . . . " [Marx, 1976b, p. 1036]. The capitalist appropriation of industry is Marx's 'industrial revolution' [Bryer, 2004b]. Figure 2 summarizes Marx's history of the capitalist revolution.

In reading figure 2 we must remember that class conflict drove each transition. Marx's history of capitalism is the history of how socialized and social capital eroded and eventually overthrew "the socio-political limits in which capital was confined . . . " [Marx, 1976b, p. 1030]. It will take accounting historians many years to test all aspects of Marx's theory of the transition to capitalism. The focus for this paper is when and how English landlords became capitalists, Marx's landlords' revolution, and its consequences.

The Landlords' Revolution: An important element in creating capitalist landlords was the change to money rents and legally secure leases from the late 16th century. Apart from allowing the farmer to keep a surplus as prices rose and rents lagged behind, when the capitalist farmer appeared the legal basis of money rents also promoted the transition to the capitalist land-

FIGURE 2

Marx's History of the Capitalist Revolution



lord [Marx, 1981, p. 934]. When the landlord got contractually determined capitalist rent he became, *de facto*, a capitalist: "With the intervention of the capitalist farmer between the landowner and the actual working tiller . . . [t]he nature of rent thereby changes. . . . Instead of rent, the normal form of surplus-value is now profit, and rent now counts as . . . surplus profit . . . " [Marx, 1981, pp. 935-936]. Rent becomes "generally acknowledged" as surplus profit, that is, by the landlords as well. Surplus profit is the excess of a farm's total profit over that part retained by the farmer. Only after 1750 did this, Marx's capitalist rent, become rent's "normal and dominant form". Landlords had commuted most labor rents and rents in kind into contractual money rents by around 1600. During the 17th century most landlords gave up farming for themselves, letting almost all their land to tenants for money rent. However, it does not necessarily follow that "capitalist relations had arrived in the English countryside . . . " [Beckett, 1986, p. 136]. In Marx's theory, money rents remained feudal unless the tenant was a capitalist. For example, in Aberdeenshire money rents had replaced feudal obligations by 1600, but as late as 1780 landlords "had not yet come to define the main potential of their estates to be capitalistic rent . . . " [Carter, 1977, p. 54]. Aberdeenshire landed property only became "thoroughly capitalist, simply a source of ground rent for the owner" [Carter, 1977, p. 56] by the end of the Napoleonic wars.[6] Marx would agree that this did not mean "responsibility had therefore passed from the landowners . . ." [Beckett, 1986, p. 136]. Landlords gave up farming during the 17th century, and this time for good, not only because their feudal powers had declined, but because they had, for the first time, adopted the rate-of-return on capital mentality. When larger landowners no longer "wished to tie capital up in farm stock . . . [t]he view became firmly established that if there was capital to spare it was safer and possibly more lucrative to invest it in mortgages, purchase of land or the Funds . . ." [Mingay, 1963b, pp. 168-169].

Also pushing landlords towards the rate-of-return on capital mentality was the land market starting in the late 17th century. In this market, "the capitalized rent, the price of land, and therefore its alienability and actual alienation, now becomes an important aspect . . ." [Marx, 1981, p. 938]. Besides its direct impact on the landlords' mentality, this market helped to drive the transition in other ways. One important consequence was that "urban and other holders of money can buy plots of land with a view to leasing them either to peasants or to capitalists, and enjoy the rent on their capital thus invested as a form of interest. This factor, too, helps to promote the transformation of the former mode of exploitation, of the relationship between owner and actual tiller, and of rent itself . . ." [Marx, 1981, p. 938]. Fuelling the land market were Royalist attempts to recover estates after the Restoration, demand from the larger landowners to consolidate and extend their estates, and demand for land from wealthy merchants and businessmen. Finally, and critically important in promoting the rate-of-return mentality, was the appearance of a national capital market, based on a huge growth in public debt to finance war in the interest of trade. By 1750 landlords generally saw investment in stocks and shares or land as essentially the same because both provided a return on capital. With growing indebtedness, rising rents, and the financial benefits of capitalist agriculture plain for all to see, many landlords became consciously and actively capitalist. Now they wanted their tenants to increase their rents by increasing the rate-of-return on the capital invested in their farms. This could

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[6] As Carter defines neither capitalistic, capitalist nor ground rent, we take his description at face value.

explain why only then "a growing number of landlords became actively engaged in the process of agricultural improvement", whereas before 1750 "few of them had taken a personal interest in the farming on their estates . . . " [Roebuck, 1973, p. 17]. According to Marx, before 1750 most landlords retained their feudal mentality. We can directly test this theory by translating it into accounting ideas and looking for changes in the ways landlords accounted for rents.

An Accounting Translation of Marx's Theory of Capitalist Ground Rent: According to Marx, the transition to capitalism entailed a change in the mode of accountability [Bryer, 2000a]. If so, we should find changes in the ways landlords calculated their rents and used accounts to manage their tenants. Feudal rent (FR) is the total consumable surplus (CS) from a farm minus the consumption of the farmer (FC). That is, FR = CS - FC. Here we expect the landlord to account for cash flows or income and expenditure in the feudal fashion using charge and discharge accounting, and to use coercive individual accountability. Capitalist rent, by contrast, is the total profit of the farm minus the farmer's profit, that is, the general or average rate of profit on the capital the farmer owns, and the accountability is economic. Instead of coercion, the landlord relies on market forces and accounting calculations to discipline his tenants into producing the maximum rate-of-return on capital from the farm. The general or average rate of profit emerges in industry and trade. In modern finance theory the equivalent is the required return on the market portfolio [Bryer, 1994a]. Marx's theory of capitalist rent is simply that "[l]anded property enables the proprietor to lay hold of the difference between the individual profit and the average profit . . . " [Marx, 1981, p. 787]:

$$R_i = r_i K_{Ti} - r_G K_{Fi.}$$

R_i = capitalist ground rent from farm i;
ri = the rate-of-return on the capital employed in farm i;
K_{Ti} = the total capital employed in farm i by the landlord and the farmer,
r_G = the general rate of profit, and
K_{Fi} = the capital the farmer employs in farm i.

Marx distinguished "absolute" from "differential" rent. Absolute rent is central to his theory of the interconnections between the agricultural and the industrial revolutions. He defines it as "the excess of *value* over the *average price* of raw produce . . . " [Marx, 1969, p. 142]. Agricultural commodities sell for more than they should because agriculture uses more labor and less material inputs and is, therefore, less productive than industry, and this is the source of the landlord's absolute rent. Agricultural products are, therefore, relatively more valuable and so agriculture earns a higher return on capital than industry. In industry the market competes any excess returns away. In agriculture it does not because the landlord steps in and collects the excess as absolute rent [Marx, 1969b, p. 41]. On top of absolute rent is any differential rent. Differential rent arises from farms that earn above average profits from above average natural fertility, location, or investment of capital, below average wages or taxes, or suppressing the farmers' returns below the general rate of profit. Marx attributed the discovery of the theory of differential rent to James Anderson in 1777, "a practical farmer" who, like a modern capitalist, thought "[t]he soil can be continuously improved . . . " [Marx, 1969b, pp. 114, 145]. The capitalist landlord thinks of all his rent as differential rent, and this is our focus in parts three, four and five. The paper's conclusion explains the role of absolute rent in Marx's theory of the industrial revolution.

Capitalist landlords do not pursue the largest amount of rent, but the maximum "rate of rent", that is, "rent in proportion to the agricultural capital advanced . . . " [Marx, 1969a, p. 107; 1969b, p. 113]. The rate of rent depends upon the profitability of the farm, the proportion of the capital the landlord provides, and the general rate of profit:

$$\frac{R}{K_L} = r_F + \frac{K_F}{K_L}[r_F - r_G]$$

R = total rent,
K_L = the landlord's capital employed,
r_F = the rate-of-return on the capital employed in the farm,
K_F = the farmer's capital employed,
r_G = the general rate of profit.

According to Marx' theory, therefore, we expect the consciously active capitalist landlord's system of accounting to encompass his rent, his rate of rent, the total profitability of the farm, and the return to the farmer. A landlord's system of accounting includes not only the final accounts, that may only record the collection of rent and his expenditures, but his whole system of accountability which includes the financial calculations he performs and the discipline they impose on tenants to pursue the maximum rate-of-return on capital.

A capitalist landlord sets his rents so an efficient farmer keeps the general rate of profit on his capital. If the farmer is a capitalist he will not accept less for long. This is what Marx means when he says that with the appearance of the capitalist farmer the nature of rent "thereby changes". If the farmer is a capitalist, the landlord is to this extent "thereby" a capitalist whether consciously and actively or not. However, there is no guarantee that an unconscious and inactive *de facto* capitalist landlord will collect the maximum rate of rent. If he charges too much his tenants will not invest their capital or may desert his farms. If he charges too little, he enriches his tenants at his expense. The landlord or his tenants may invest too little or too much. According to Marx, therefore, we should expect that as landlords with capitalist tenants acquire the rate-of-return on capital mentality they soon become consciously active capitalists and spread its mentality by imposing it on all their tenants. We should find evidence of this transition in their accounts and changes in their systems of accounting, in the way landlords held their tenants accountable for rent. The landlord could tell us he is a capitalist by the way he calculates his rent demand; how he decides his investments in enclosures or other improvements, the length of his leases, the size of his farms, or the capital his tenants should have. English landlords came to do all of these things in the capitalist manner. To explain why, we start by tracing the genesis of the capitalist landlord in the history of the financial revolution and developments in landlords' accounting practices. This supports the view that the landlords' rate-of-return on capital mentality came from their immersion in social capital.

THE GENESIS OF THE CAPITALIST LANDLORD

On the surface, there was nothing new in the relationships between landlords and commerce from the late 17th century. Landowners were not major initial investors in stocks and shares [Beckett, 1989, p. 548]. "Men of commerce had always entered into landownership, and there was a more restricted inflow of such newcomers in the 18th century than in the previous two centuries . . . " [Mingay, 1963b, p. 268]. From the later 16th century landed gentry had invested in merchant ventures and, with some reservations, landowners continued to mingle and merge with wealthier merchants and businessmen [Mingay, 1976, pp. 6-10]. But never before had landed society lived in a world of social capital. From the Restoration in 1660 to the collapse of the South Sea Bubble in 1720, commercial and financial revolutions engulfed English society [Carswell, 1993; Dickson, 1967]. Building on a steep upturn in trade, ship-building and merchant capital, by around 1750 England had a national market for capital based on 'public credit', mainly government debt to finance wars to protect and extend the North American and West Indian markets [Dickson, 1967, p. 11]. London was the focus, a city that inevitably drew the wealthy landowner and his family, and where they banked their rents. Landowners borrowed heavily on mortgages from insurance companies. Many landowners may have bought stocks and shares. Some merchants became landowners in a national land market in which landlords were also buyers extending and consolidating their estates. From all these directions, landlords were pushed to adopt the rate-of-return on capital mentality.

The Appearance of the Modern Mortgage: Under classical common law, the borrower (mortgagor) transferred the freehold of a property to the lender (mortgagee) for the duration of the mortgage, usually six months. The freehold reverted to the lender if the borrower defaulted by as little as one day, and he still owed the principal. From around 1600 the Courts of Chancery began accepting petitions from defaulting borrowers and ordered redemption of their property on payment of interest and principal in cases of special hardship, and from 1625 it automatically gave relief when the borrower offered payment within a reasonable time [Simpson, 1961, p. 227]. Where the borrower did not pay, the lender could foreclose. In the early 17th century judges began to agree that if the borrower paid the interest the lender could not force the owner to sell land [Finch, 1956, p. 32; Beckett, 1986, p. 296]. The elements of the modern law of mortgage existed by the early 17th century, but only at the end of the century were mortgages automatically and indefinitely extendable so long as the borrower paid interest. Only from the 1690s did investors consider mortgages raised on estates "as good as investment in the 'funds'" [Mathias, 1983, p. 51]; "a routine device for using land to raise long-term finance . . . " [Allen, 1992, p. 104]. By the end of the century, if the lender wanted repayment of his money, "normally he had no difficulty in finding a purchaser to whom he could assign his mortgage . . . " [Finch, 1956, p. 32]. Landlords also "had no difficulty in finding lenders, for credit was no longer dependent on the personal reputation of the borrower . . . " [Finch, 1956, p. 131]. This greatly expanded their borrowing capacity, and in the 18th century they exploited it to the hilt. As their debts rose, landlords immersed themselves in the universe of social capital where, perhaps, for the first time, the remorseless deduction of interest from their rents convinced many that the rate-of-return on capital governed their extravagant lifestyles.

Many English landlords borrowed to improve their lands. This might explain why Denmark, Germany and France had similar increases in wheat yields to those in England, but lower labor productivity [Allen, 1992, pp. 1, 56]. It could also explain why the trend towards larger farms markedly accelerated in the 18th century [Allen, 1992, p. 86]. However, the important question is whether the appearance of modern mortgages caused these changes, or the mentality that demanded bigger and more productive farms produced the modern mortgage? Why was there a delay in introducing modern mortgages? A possible explanation is the widespread adoption of the rate-of-return on capital mentality by landlords only in the 1690s with the beginnings of a national capital market. The notion of "long-term finance", that is, the clear separation of capital and interest, exists only within the rate-of-return on capital mentality. In the feudal mentality a mortgage is a "pledge" [Simpson, 1961, p. 132]. That is, the owner pawns his land, and in law this is no different from pawning his silver plate. By the early 17th century judges had established the legal principle of unfettered redemption — provided the borrower obeyed the laws of capital by paying the interest. Writers and parliament began to value land and property using present value, more and more thoroughly as the 17th century wore on, and lessors used it when financing London's rebuilding after the Great Fire of 1666 [Scorgie, 1996, pp. 240-242]. In 1668 Sir Thomas Culpeper's discourse in favor of reducing interest from 6% to 4% "support[s] a contention that landowners understood and used discounting to assist them in managing their woodlands . . . " [Scorgie, 1996, p. 244]. However, using the certainty of the law as our guide, only by the 1690s was it generally accepted that land was capital, an income earning asset in which the mortgagor had an inalienable "estate", the "equity of redemption" [Simpson, 1961, p. 228]. Chancery judges ignored contractual agreements and applied the laws of capital. Just as the land was capital to its owner, the debt was capital to the mortgagee, usually secured by giving him the power of sale [Simpson, 1961, p. 229]. The modern accounting rules of 'deprival value' applied to both. The value of land to a borrower is its income-earning ability. To compensate for its loss we must give him its replacement cost, its current market value. The value of the land to the lender, however, is only the face value of the debt, and if we deprive him of the security of the land we must compensate him by giving him back his money. When these rules became widely accepted, mortgages became negotiable financial securities.

Stocks, Shares and Loans: Even if landlords had wanted to sell their land and invest in stocks and shares, at first they had limited opportunities. Only by 1695 did more than one hundred joint stock companies exist [Carswell, 1993, p. 8]. Several peers held stock in the New East India Company from the late 1680s to 1707, and peers held stock in the Bank of England [Beckett, 1986, pp. 80-81]. From the 1690s to 1750 government borrowing created a range of financial securities, but initially, "the landed classes as a whole were not significant contributors of new capital for public loans . . . " [Dickson, 1967, p. 302]. Some notable landowners were initial investors in the funds, for example, Lord Townshend [Dickson, 1967, p. 265; Rosenheim, 1989, p. 157]. However, many more may have invested in the secondary markets. Evidence suggesting that they did is Sir Robert Walpole's reason for killing a scheme to reduce the interest on the National Debt in 1737 that "the younger sons of landed gentry, as well as 'monied men', would be sufferers . . . " [Langford, 1999, p. 46]. Furthermore, very few large landowners escaped unscathed from the collapse of the South Sea Bubble in 1720 [Beckett, 1986, pp. 81, 86], which was an unforgettable experience for them. Their flight back into land (buying land or, more likely, lending to other landowners) and the increase in land value forged the link between the rate of interest and the price of land [Beckett, 1986, pp. 81-83]. By the early 18th century "potential buyers looked at the return on the funds to decide the timing of a purchase . . . " [Beckett, 1989, p. 558]. From around 1750, landowners are "switching their interests around according to the rate of interest", and they use the same approach when making investments in improvement, that is, "by the expected rate of return . . . " [Beckett, 1986, p. 84; 1989, pp. 565, 585, 586, 605].

The Late 17th Century Land Market: Encouraging the spread of the capitalistic mentality in the landowning class, particularly in the period 1650 - 1690, was an influx of wealthy merchants [Beckett, 1986, pp. 71-73, 117, 553; Carswell, 1993, p. 9; Clay, 1985, pp. 143, 160]. There was a great deal of movement in the land market from around 1750 [Beckett, 1989, p. 552]. Notably active were those "who were not farmers or gentry with deep roots in the countryside, but were employed in trade, industry, or the professions; or who lived, in an urban setting, the lives of leisured gentlemen on incomes from the funds . . . [who] did not see their property as a treasured inheritance but as a useful capital asset . . . " [Clay, 1985, p. 174]. Successful lawyers immersed in commercial life were also important buyers of land up to 1750 [Beckett, 1986, pp. 67-68]. Substantial planters from the British West Indies with connections to the London money market bought estates in England [Clay, 1985, p. 190]. Investors in the ships' companies engaged in the slave trade often did the same [Davis, 1962]. Through the first half of the 18th century, landowners "had to accept within their ranks men with mercantile-based fortunes" [Beckett, 1989, p. 545]. Supporting Marx's view that this helped to promote the capitalist mentality, Defoe, Smith and others thought that "commercial wealth . . . greatly enhanced the economic efficiency using the land"; that "[c]ommercial instincts brought to the land habits of accounting and profit calculation learned in trade, habits of ploughing back capital into a business to expand it . . . " [Mathias, 1983, pp. 149, 5]. To test this assertion we need to examine landlords' accounts.

Landlords' Accounts: Evidence of landlords beginning to use double-entry bookkeeping (DEB) would suggest they had a capitalistic mentality because DEB automatically gave them the means to calculate rate-of-return on capital [Bryer, 1993a]. In 1660 Abraham Liset published *Amphithalami, or, The Accomptants Closet*, the first English book on DEB for estates. This gives a worked example with a running commentary of the ledger of a gentleman's estates for the year ended 31 December 1658. Liset keeps accounts for two estates and two stewards. He debits all property accounts with the capital value at 1 January 1658. He debits rents collected to the steward and credits the property, and he makes opposite entries for disbursements and expenditures. At the end of the year, Liset carries the opening balance of the property forward and transfers the excess of rent over disbursements to the gain and loss account [Lee, 1981, p. 544]. With such accounts it would be possible for the landlord to calculate the feudal rate-of-return on his capital.

The first known example of DEB applied to estate accounts are those of the Francis Willughby Executorship, 1672-1682 [Lee, 1981]. Sir Henry Barnard, the principal trustee, installed these accounts in 1673, possibly using Liset as a model. As executor, his interest was in financial control, so he did not value the estates. Sir Henry kept the accounts on a cash basis, drawing no distinctions between capital and revenue expenditures, and he did not periodically balance them. To remedy these defects, in 1676 Sir Henry "brought down . . . an Accomptant, so that in a short time I hope to perfect all your accounts . . . " [Lee, 1981, p. 545]. We know nothing of the provenance of this Accomptant, Thomas Godfrey. Godfrey's new system "provided Sir Henry with a potent instrument of financial control over the estates in his charge, far superior to any other then available, so far as is known . . . " [Lee, 1981, p. 548]. By valuing the estate properties it would also have provided the means for calculating the estate's rate-of-return on capital.[7]

How do we explain this early application of DEB to estate management? To Lee it "was the work of an obscure accountant three centuries ago with few or no models to guide him and with 'generally accepted accounting principles' more than two centuries in the future", the work of a "talented man" [1981, p. 548]. Thomas Godfrey as an individual might remain obscure, but his social role and his models and accepted principles need not. Although Godfrey called himself an Accomptant, this did not have the traditional meaning — one who prepares charge and discharge accounts [Lee, 1981, p. 545]. Godfrey's title had the modern meaning — one who provides the means (accounts) to hold others accountable. He might be an early example of an emerging profession of Accomptants. The English East India Company hired 'accountants' from the early 17th century [Bryer, 2000b], and other joint stock companies are likely to have been doing the same. The connection with socialized capital could also explain Godfrey's accounts. The "year 1676 was a crucial one for the Willughby's. Henry Barnard became a knight; Emma [Willughby] became the third wife of Josiah Child (1603-1699), one of the richest men in England", and Godrey installed the new accounting system. Josiah Child happened to be "a London merchant, a director of the East India Company, and later its Governor . . . " [Lee, 1981, p. 548]. From 1677 "extensive investments were made under Sir Josiah Child's influence in the stock of the East India Company . . . " [Lee, 1981, p. 549]. This is precisely the type of social milieu in which, according to Marx, the

[7] Although Godfrey set up capital accounts each with "a unique set of assets and liabilities . . . " [Lee, 1981, p. 545] it is not clear whether these included more than accumulated rents.

rate-of-return mentality of socialized capital should be growing towards the end of the 17th century.

A rate-of-return on capital mentality spreading within the landed gentry could explain the steady flow of manuals of double entry estate accounts from the reprint of Liset in 1684 [Lee, 1981, p. 544]. For example, Thomas Richard's *The Gentleman's Auditor* [1707]; Roger North's *The Gentleman Accomptant* [1714]; Richard Hayes, *The Gentlemen's Complete Book-keeper* . . . [1741]; and Anon, *The Gentleman's and Lady's Accomptant* [1744]. Roger North advocated and presented a sophisticated system of estate accounts based on DEB [Parker, 1997]. North had early experience of government in London, but spent most of his life as a gentleman farmer and author in Norfolk. Roger's brother was the well-known Dudley North, author and merchant. North's "emphasis, not only upon accountability, but also on what he called 'Managery' . . . " [Parker, 1997, p. 37], is consistent with the increasing interpenetration of the mentalities of socialized capital and capitalist agriculture. Parker says "Richards presents charge and discharge in double-entry clothing . . . " [1997, p. 37]. However, he says this only because "no values are placed on the properties", even though there is space for the accountant to insert a capital value. An account existed for "My Lord B's Estate in general . . . " [Parker, 1997, p. 37]. The "Estate in general", is the Lord's capital. Parker is right that other books of the late 17th and even early 18th century used charge and discharge or only cash receipts and payments, which would support the view that the rate-of-return mentality was not yet general. Consistent with this, Lee thinks DEB in estate accounts "was probably not common before 1750 . . . " [Lee, 1981, p. 551]. Jones says from around 1750 we see a "transition from the charge and discharge basis to double entry accounts, integrated the one with the other . . . " [1985, p. 41]. A clear example is the account books of Herbert Mackworth of Gnoll, Glamorgan, for 1759-1760 [Jones, 1985, p. 53]. They give us direct evidence of the capitalistic mentality at work. "Attempts were made to measure the profitability o[f] various aspects of work undertaken by the Estate with the object[ive] of indicating overall profitability, thus giving the landlord an idea of what the Estate could repay him on account of capital, or 'principal', originally advanced or invested . . . " [Jones, 1985, p. 53]. Not surprisingly, according to Marx's theory, Herbert Mackworth and his son were very keen on improvement [Jenkins, 1983, p. 56]. Oldroyd finds the same attitude on the Bowes' estates and "unequivocal evidence of double-entry bookkeeping . . . [in] a pro-forma scheme of partnership accounts for lead mining and smelting, compiled around 1741", and evidence of its use between 1741 and 1746 [1999, pp. 182-183].

Landlords did not need DEB to calculate the rate-of-return on capital; they could modify their well-understood single-entry systems. Napier thinks it unlikely that landlords used their accounts for this purpose because, for example, for the second Marquis of Bute "to gain an overall picture of his Glamorgan estate, he would have had to consolidate in his own mind accounting and other information from several sources . . . " [1991, p. 171]. However, Bute did care about the rate-of-return on his capital. In 1828 he "was advised that a new dock at Cardiff would cost £66,000 and generate a return of 7% . . . " [Napier, 1991, p. 166]. The accountant kept his mineral ledger using DEB from 1826 to 1831 [Napier, 1991, p. 170]. The form of his Account Current and the Abstract for the estate "suggests that . . . [the accountant] used a double entry ledger", if only a "rudimentary one" [Napier, 1991, p. 170]. There are many ways accountants could adapt charge and discharge systems [Baxter, 1980, p. 70]. Bailiffs' accounts of farms in hand could provide examples as "even during the eighteenth century [they] displayed a remarkable similarity in presentation, in that annual profit and loss columns and stock valuations were drawn up and farming matters were clearly separated from other estate interests . . . " [Jones and Collins, 1965, p. 87]. Furthermore, the landlord or his agents could use records of cash receipts and payments in a variety of ways — adjusting for opening and closing debtors, creditors and stocks — to measure and control profitability [Oldroyd, 1999, pp. 182, 197].

The landlords' adoption of the rate-of-return on capital mentality is the first step. The following parts argue that from around 1750 many landlords took the second step by becoming capitalists and spreading its mentality and social relations through enclosures, through capital investment, and their management of rent.

CAPITALIST LANDLORDS AND PARLIAMENTARY ENCLOSURES

The flood of parliamentary enclosures beginning in the 1760s that swept away the open commonfields and commons was a critical element in Marx's landlords' revolution. To see if he is right we must examine the landlords' and farmers' motives. Economic historians often misunderstand Marx's views on enclosures. Allen repeats the dominant view. He says Marx thought "[e]nclosures and large farms created private property and capitalism . . . " [1992, p. 2]. Marx has it the other way around: capitalism created enclosures and large farms. Marx saw capitalist enclosures not simply as a technically efficient reorganization of the land, but, crucially, as arenas in which the farmer would be accountable to the landlord for the capital employed. They "conquered the field for capitalistic agriculture, made the soil part and parcel of capital . . . " [Marx, 1974, p. 685]. They made land "suitable for the application of capital and labour" [Marx, 1969a, p. 141]. They allowed the capitalist farmer freedom to maximize the rate-of-return on capital. But, more important for the landlord, enclosures legally and physically defined the boundaries of the capital for which he could hold the farmer accountable. "Enclosure, whether by Parliamentary act or local agreement operated to define and strengthen the control of individuals over cultivable land . . . " [O'Brien, 1977, p. 180]. After 1760 enclosures were the landlords' largest expenditure [Mingay, 1963b, p. 179; Holderness, 1988, p. 20].

Marx would have agreed that "the growth of capitalist farming . . . [was] fuelled by enclosure . . . " [Turner, 1989, p. 58]. He thought that capitalist landlords and farmers used enclosures to increase labor productivity by innovation and investment to produce higher returns on capital and higher rents [Marx, 1974, p. 908]. Consistent with this, Allen shows that 18th century "open villages were far less innovative than the enclosed" [1992, p. 15]. He finds, however, that these innovations made "only a minor contribution" to increases in crop yields and labor productivity [Allen, 1992, p. 15]. He concludes that Marx "exaggerated the contribution of enclosure to the growth in labour productivity . . . " [Allen, 1992, p. 151]. He thinks the major economic consequence of enclosures "was to redistribute the existing agricultural income, not to create additional income by raising efficiency . . . " [Allen, 1992, p. 181]. In support, Allen calculates the farmers' excess returns from open fields and from enclosures using Ricardo's theory of rent [1992, p. 174]:

$$sT = pQ - wL - iK$$

s = surplus per acre,
T = total acres,
p = the price of total output,
Q = total output,
w = the price of labor including that of the farmer and his family,

L = total labor hours,
i = the price of capital,
K = the farmer's capital.

Allen measures Ricardian rent (sT) as sales (pQ) minus wages, seeds, repairs and all other expenditures on labor, etc., (wL) and the "price" of capital (iK) (sT = pQ - wL - iK). His "capital cost" "equals the depreciation plus the interest of livestock and implements, that is, the assets with lives longer than one year". He charges 5% only on the farmer's livestock and implements, the maximum rate of interest the law allowed [Allen, 1992, Appendix II]. A major difference between Ricardo and Marx's theories of rent, therefore, is that according to Marx the farmer wanted a return on all of his capital, on his productive capital and his capital of circulation (his inventories, debtors and cash). Another is that, according to Marx, the farmer "does not demand customary interest but the *customary profit* . . . " [1969b, p. 158], that is, the general rate of profit.[8]

If the landlord collected less rent than Ricardo's theory predicts, the farmer kept an excess return. Allen finds that landlords generally collected Ricardian rent from enclosed farmers. By contrast, they often failed to collect full Ricardian rents from open field farmers [Allen, 1982, p. 941]. Allen concludes, therefore, that the aim and result of enclosures was to redistribute surplus; an expression of the landlords' increased power in the 18th century. In Marx's terms, he sees enclosures and rent increases as acts of feudal coercion with no revolutionary implications, "the . . . outcome of a power struggle . . . " [Overton, 1996b, pp. 162-163]. What follows argues that enclosures provided the foundation for capitalist accountability: that they did help landlords to eliminate the farmer's excess returns, but not through a power struggle over a given surplus. The landlords used their remaining feudal power (their dominance of the land and parliament) to impose capitalist accountability and control over their tenants. Landlords could not appropriate full economic surpluses from open-field farms as there were limits to their feudal power. To control these surpluses and generate more, landlords had to transform feudal into capitalist accountability. Enclosure was the first essential step, but it was not sufficient to produce an increase in output and productivity. Unlike Allen, Marx envisaged no simple enclosure effect — no

[8] I critically examine the Ricardian theory of rent in a later section. For the remainder of this section I take Allen's empirical results at face value.

increase in productivity or yields from simply putting up fences, etc.

An Enclosure Effect?: Enclosed farmers could innovate because enclosures removed collective constraints on the farmer's decisions, but why they should is a mystery in Allen's explanation as the landlord diverts any excess return to himself. According to Marx, enclosed farmers innovate because they are accountable to a capitalist landlord and engage in the real subsumption of labor to maximize their returns on the largest possible capital. Arthur Young "strongly believed that the character of the farmers of enclosed lands was quite different from that of the occupiers of the open fields". He thought the "farmers using enclosures were more progressive in their ideas, more open to the possibility of increasing output by adopting improved practice" (quoted in Mingay, 1975, p. 103]. The reason was that "[e]nclosures raise rents; high rents made men industrious . . . . Everything must be turned to good advantage when high rents are paid; the farmer knows that everything must be profitable; and that very circumstance renders them so . . . " [Young, quoted in Mingay, 1975, p. 104]. Anticipating the 'results control' approach of modern management control theorists [Bryer, 2004c], Young claimed that by holding tenants accountable for high rents, "[m]en have been taught to think . . . " [quoted in Mingay, 1975, p. 111]. Certainly, as land agent Thomas Davis commented of Wiltshire in 1811, '[e]nclosures make a good farmer better and a bad one worse'. Clearly, "enclosure could bring improvement only if the farmers were ready and willing to innovate . . . " [Beckett, 1990, p. 39] — only if they had the appropriate mentality. Enclosures in themselves raised neither labor productivity nor yields; in themselves they played no role [Turner, 1986, p. 687].

Allen, by contrast, looks for an enclosure effect on yields, and concludes that we must, therefore, control for the effect of soil and climate, etc. [1992, p. 135]. He controls for soil type and finds that increased yields from enclosures were insignificant. At the national level using 1801 crop returns, Turner, however, finds "the increase in yield that can be postulated as a result of enclosure were 23% for wheat and barely and 11% for oats . . . " [1989, p. 53]. The increase for Northamptonshire "can partly be attributed to inferior land having been taken out of crop production, which necessarily raises the statistical average . . . " [Turner, 1989, p. 53]. From Allen's perspective, Turner's study was flawed [Allen, 1994, p. 116]. However, shifting corn production to more fertile land after enclosure is a "result of enclosure", the result of applying the capitalist mentality to the opportunities it created. Therefore, Turner's increases in yields give us a better guide to the motives for enclosure than Allen's. Only by relying on arbitrary quantitative criteria for deciding whether changes were 'revolutionary' can Allen conclude that neither productivity nor yield increases were significant because he finds greater increases during the 17th century. The increases he finds insignificant might have been significant to the landlord and the farmer. We cannot understand enclosures by studying crop yields and productivity in isolation from changing patterns of farming and output [Turner, 1989, p. 53], and to understand this we must understand the mentality behind them. If the promoters were capitalists, even apparently small increases in yields and labor productivity in conjunction with smaller capital per acre [Allen, 1992, p. 18] might have given the larger enclosed farms significantly greater returns on capital and, therefore, their landlords greater rents. Did landlords promote enclosures for these reasons? Was it the case that "from a landlord's point of view enclosure was an investment, the profit from which was a higher rent . . . " [Turner, 1984, p. 41]? "Were accountancy procedures, however crude, employed? . . . " [Turner, 1984, p. 44]. From Marx's viewpoint, we must ask whether enclosers calculated the expected return on the capital employed. Although we need systematic research, the evidence available supports the view that many did, using either rate-of-return, residual income, or present value calculations.

Parliamentary Enclosures, Accounting Calculations and Class Conflict: In their extensive studies of parliamentary enclosures, historians only occasionally give us evidence of accounting and financial calculations, although they often imply they were not unusual. In 1775 Nathaniel Kent (a Norfolk land steward) thought that "if an acquisition would contribute towards making possible an enclosure or some other rationalization of farm layout, then it would be worthwhile as an investment . . . because [of] the high rate of return obtainable from capital . . . " [quoted in Clay, 1985, p. 181]. Turner says that some "evidence suggests that enclosers were sensitive to opportunity costs, invoking the capital cost of enclosure only in terms of the foregone income from investing the same money elsewhere . . . " [1984, p. 45]. He gives an example from 1775 when the principal landowner in the Buckinghamshire hamlet of Sedrup calculated residual income [Turner, 1984, p. 45]. Turner says of this type of calculation, "while not commonplace, . . . it was not unusual for recognized enclosure commissioners and land surveyors to make this kind of estimate as a preliminary to framing a bill . . . " [1984, p. 45]. Sometime in the 1770s Sir William Lee of Hartwell in Buckinghamshire made a present value calculation to evaluate an enclosure proposal [Turner, 1984, p. 45]. Landlords sometimes calculated the number of years before the rent increase repaid the capital. The rent increase on enclosure gave a constant surplus each period, so the reciprocal of the payback period was the rate-of-return on the initial capital. As the Sedrup enclosure's forecast rent increase would have repaid the capital after three years [Turner, 1984, p. 45], its rate-of-return was $33^1/_3\%$. Widespread concern with the rate-of-return on capital from 1750 could explain why neither price levels nor interest rates provides a convincing explanation of enclosure activity [Turner, 1984, p. 51]. If landlords were capitalists they based their decisions to enclose on the expected rate-of-return that was a function of expected interest rates and profits.

Acceptance of the capitalist mentality could also explain why, although rents increased markedly on enclosure, and often redistributed surplus from tenant to landlord, no serious conflict erupted between them. Why, that is, the "tension between the . . . ideals . . . of paternalistic responsibility for their tenants . . . [and] the apparent advantages of active, engaged management, of improvement . . . probably lessened towards the end of the seventeenth century . . . " [Heal and Holmes, 1994, p. 113]. Feudal paternalistic responsibility for tenants meant physical capital maintenance, that tenants should not be 'wasted' [Bryer, 1994b]. In the capitalist mentality it means the tenant earns the general rate of profit on his capital. Certainly, there was conflict between landlords and peasants, particularly the smaller farmers and below that had most to lose. Marx, however, would have agreed "[l]andlords and tenants shared a common interest, but the ultimate benefit of any improvement went to the landlord . . . " [Turner, 1989, p. 57]. The landlord got the maximum rate of rent and the farmer got the general rate of profit on the largest capital. If the equation $R_i = r_iK_{Ti} - r_GK_{Fi}$ governed rents, they could double on enclosure (as the conventional wisdom says they did) if the rate-of-return on total farm capital increased modestly and the farmer took the general rate of profit.

All this could happen without a power struggle between the two groups. According to Young, enclosed farmers got a lower rate-of-return on capital than open-field farmers [Allen, 1982, p. 941]. However, if enclosed farmers employed a larger capital they could earn the same or a larger profit. For example, assume before enclosure that the rate-of-return on the total capital of £100 invested in the farm is 15% and the farmer brings capital of £50 and takes the general rate of profit of 10%. The rent is £10 = [0.15 x £100] - [0.10 x £50], and the farmer's profit is £5. If, after enclosure, the rate of profit on the farm increased to 16.67%, and the capital employed after enclosure was £150 and the general rate of profit stayed the same, rent would double to £20 = [0.1667 x £150] - [0.10 x £50]. If before enclosure the farmer took (say) a 12% return on his capital so that rent was £9, conflict could ensue over the redistribution of £1 of surplus. However, the farmer's income could stay the same or rise if, as often was the case, enclosure allowed him to employ a larger capital [Allen, 1994, p. 98; Overton, 1996b, p. 127]. If in the example the farmer could invest an additional £10, his profit stayed at £6, and rent increased to £20.67. Perhaps this is why initiatives for enclosure "[o]ften . . . came from the larger farmers who desired more compact and easily-worked farms" [Mingay, 1963b, p. 181] on which they could employ more working capital, particularly higher densities of livestock [Turner, 1989, p. 50]. This switch continued through the early 19th century despite a shift of relative prices favoring grain production. From 1700 to 1850 the farmers' capital increased as they expanded flocks and livestock to take advantage of improved pastures and greater production of winter forage [Allen, 1994, p. 117]. This could help explain why farmers benefited, but by less than landlords, from enclosures [Turner, 1984, p. 44].

Enclosures and Accountability: Allen's finding that in the late 1760s rents gave enclosed farmers no excess returns but that open field rents did, is consistent, as Boyer says, with "landlords learn[ing] how to properly value land only upon its enclosure . . . " [1993, p. 919]. That is, according to Marx, learning how to make modern accounting calculations. Allen does not otherwise explain "why convention was so much better at setting rents on enclosed land than on open-field land . . . " [Boyer, 1993, p. 919]. Marx's theory says that whereas from around 1670 growing numbers of farmers could do capitalist accounting, landlords only became capitalists from around 1750 and learnt it then. This suggests that until then, open field tenants kept some or all the surpluses because landlords had neither the mentality to demand capitalist accountability, nor the systems and manpower to enforce it. By contrast, Turner, Beckett and Afton argue that landlords did not claw back surpluses because they became better at "identifying and extracting the value of their shared asset . . . " [1996, p. 16]. In their view, this happened because "changes in the economic environment of eighteenth-century farming initially worked in favour of the tenants, and that advantage was halted, and to a large degree reversed, at enclosure . . . " [Turner, Beckett and Afton, 1996, pp. 234-235].

However, this explanation takes no account of Allen's finding that by 1806 the gap between rent and surplus on open-field farms had disappeared. Allen does not explain why open-field rents captured the full Ricardian rent during the inflation of the French war years but did not during the 1760s. "[I]f the open-fields market was in equilibrium in 1806, what does that imply about the causes of the enormous wave of enclosures at that time? . . . " [Boyer, 1993, p. 920]. According to Allen, landlords enclosed to get the Ricardian surplus. However, they had no need to enclose in the early 19th century if open-field rents already transmitted this surplus. By contrast, Marx's theory explains these enclosures as the result of spreading demand for capitalist accountability. That is, the landlord's motive became not simply to increase his rents to collect his Ricardian surplus, nor simply to get increased rents through immediate increases in productivity. Rather, landlords enclosed to secure capitalist accountability from their tenants to increase the long run rate-of-return on the capital employed on their land. Landlords and farmers, like most political economists, thought that increased rent was a return for increased efficiency (i.e., was differential rent), and saw enclosures as the beginning of a program of capital investment to increase it. As Edward Laurence, the well-known writer and land steward put it, the improving landlord "should not immediately think that *All* is to be set right on a sudden; but Time and Patience must be allow'd and then something may be done to Satisfaction. . . . In all . . . cases, a Sum of Money *must* be allow'd and expended to make good Deficiencies; and this before the Landlord can, or ought, so much as to think of, an Advance of Rent . . . " [1731, pp. 2-3].

If landlords judged enclosures and other improvements by differential rent, what type of rent, Ricardo or Marx's? It is true that "we know all too little about how rents were assessed, the process of agreement between tenant and agent, the methods of payment and accounting, and the techniques for agreeing abatements, remissions and . . . evictions" etc., [Turner, Beckett and Afton, 1997, pp. 6-7]. Marx and Ricardo's theories of rent produce very different views of how landlords set about managing their estates. However, only Marx's theory is consistent with modern accounting and the evidence we have of its use.

RICARDO OR MARX'S THEORY OF RENT?

Ricardo recognizes only circulating and fixed capital, and so does Allen. Ricardo says that "[a]ccording as capital is rapidly perishable, and requires to be frequently reproduced, or is slow of consumption, it is classed under the heading of circulating or of fixed . . . " [1973, p. 26]. The modern notion of fixed capital does not depend on its durability. Thinking that it does wrongly focuses attention on the physical properties of the asset and not its economic function in the production process [Marx, 1978, p. 298]. The essential point is whether the owner recovers the capital bit-by-bit over more than one operating cycle. In Marx and modern accounting the distinction between fixed capital and circulating capital is not immutable. They are not, as they are in Ricardo, "a set of definitions under which things are to be subsumed . . . " [Marx, 1978, p. 303]. Ricardo thought certain objects the capitalist buys are by their nature fixed and others are circulating. Modern accountants would agree with Marx that it is "rather definite functions that are expressed in specific categories . . . " [1978, p. 303]; that the functions and categories of fixed capital are as follows. As labor uses the fixed capital it transfers the capital's value to the commodity. Accountants call the consumption and recovery of this capital depreciation. This value becomes, first, an element of productive capital as work-in-progress; then it becomes capital of circulation as finished stock, debtors or cash, etc. [Bryer, 1999a].

Ricardo ignored these elements of the farmer's capital of circulation. His equation for rent simply divides the cash flows of the farm between the landlord and the farmer (who keeps the cash flow shielded by 'depreciation'). Perhaps this is why Allen confidently claims that rents, having little to do with accounting, "were determined administratively or bargained between landlord and tenant" using "conventions" (for example, open fields rents were 10s. per acre, and enclosed were 20s.) [Allen, 1992, p. 181]. Furthermore, following Pollard [1965], he claims that neither landlord nor farmer "could . . . do the requisite accounting . . . " [Allen, 1992, p. 183]. Pollard's key claim was that leading industrial concerns did not attempt calculations of the "profit rate on capital" but, as Edwards and Newell say, he "is certainly wrong" [1991, p. 51].

If we include the use of residual income accounting, there is evidence that some farmers did calculate the rate-of-return on capital employed [Bryer, 2004a]. In 1611 Robert Loder calculated his excess profit on the capital he employed in production [Bryer, 2000b]. In 1765 a Romney Marsh grazier deducted "1 yrs

Interest on £560 money advanced on the stock @ 4 per cent" from his surplus [Reading University Library, KEN 19/1/1, p. 5]. In 1788 Arthur Young published accounts that measured residual income and calculated the rate-of-return on the "Total stock of the farm, or capital employed . . . " [1788, p. 236]. Allen accepts that 18th century entrepreneurs often used the residual income approach, although he confuses it with his 'opportunity cost of capital'. That is, he says they "typically allowed 5 per cent interest on the investment and computed the rate of profit on the residual . . . " [Allen, 1992, p. 183]. Allen says "Young . . . used this value in calculations of farm profits . . . " [1992, p. 319]. In reality, Young used it as a benchmark for calculating the excess profit over 'interest' as a benchmark rate-of-return. In the 18th century entrepreneurs and farmers considered any excess the return to entrepreneurship [Hueckel, 1976, pp. 334-335].

Were the Agricultural Experts Ricardians?: To bolster his argument that farmers and landlords set rents innocent of modern accounting, Allen refers to the widely quoted essay by Tuckett *On Land Valuing* published in 1863. Allen claims Tuckett as a Ricardian because he says "there can be no doubt that the difference between the produce and the expenses must, in the end, regulate the rent that a farmer can afford to pay . . . " [quoted by Allen, 1992, p. 182]. It is not clear from this that Tuckett is a Ricardian. Tuckett quotes with qualified approval the "same idea" that "the fair rent, 'it is presumed, may be obtained by estimating the expenses incurred and the profits arising during the whole course of one rotation of crops on different soils' . . . " [1863, p. 5]. His qualification is that in estimating profits, "to enter on these needful calculations" over one rotation "will require great practical experience . . . " [1863, p. 6]. Tuckett did, therefore, think it was possible and desirable to estimate "profits" in determining rent. There was no mechanical formula, but Tuckett clearly thought that the boundary of rent was "profit" which the land surveyor should estimate as best he could. Tuckett found "[s]uch calculations . . . very interesting, and I have often made them for my own satisfaction . . . " [1863, p. 6]. They should, however, be supplemented by an intimate knowledge of the rent market to gauge the 'fair' level of rent. According to Marx, this was the rent that left the farmer with the general rate of profit on his capital.

Young, Marshall and other experts appear to have had this formula in mind. Marshall thought, "a proprietor should spare no reasonable expense to come at a fair rental value . . . ” [quoted in Turner, Beckett and Afton, 1997, p. 17]. He should use two or three valuers and, presumably, average their valuations to arrive at his forecast. Alternatively, he should use local market price, the summation of all money-backed forecasts: “in every neighbourhood, there is a peculiar, yet fair Market Price . . . ” [Marshall, quoted in Turner, Beckett and Afton, 1997, p. 17]. This is what Squarey meant in 1878 when he said that no “precise formula can be adopted in fixing its amount . . . ” [1878, p. 441]. The reason was that in the real world the “rent of land is that surplus of money which on an average of years, may be expected to remain after paying the fixed and fluctuating charges . . . ” [Squarey, 1878, p. 440]. Turner, Beckett and Afton think Young’s “more sharply defined capitalist attitude” towards setting rents looks Ricardian [Turner, Beckett and Afton, 1997, pp. 19-20]. Given Young’s capitalist understanding of accounts, however, his attitude looks Marxist. For example, his view that the landlord should include in his calculation of rent estimates of the cost of carriage to market. “[The] goodness of roads, and a moderate distance from market, are circumstances highly necessary to be attended to in the hiring of a farm; and that, if they are wanting, the rent ought to be estimated accordingly . . . ” [quoted in Mingay, 1975, p. 158]. Put another way, the “general rule, in the words of David Low [in 1823], was ‘that the landlord so regulate his demands on the tenant, as not to exact as rent any part of that fund which is necessary to the farmer as capital’ . . . ” [Beckett, 1989, p. 610]. This, for Marx, typified the capitalist mentality.

Capitalist landlords should seek the highest rent consistent with maintaining the farmer’s capital, for example, by reducing rent in response to improvements paid for by the tenant, or because of hard times. This principle underlay the system of ‘rack renting’ approved of by agricultural experts and practiced, for example, by Coke of Norfolk [Turner, Beckett and Afton, 1997, p. 14]. In this context ‘rack’ has two meanings — a ‘horizontal bar’ or ‘shelf’, and to ‘stretch the joints (of a person) by tugging or pulling’. A rack rent, therefore, was a high, level rent, unlike earlier forms (mainly beneficial leases and copyholds) that had the tenant pay a large lump sum followed by a nominal rent and, perhaps, feudal services in money, labor or kind. A step towards rack rents was the recognition, beginning in the 17th century, that with beneficial leases the amount the tenant paid in advance was the present value of the nominal fine [Finch, 1956, p. 202]. The landlord calculated the fine as so many years depending on the rate of interest multiplied by the difference between the economic rent and the nominal rent [Stone, 1965, p. 318]. Financial tables existed in the early 17th century to convert fines into equal annual equivalents, that is, the equivalent annuity [Finch, 1956, Appendix II, p. 173]. Turner, Beckett and Afton say in practice the fine "was rarely based on real economic information . . . " [1997, p. 25]. They think that only a few "farmers were sufficiently wealthy and educated to think in this way — the majority kept no records let alone understood the finer details of accountancy", but they admit that David Low's clearly capitalist "way of thinking was well established . . . " [Turner, Beckett and Afton, 1997, p. 20]. Sir Ralph Verney's management of his tenants suggests this way of thinking also existed in the late 17th century.

Sir Ralph Verney, An Early Capitalist Landlord?: "Sir Ralph's goal throughout his life" was "the highest possible rent . . . " [Broad, 1973, p. 249]. Broad says Sir Ralph reveals his "capitalist view of the landowner's position" when he says "I ever was and still am of the opinion that no man is bound to suffer his tenants to reap the benefits of his land because they are poor . . . " [1973, p. 248]. In short, Broad thinks Sir Ralph is a capitalist because he is "grasping" and "harsh" [1973, p. 213]. However, Sir Ralph also said, possibly revealing his truly capitalist view, "on the other side I do believe a landlord is obliged to take but an equitable rent for his land so as the tenant by God's ordinary providence and blessing upon his honest endeavors may be a gainer by it. And to my knowledge I never broke this rule . . . " [quoted in Broad, 1973, p. 248]. The capitalist rule is that equitable rent leaves the tenant with the general rate of profit on his capital. A landlord like Sir Ralph, deeply involved in the personal management of his business and knowing the markets well, could with equanimity leave the calculation of the equitable rent to the market. Broad says that for Sir Ralph, "[a]s in the true definition of rack rent, market forces alone determined the level . . . " [1973, p. 248].

However, this does not necessarily mean that Sir Ralph was not a consciously active capitalist landlord. He almost certainly had a rate-of-return mentality. As a Royalist Sir Ralph had to sell two-thirds of his pre-civil-war estates, but stabilized his financial position by marrying his eldest son to the heiress of a City merchant whose family had recently settled on the land [Broad, 1973, p. 7]. He immersed himself in the City, spending around five months in London every year, and his younger son became a successful Levant merchant in the 1650s. He had a wide circle of friends and contacts, including the Earl of Warwick and other prominent merchants trading with socialized capitals in the West Indies and North America, all vigorous investors in the East India Company and elsewhere [Brenner, 1993, Bryer, 2000b]. Although Sir Ralph "did not normally invest in commercial enterprises he once put £150 in Africa Company stock. However, one of the services which he provided was to arrange the putting out of money for friends and relatives . . ." [Broad, 1973, p. 8]. Sir Ralph usually reinvested the money by lending to landed families, but in 1678 he attempted unsuccessfully to invest £800 in East India stock through his son John for a friend [Broad, 1973, p. 9]. Clay says, the "injection of mercantile wealth greatly revived the fortunes of the Verneys . . ." [1985, p. 152]. However, their involvement with mercantile wealth might also have had profound effects on their mentalities as farmers and landlords. Although Sir Ralph did little farming himself, only becoming involved when he could not let particular farms, he was an improving landlord [Broad, 1973, p. 246].

Broad says that Sir Ralph's approach to enclosures and improvements "was very much in line with the best contemporary thought on the subject as laid down rather late by Edward Laurence . . ." [1973, p. 246]. Laurence published his *The Duty and Office of a Land Steward* in 1727, based, he says, on "above Twenty Years" experience [1731, p. ix]. However, Broad says that where "Sir Ralph was very much at odds with Laurence's idea of good administration was in his basic attitude to his tenants and his consistent insistence on rack renting . . ." [1973, p. 247]. Arguably, however, while Sir Ralph and Laurence's landlords used different methods, their "basic attitudes" were the same. Broad does not discuss Laurence's views, but if they were a late presentation of the best practice of many landlords in his day, they were capitalists, just like Sir Ralph. Certainly, Sir Ralph appears "harsh" in keeping rents as high as possible and evicting tenants in arrears of more than one year "unless they had reserves of capital . . ." [Broad, 1973, p. 252]. Laurence's aim was that estates were "let to the Satisfaction of both Landlord and Tenant, . . . [f]or altho' the Lord's Estate ought to be let at best advantage, yet it should be let without *racking* the industrious Tenant . . ." [1731, p. 84]. Although their methods appear to be different, by "racking" Laurence means, just like Sir Ralph, charging rents no higher than an industrious tenant could pay and earn a "profitable return . . ." [Laurence, 1731, p. 14].

Sir Ralph did his energetic best to avoid setting rents too high by keeping a close watch on the efficiency and capital reserves of those who found his rents hard to bear. He tried to keep potential tenants in reserve, and, when all else failed, even "Sir Ralph could not avoid reducing his rents . . . " [Broad, 1973, p. 252]. Certainly, it would be risky for a "Person of Quality at a distance" to entrust this method of management to his land steward who might set his rents too high for a short term advantage to himself (e.g., higher salary) and long term disadvantage to the Lord. For Lords at a distance, Laurence recommended formal calculations: "a Steward . . . , should take his *Pen* in hand, and make a *Calculation* with the Tenant . . . of what may be sold off the Farm, which ought to be . . . at least *two Rents*, if it is intended a Farmer should thrive; and *thrive he must*, or else the Landlord will suffer *first* or *last*. By these Methods and fair *Calculations* a Farmer is treated in familiar, easy way, and you beat, or rather convict, him with his own Weapons. But he will not be *bully'd* or *hector'd* into an advanc'd Rent . . . " [1731, p. 19]. Here Laurence contrasts the feudal landlord who bullies his tenants to pay high rents with the capitalist Lord that has his steward make calculations and talk to his tenants in their language — the language of markets and accounting. Sir Ralph apparently talked mainly of markets, but he was, unlike Sir Pexall Brocas of Steventon, Hampshire (for example) no bully. "Brocas's 'hard usage' of his tenants was legendary: demands for extortionate rents, and for loans that usually proved permanent, were backed by threats of vexatious lawsuits and the attention of his thugs . . . " [Heal and Holmes, 1994, p. 115]. Laurence's, by contrast, was the modern way, "not the *violent* one of *forcing* . . . tenants . . . beyond their Power, but the *gentle* and *rational* one of persuading, and instructing them . . . that they may be able, not only to *pay*, but to *advance* their Rents . . . " [1731, p. 5].

Laurence gives us no details of how to calculate his 'two rents', that is, rent for the landlord and profit for the farmer. However, he says that stewards should lease to a "careful and provident Farmer . . . [who] keeps well his Accompts, and wisely balanceth his Gain and Loss, if he would be assur'd that he gets by his Farm, and thrives in the world . . . " [Laurence, 1731, pp. 82-83]. He should also be concerned with the tenant's capital: the "Steward, before he lets any considerable Farm to seeming-good Advantage of an advanc'd Rent, should be well satisfied of the *Ability* of the Tenant . . . . A Farm of a Hundred pounds a year requires at the least Three hundred pounds Stock; and if 'tis a grazing Farm, above Four Hundred pounds . . . " [Lawrence, 1731, p. 127]. This implies the tenant farmer wanted a particular return on his capital, and the steward should calculate if an industrious farmer could achieve this. Perhaps this is why Laurence thought increasing all rents by the same amount was "unjust" [1731, p. 17], presumably because farms needing the least improvement should get the highest rent increase because their rate-of-return on capital was higher?

Rack-renting and Farmers' Returns on Capital: Beneficial leases survived in certain areas as late as the end of the 19th century, but from around 1750 landlords increasingly imposed rack rents. Turner, Beckett and Afton say that even in the 19th century the landlord tempered the "fully articulated 'rack' rent" with "conventions based on social position" because "landlords were often reluctant to push rents up to the highest possible levels . . . " [1997, pp. 13-15]. Certainly, rack rents "reflected a desire to assume [more] direct control of their estates", as did using more tightly drawn lease contracts, the employment of professional stewards, and the introduction of DEB [Turner, Beckett and Afton, 1997, p. 15], but these trend are consistent with Marx's landlords' revolution. Also consistent is Hueckel's finding that "the long-run equilibrium return to [the farmer's] capital over this period probably lay within the range from 9% to 14% . . . " [1976, p. 343], approximating the general rate of profit, which implies that landlords also received 'fair rents'. In other words, as capitalists the landlords did push rents to the 'highest possible levels' consistent with their 'social position'. To what extent did this range result from market forces or the landlords' and tenants' calculations? According to Allen, if early industrialists did not understand accounting, the "average farmer" certainly could not [1992, p. 183]. However, at least some landlords and agents did understand capitalist accounting and accountability.

An ideal-typical capitalist landlord's accounting system came from the pen of Thomas Lovett, chief agent at Chirk Castle after 1750. Lovett prepared model accounts for a 400-acre farm. He starts by calculating the necessary capital, which he reckons as £1279.14.0. "Now I want to know what profits may be reasonably expected from the circulation of this large capital in the business of Farming . . . " [quoted in Jones, 1985, pp. 67-68]. Just like a modern capitalist he expects profit from the circulation of capital in production and, to confirm this, in calculating his profit Lovett deducts "[w]ear and tear in the implements of husbandry . . . and the decay in dairy utensils . . . " [quoted in Jones, 1985, p. 68]. Lovett then deducts "[t]he interest on his neat Stock and neat Cash laid out . . . after the rate of £10 per cent" [quoted in Jones, 1985, p. 68], to calculate his residual income. Like a modern capitalist he "distinguishes . . . between revenue and capital and recognises that certain types of 'capital' wear out or fall by the wayside and have to be replaced . . . to maintain his starting capital intact . . . " [Jones, 1985, p. 72].

Historians have studied only a few leading landlords' accounts in any detail, and fully supported generalizations must await systematic research by accounting historians. The following part highlights two prime examples where we have some relevant accounting details, although questions remain. One example is Thomas William Coke ('Coke of Norfolk') who appears as an ideal-typical capitalist landlord, a man peculiarly fitted for his times and for his self-appointed role as promoter of improved agriculture. He was an incurable enthusiast and self-publicist, not beyond distorting the facts to show himself in the best possible light [Parker, 1975]. He and the early agricultural historians, who took him at his word, magnified and distorted his role in the agricultural revolution. Nevertheless, Coke of Norfolk and his predecessors are an important test of Marx's theory: "the very fact that Cokes management was set up as an example for others to follow makes . . . his study worthwhile . . . " [Wade Martins, 1980, p. 249]. Given that in north west Norfolk "there were excellent farmers, deploying large capital, holding Coke farms before Thomas William Coke succeeded his father" [Parker, 1975, p. 73], the Coke's appear a classic case of capitalist farmers producing capitalist landlords. Consistent with this, the Cokes' improving leases kept up with, but did not lead, their progressive tenants [Wade Martins, 1980, p. 76]. Thomas Coke was subject to capitalistic influences. Following their disaster with the South Sea Bubble, the Cokes never seriously invested outside agriculture until the 1850s, but they borrowed heavily [Parker, 1975; Wade Martins, 1980].

Another prominent example is George Granville who inherited the Leveson-Gower estates in 1803 [Wordie, 1982]. With the estate and title he also inherited the capitalistic mentality of its agents who, from 1758, had "brought in a new commercial attitude . . . " [Wordie, 1982, p. 48]. From this time "the estate had steadily come to be regarded more and more as first and foremost an investment, which gave a good or bad return in accordance with the efficiency of the management . . . " [Wordie, 1982, p. 59]. As we shall see, the evidence supports the view that by the 1790s the Leveson-Gower estates had a capitalist chief-agent, and in 1803 they had a capitalist Lord (George Granville, the second Earl Gower, was Marquis of Stafford from 1786, and Duke of Sutherland from 1833). In the early 18th century the Leveson-Gowers were in debt. From 1750 they were investing in industrial partnerships and lending money to turnpike and canals.

Capitalist influence also comes from early industrial capitalists [Wordie, 1982, p. 107]. Not only did these entrepreneurs draw the landlord's attention to his unexploited mineral wealth, they drew in his money [Wordie, 1982, pp. 107-108]. Regardless of the landlord's intentions this money circulated as capital. From around 1750, the management of the Leveson-Gower estates changed from what had been a "permissive", haphazard involvement, to "direct landlord participation" in industrial and agricultural development [Wordie, 1982, p. 112]. The following examines Cokes', Leveson-Gowers', and others' capital calculations; their focus on the rate of rent; their calculations of the length of leases, the capital adequacy of tenants, and the appropriate size of their farms. It concludes that the accounting evidence supports Marx's view that the motivation for the direct involvement of landlords was their capitalist mentality.

CAPITALIST LANDLORDS AND THE MANAGEMENT OF RENT

Thomas Coke's guardians took control of the estate in 1707. In 1708 they reviewed the rents and put them up, starting a trend that continued until after the Napoleonic Wars [Parker, 1975, p. 4]. In 1717, just before Thomas came of age, the guardians produced a table showing how much the rental of the estates had increased, and how much of this was due better "management" [Parker, 1975, p. 5]. Parker states the nub of the management problem for capitalist landlords in his summary of the principles the guardians applied "to assess accurately the potentialities of the land, to encourage the tenants to attain them and to secure a rent correctly reflecting those potentialities. Too low a rent reduces the landlord's income, too high a rent forces farmers to mismanage their farms and harm the land . . . " [1975, pp. 5-6]. In Marx's theory, the "potentialities of the land" is the potential rate of profit on the farm. Too low a rent means the farmer gets more than the general rate of profit on his capital, and too high a rent means the farmer fails to maintain his capital. Coke's steward applied these principles in

1824 when he severely criticized a tenant who sub-leased for adopting the feudal approach to the management of rent: "he has squeezed exorbitant rents out of the Tenants, so as to incapacitate them from effecting necessary improvements . . . " [quoted in Parker, 1975, p. 177]. "Encouragement" of the tenants meant the landlord helping or fully financing investment and regulating his demands for rent. Thus, we must not assume that when Coke allows rent arrears to build up or reduces rents, as his land steward put it, "from his innate goodness of heart . . . " [Parker, 1975, p. 149], that he is simply searching for social prestige. Coke and his agents knew that to get his rents the farmer must have enough capital to efficiently run his farms. He therefore only let to "good men . . . possessed of good capital . . . " [Parker, 1975, p. 15]. That is, those "greater capitalists" who were more likely to continue paying rents even if from accumulated wealth [Wade Martins, 1980, p. 89]. However, to encourage them Coke made capital investment in his tenants' farms based on capital calculations.

Capital Calculations: A capitalist landlord will increase rents to recover the capital he invests in a farm and give him the farm's rate of profit on the capital. At the very least, he will want an 'interest' return on his capital. For example, in 1711 Coke's guardians increased the rent by £10 a year to a tenant "for the interest of £200 laid out in building a barne and which is to remain an improved rent . . . " [Parker, 1975, p. 8]. As part of their management of Coke's estates the guardians decided to encourage tenants by bearing some or all the costs of marling. They did this by allowing deductions from rents. For example, from 1710 to 1715 John Carr of Massingham "marled by agreement 240 acres, and was allowed 8s. an acre in return . . . " [Parker, 1975, p. 7, see also p. 41]. An indication of the type of thinking that might have gone into these calculations is Blaikie's (Coke's steward) claim in 1828 that improvements "on Arable land may pay £10 p. Cent on Capital, under particularly favorable circumstances. Improvements on Grass land, especially draining wet land may and generally will pay from £50 to £100 p.Cent on Capital expended . . . " [quoted in Parker, 1975, p. 155, fn.70]. In 1850 Coke's land steward "introduced new clauses into his leases whereby the estate was ensured a return on improvements made to farms: 5% was charged for drainage work and 7½% on the cost of building work . . . " [Wade Martins, 1980, p. 100]. Coke of Norfolk spent a great deal on farm buildings. Consistent with a capitalist mentality, as Young said of them, "the great object [was] to prevent waste and save labour . . ." [quoted in Wade Martins, 1980, p. 143]. The question remains whether the greater object was to maximize the rate-of-return on the capital employed. Evidence supporting this is the careful provision of "adequate implement sheds, as more wear and tear was caused by implements by leaving them outside than through actual work . . ." [Wade Martins, 1980, pp. 170-171]. 'Wear and tear' is central to the capitalist idea of the circulation of fixed capital and accounting for depreciation to recover its cost.

The Leveson-Gower estates also invested heavily from the 1790s to increase the returns from its tenants' farms. With the appointment of John Bishton as chief agent in 1788, "more landlord capital than ever before was poured into both of the major properties . . . as a means of raising rents a view that coincided exactly with that of the young George Granville who inherited the estates in 1805 . . ." [Wordie, 1982, pp. 57-58]. The switch from an emphasis on consumption to an emphasis on the rate-of-return from productive investment was, for Marx, the essence of the landlords' revolution. By 1850 "interest on landlord's capital was a major element in rent", accounting for some 60% on average [Holderness, 1981, p. 233].

The Rate of Rent: A landlord keeping his final accounts using charge and discharge, could still indicate a capitalist mentality by keeping separate records of investment and showing concern for the rate of rent. Coke's audit books, for example, distinguish land purchases and buildings from repairs. From 1790 to 1882 the total invested in the estate recorded in the accounts was £536,818 [Wade Martins, 1980, p. 99]. It is unclear how accurate this total is as it includes a large element for buildings and repairs [Wade Martins, 1980, p. 99]. Wade Martins thinks Coke's investment produced a modest incremental return of 7.6% even without allowing for an increase in the value of land, or for the fact that rents might have increased anyway, or that rents in 1882 were at a peak [Wade Martins, 1980, pp. 99-100]. She says the return could be as low as 4.6%. By contrast, if we take Coke's investment as £536,818, with net rents of £59,709, the estate's rate of rent in 1882 was 11.1%. Which rate-of-return was in Coke's mind? Wade Martin's incremental rate-of-return ignores the capital invested by Coke and his tenants in 1790, and they are not in constant prices. To estimate the real capital in 1790 and 1883 would require considerable work even if the data exists. To show why it could change Coke's appreciation of his returns, suppose, for example that from 1790 to 1883 the capital in Coke's estates doubled. If so, the rate of rent in 1790 was 3.4% [£18,461/£536,818], and by 1883 it was 5.6% [£59,709/ £1,073,636]. Only if, say, the capital in 1790 was a quarter of that in 1883, would the rate of rent fall with investment from 13.8% to 8.8%. Similar problems arise with Spring's analysis of the seventh Duke of Bedford's "modest" returns from investment between 1842 and 1861 [1963, p. 49]. Wade Martins explains Coke's apparently low returns by notionally adding the "intangible" returns of the "admiration" of his fellow landlords [1980, p. 104]. Thomas William, however, seemed generally happy with his returns, and wanted the world to admire him for his investments. He "took pride in the amount he had invested in his estates", and "boasted" in his will (and before he died) that he had spent £500,000 [Parker, 1975, pp. 94, 154].

Coke's accounts distinguished expenditure on "improvements" for each estate. Although this heading disappeared after 1784 [Parker, 1975, p. 56], the accountants continued to distinguish capital and revenue expenditures. Parker questions whether they consistently distinguished repairs from improvements, citing an item the accountants classified as improvement in 1745 "for 'making new banks, mending old banks' . . . " [Parker, 1975, p. 56]. To decide whether they should have classified the latter as repairs or improvement we must understand what the accountants meant by "mending". At that time it could mean to 'amend', to 'improve in quality', to 'supplement'. If the workers 'amended', that is, converted, the old banks into new banks (for example, made them wider, deeper, different slope) the accountants were right to classify this expenditure as improvement in the capitalist sense — to increase the store of use-values available or lower their cost.

Parker's other example is payments, which he says, "were not capital investment at all, such as payments to outgoing tenants for crops left growing on their farms . . . " [1975, pp. 56-57]. While not fixed capital, these payments were for capital of circulation. Parker also questions whether payments for marling are "fixed investment . . . " [1975, p. 57], and this after he repeatedly tells us that the beneficial effects last for up to thirty years! After the improvements heading disappeared, the accountants did not religiously distinguish repairs and improvements, particularly when the repairs element was small [Parker, 1975, p. 95]. Coke's books distinguished expenditure on drainage only from 1851 when it became the estate's responsibility [Wade Martins, 1980, p. 96], and struck the balance of the "net proceeds" of the estate after "everything needed to keep the estate in good order had already been taken . . . " [Parker, 1975, p. 22].

This organization of the accounts reflected Coke's management of the estate. It suggests a strong commitment to the maintenance of his estate as his productive capital. As Parker says, "[t]he fact is expressive of a state of mind. The estate was the basis of all the Coke life and its efficient management was axiomatic. . . . Spending on it . . . was accounted for as a prior charge, coming before [large] housekeeping and personal needs . . . " [1975, p. 22]. On the face of it, this could suggest the feudal idea of physical capital maintenance. However, evidence consistent with concern for the rate of rent is provided by the fact that when Mr Blaikie became the land steward he made clear that he thought Coke had over invested [Wade Martins, 1980, p. 95].

Certainly, it might seldom be possible to find repair costs as a separate item in the accounts [Beckett, 1986, p. 201]. Accounts, however, often highlighted important items of capital. For example, in the accounts of the second Viscount Townshend, "ditch and hedgework, marling took special time and labor to accomplish, so it was accounted for separately as an extraordinary expenditure . . . , an acknowledgement of its status as capital improvement . . . " [Rosenheim, 1989, p. 127]. The accounts of Guy's Hospital's estates did not distinguish repairs from new buildings, but they distinguished other key items of capital expenditure. The Abstract dating from 1762 distinguished between rates and taxes, buildings and repairs, money spent on sea walls and river banks, planting woods, allowances to tenants, and agents' salaries and fees [Trueman, 1975, p. 522]. We must also look outside the final accounts for evidence of concern with capital. Until 1864 the Bute accounts made no distinction between capital and revenue, and no accounts survive for Bute's Docks. Nevertheless, Bute knew from various documents that his Ship Canal cost £222,000 in cash [Napier, 1991, pp. 173, 170]. As Laurence said, before a steward "engageth in any Work of Consequence relating either to *Inclosures*, or *Architecture*, or *Draining*, &c. [he] should first send as exact an Estimate as possible, what the same will amount to, that his Lord may *sit down and count the Cost*, and make a deliberate Judgment, whether the Charge will answer his Expectations in the propos'd Benefit . . . " [1731, p. 78].

Evidence consistent with landlords pursuing the rate of rent is their tendency to invest more of their rentals in bad times, and less in good times [Holderness, 1971, p. 178]. Historians usually explain this by the fluctuating need of the landlord to "attract or retain tenants . . . " [Rule, 1992, p. 60; Turner, Beckett and Afton, 1996, p. 208; Holderness, 1981, p. 234]. They see the landlord's decision to invest heavily in fixed capital as the same as his decision to allow arrears, take over taxes and repairs, or to reduce his rent, simply the transfer of "income" [Turner, Beckett and Afton, 1996, p. 208]. An alternative argument is that tenants were more reluctant in bad times to undertake fixed capital investment for which, until the later 19th century, they typically had no legal security [Squarey, 1877, p. 435]. In good times, when the farmer found it relatively easy to earn the general rate of profit, the landlord persuaded him to make fixed capital investments. In bad times the landlord could not do this so easily. To maintain their rents, the landlords had to invest more in fixed capital. For example, suppose at the necessary level of fixed capital investment $r_F = 0.15$, $K_F/ K_L = 0.5$, and $r_G = 0.1$, then the rate of rent is 17.5% = $(0.15 + 0.5[0.15 - 0.1]) \times 100$. Suppose bad times arrive and that if the landlord does not invest in additional fixed capital, r_F will fall to 0.12 and his rate of rent will fall to 13%. Suppose, however, that if the landlord invests the necessary fixed capital r_F only falls to 0.14. If, thereby, the proportion of capital the farmer provides, K_F/K_L, falls to (say) 0.25, the rate of rent is 15%. As Mingay says, "enforced expenditure in the difficult years . . . was merely an alternative to unwelcome reductions in rentals . . . " [1963, pp. 178-179]. In good times, the less the landlord invests in fixed capital the higher his rate of rent, and we expect him to persuade tenants to take more of the burden. By the same logic, an advantage of leasing mines instead of direct working was that the landlord minimized his capital investment [Mingay, 1963, p. 193]. The history of landlord investment in agricultural fixed capital supports this model.

Until the reforms of the late 19th century, when a tenant left the farm his fixtures became the property of the landlord [Holderness, 1981, p. 233]. In practice the landlord did not often enforce his rights and farmers generally did invest in fixed capital [Holderness, 1981, p. 233], possibly a third of the total over the period 1750-1870 in East Anglia [Holderness, 1972, p. 446], for example. Nevertheless, reflecting the legal uncertainty, the conventional wisdom was that the farmer should invest only in working capital [Currie, 1981, p. 77]. The landlord provided the fixed capital 'embodied in the land' and the farmer provided the 'working capital' he could take with him. In practice, however, this distinction became blurred, tenants often investing in embodied fixed capital. For example, during the Napoleonic Wars, 1793-1815, when prices and rents increased, "farmers were required to take more initiatives . . . [and landlords'] outgoings, except on enclosure, were kept to a minimum . . . " [Holderness, 1972, p. 441]. In East Anglia, the proportion of landlords' rents spent on improvements and repairs fell sharply from 1796 to 1806 [Holderness, 1972, Table 2, p. 439]. However, although the conventional distinction blurred in the heady days up to 1815, in the recession that followed farmers saw its wisdom clearly, perhaps for the first time in a generation. In the recession and for some years tenants became unwilling to make permanent improvements, and landlords became obliged to provide funds for investment, often in lieu of rent reductions [Currie, 1981, p. 77].

The rate of rent helps to explain broad patterns of landlord investment. However, to explain why particular landlords adopted particular strategies we must understand their mentalities. The Dukes of Marlborough, for example, neglected the buildings on their estate [Wade Martins, 1980, p. 138]. This neglect might have been the product of a feudal mentality. Landlords were not inevitably capitalists. As his steward said after Coke of Norfolk's death, he could have used the £500,000 for "'Horse racing or any other Gambling transaction if he had been so inclined' . . . ." [quoted in Parker, 1975, p. 154, fn.65]. Coke could have lived in the typically feudal way and focused solely on consumption. To be capitalists landlords need not necessarily be heavy or consistent investors. Some might attempt to get the going rate of rent by a policy of minimal investment [Holderness, 1981, p. 233]. Suppose, for example, that the landlord invests fixed capital to the point where $r_F = 0.15$, the rate of rent is $0.1625 = 0.15 + 0.25\ (0.15 - 0.1)$. If the landlord invests less, $r_F = 0.14$ and rents are correspondingly lower, then he will get the same rate of rent so long as the proportion of capital the farmer provides does not fall below 56.25%, i.e., $0.1625 = 0.14 + 0.5625(0.14 - 0.1)$. Thus, it is possible that although in 18th century literature "landowners continue to be represented as 'big spenders' and not frugal investors . . . " [O'Brien and Heath, 1994, p. 53], many were capitalists. From 1750, "many progressive landlords shifted their method of estimating gross income from the number of rents to the interest charged on capital and labour annually expended . . . " [Davidoff and Hall, 1987, p. 204]. In Marx's terms, many shifted from pursuing feudal rent to the pursuing the capitalist rate of rent, and imposed this mentality on their tenants. "This calculation of profitability, enforced by cost conscious estate agents and bailiffs, influenced farmers. An Essex man who farmed over 1000 acres saw himself 'more in the nature of a person employing capital than a farmer' . . . ." [Davidoff and Hall, 1987, p. 204]. Although capitalist farmers first created capitalist landlords, from the 1750s it is more likely it will be the Lord pressing the farmer to become a capitalist, than the other way round. One of the mechanisms landlords used to create capitalist mentalities in their tenants was shortening the length of their leases.

The Length of Leases: Many agricultural experts (for example, Arthur Young) advocated long leases because they thought security of tenure gave the "illusion of ownership" [Wordie, 1982, p. 185] that encouraged the farmer to invest in the farm. An obvious problem for the landlord, however, was the inability to raise rents quickly if prices increased, and for the tenant the landlord's reluctance to reduce them if prices fell. This argument weighed heavily with landlords from 1750 as prices and rents rose, and by 1850 the majority of tenants had yearly lettings [Holderness, 1981, p. 234; Turner, Beckett and Afton, 1997, p. 199]. If the tenants were substantial capitalist farmers (as Young assumed) the balance of incentives could favor a long lease [Wordie, 1982, p. 185]. If the landlord did not rent to substantial capitalist farmers willing and able to invest in fixed capital and bear the risks, the balance of the argument swung towards short leases. Furthermore, if the capitalist landlord could not take the capitalist mentality of his tenants for granted — as Coke of Norfolk, for example, probably could — short leases could help him impose and sustain it. One reason for introducing short leases was so that "rack-rented farms could . . . become subject to market forces . . . " [Turner, Beckett and Afton, 1997, p. 199], but another was that they made tenants more accountable to landlords.

The short lease became an engine of capitalist revolution. A prominent example was its use on the Leveson-Gower estates. James Loch, their chief agent from 1812, used short leases combined with landlord investment in fixed capital to hold tenants accountable for the maximum return on capital. Loch had a keen interest in capitalist accounting. In 1835 he recommended that the Earl of Dudley should use "double-entry forms, capital accounting, and the break-down of accounts to provide specific information such as net profit on individual concerns, administrative expenses, debts outstanding, or receipts from investments . . . " [Raybould, 1973, p. 231]. Loch's predecessors from Thomas Tibbetts in 1722 also insisted on DEB [Wordie, 1982, p. 36]. For the Earl's mines Loch recommended depreciating the capital cost or value for wear and tear. The accountant should prepare a "capital account", an "Account of the value of all the Articles and Machinery, including the Cost or Value of the Pits themselves at each work should also be taken annually with such additions or the contrary as the case may have occurred . . . and a certain sum per cent should be written off yearly on Account of the loss for Tear and Wear . . . " [quoted in Raybould, 1973, p. 233]. There seems every reason to think Loch would have the same attitude towards agricultural fixed capital [Raybould, 1973, p. 233].

Loch revolutionized the estate's management structure, appointing full time specialists in building, surveying, law, accounting, etc [Wordie, 1982, p. 64]. His opposition to long leases came from his desire to be "free from any troublesome restrictions . . . " [Wordie, 1982, p. 184]. One was a shortage of capital diverting the tenants away from generating the maximum rate-of-return. To maximize the returns, to focus on the "unfettered cultivation of the soil", the tenants must not only use the most appropriate techniques, but must increase their working capital [Wordie, 1982, p. 219]. Loch also encouraged the tenants to invest their own capital because "by increasing their output through improved efficiency . . . [they would] get . . . a larger return from a larger bulk sale . . . " [Wordie, 1982, p. 225]. Similarly, the landlord's rate of rent would increase. The major restriction faced by Loch, however, was that capitalist improvers were not universal on the estates. Stimulated by frequent visits to Coke's Holkham and other areas of improvement, Loch set about generalizing best practice capitalist farming throughout the Leveson-Gower estates [Wordie, 1982, pp. 204-213]. These, with heavy investment by the landlord, were the carrots. The stick was the accountability of the tenants for their financial performance, and at the heart of this was the short lease.

Loch had almost eliminated long leases by 1820 [Wordie, 1982, p. 214]. Short leases provided the legal foundation of his system of accountability because, while the landlord could do little if the tenant farmed badly or exploited the land, he could easily evict and sue for unpaid rent. In practice, most annual tenants enjoyed security of tenure, and in this sense the difference with long leases was "insignificant" [Holderness, 1981, p. 234]. However, this supports the argument that short leases meant tenants were accountable. Accountability works when the threat of punishment produces the desired behavior. That farmers on yearly lettings were as secure as tenants on long leases suggests they satisfactorily discharged their accountability.

"Those who held at will did not dare to exploit their farms for fear of the watchful agents and the threat of six month' notice . . . " [Wordie, 1982, pp. 220-221]. On the contrary, many tenants had invested heavily in their farms [Wordie, 1982, p. 223]. Despite Loch's claimed ideal that landlords should invest in fixed capital, he cajoled many tenants to do this [Wordie, 1982, pp. 218, 222-223, 221]. He clearly offended their capitalist sensibilities when he "robbed them of what they considered to be their just reward for improvements by raising rents as soon as these had been carried out . . . " [Wordie, 1982, p. 223]. For Wordie this illustrates "the eternal dilemma, the great dichotomy of the whole landlord-tenant system . . . " [1982, p. 220]. He is right that the landlord and tenant shared a common interest "up to a point" — for Marx, the point where the tenant gets the general rate of profit on a large capital, and the landlord gets the maximum rate of rent. It is questionable, however, whether the Leveson-Gower experience shows that "thereafter their interests diverged . . . " [Wordie, 1982, p. 220]. From the capitalist viewpoint, charging rent to expropriate the tenants' returns on their own fixed capital went too far, was 'unfair' [Wordie, 1982, pp. 191-192, 225].

Capital Adequacy and the Size of Farms: Many landlords thought it "dangerously imprudent to let a farm to a tenant who lacked sufficient capital to stock it and run it properly . . . " [Mingay, 1975, pp. 48-49]. The landlord had to calculate the necessary capital to know if the tenant had sufficient. Arthur Young's calculations in *The farmer's guide in hiring and stocking farms* 1770, illustrates how progressive landlords probably thought about the problem. Allen says Young's aim "was to determine how much a farm was worth, but his calculations ignored most of the capital costs and so overstated the value . . . " [1992, p. 183]. In particular, he says Young ignored depreciation [Allen, 1992, p. 183]. Young's aim, however, was not to value the farm. It was to show how it was that "farms are every day hired with much smaller sums of money than the most considerate persons would allot for the purpose . . . " [quoted in Mingay, 1975, p. 49]. Young calculates the minimum money capital required by the farmer of a 400-acre farm over its first three years of operation [Mingay, 1975, p. 53]. That is, the least amount he can get away with and expect to survive. As Young's purpose was to show the inadequacy of focusing solely on cash, he made no charge for depreciation. He well understood that capital to finance a few years' cash flows would be inadequate because the capital the farmer needs to work his farm is not merely the cash outlays required in the first few years. It includes necessary reserves to withstand adversity and funds to make investments in fixed capital [Mingay, 1975, p. 55]. Without sufficient capital, for example, a "vein of the finest marl may be under his fields; he can have nothing to do with it . . . " [quoted in Mingay, 1975, p. 55].

The landlord could display a capitalist mentality by his attitude to the size of farms. Farms were exceptionally large on Coke's estates, and grew larger [Parker, 1975; Wade Martins, 1980], but the size of farms in general steadily increased, particularly from around 1750 [Beckett, 1990; Allen, 1992]. This trend supports Marx's view that the capitalist mentality was setting in because large, efficiently run farms produced higher returns on capital and therefore higher rents. How big farms should be to maximize the rate-of-return on capital depends on the circumstances. These circumstances — particularly the supply of farmers with sufficient capital — changed over time [Holderness, 1981]. The capitalist principle is to choose the size of farm that gives the highest return on capital. As a steward of the Marquis of Bath put it in 1794, those "farms are of the most proper size, which return the most proportional produce at the least proportional expense . . . " [quoted in Beckett, 1983, p. 318]. If farms of optimal size produce the highest output per acre for the least cost per acre, it follows they produce the highest profit per acre and therefore the highest rate-of-return on capital per acre. From the 1730s successive writers argued for an increase in farm sizes [Beckett, 1983, p. 313]. Beckett thinks Young was virtually alone in his "doctrinaire beliefs" about the virtues of large farms; that farms should be big regardless of the circumstances [1983, pp. 321, 324]. In fact, Young advocated large farms for strictly capitalist reasons. As Hermann Levy pointed out, Young's concern was "looking simply at the greatest possible profit to be made, or at the purely economic fitness of things". It was only "from the latter point of view [that] he had defended the large farm system on the profitableness of corn growing . . . " [quoted in Beckett, 1983, p. 323, fn.57]. According to Young, the size of farms should not be indiscriminate, but chosen to maximize "profitableness". Young judged many farms of his day to be too small whereas others disagreed. However, this does not make him an isolated doctrinaire. In Beckett's view, "the debate went against Young", but he concedes "the fact that in 1851 a third of the cultivated acreage was held in farms of 300 acres or more suggests that his views were not entirely lost on the landowning community . . . " [1983, p.

323]. He says that some of Levy's comments suggest that Young mellowed in his later years and "became more enamoured of small holdings . . . " [Beckett, 1983, p. 323, fn.57]. Levy, however, does not say Young changed his mind about the economics of large farms, only that he became concerned about their social consequences [Beckett, 1983, p. 323, fn.57].

Allen says Young misunderstood the relationship between the size of a farm and its capital. Allen finds that capital per acre declined with farm size, and thinks it "remarkable that Young's data contradict his belief that large-scale farmers practised a more capital-intensive agriculture than small-scale farmers . . . " [1992, p. 195]. Allen's interpretation of what Young means by 'capital intensity' is debatable. Young does not say that capital per acre increased with farm size, but that a "considerable farmer, with a greater proportional wealth than the small occupier, is able to work great improvements in his business . . . ; he can build, hedge, ditch, plant, plough, harrow, drain, manure, hoe, weed, and, in a word, execute every operation of the business, better and more effectually than a little farmer . . . " [Young, quoted in Allen, 1992, p. 190]. The capital employed by the wealthier farmer is larger and its economic efficiency "better" than a smaller capital. "He [the wealthy farmer] also employs better cattle and uses better implements; he purchases more manures, and adopts more improvements". This is Young's capital-intensive farmer, one who has better capital and implements per acre. Having better quality capital is consistent with needing less capital per acre. For example, larger farms could use better wagons to cart their produce to market more cheaply. Young thought the poor state of the roads made "the expense of carrying out the corn . . . prodigious". However, "[s]ome savings may be made . . . by using broadwheeled wagons, for which reason they should ever be used on farms large enough for 9 or 10 horses . . . " [quoted in Mingay, 1975, p. 158]. Marx had the same view: "in production on a larger scale; the saving is on the keeping of horses and other production costs, not by the use of more capital on the same land . . . " [1981, p. 814].

It is undoubtedly true that "whatever may have been the case at [Coke's estates at] Holkham, elsewhere large farms did not bring in the greatest rents . . . " [Turner, Beckett and Afton, 1997, p. 13], but this evidence is not necessarily inconsistent with large farms producing the maximum rate of rent. For example, Nathaniel Kent said, "it is to large estates that we look for moderation in rents, as they were generally let upon a fair and consistent scale . . . ” [Turner, Beckett and Afton, 1997, p. 13]. Kent’s words are consistent with large estates (with large farms) charging capitalist, that is, “fair and consistent” rents. It may be true that small farms “were more likely to yield high rents, pro rata, because they were worked more intensively and effectively . . . ” [Turner, Beckett and Afton, 1997, p. 13]. But why, then did landlords not break up their farms? The answer may be a limited and diminishing supply of small farmers with capital to work them, although this varied over time, and limited administrative resources at the landlords’ disposal to exploit them. With limited supplies of small farmers with capital, the only feasible long-term option was the trend towards larger farms because their “advantages . . . lay in their lower unit costs rather than their greater output [per acre] . . . ” [Turner, Beckett and Afton, 1997, p. 13]. In other words, their advantage was their higher rate-of-return on capital and rate of rent.

CONCLUSION: MARX’S ‘QUEER’ STORY OF RENT AND THE AGRICULTURAL ROOTS OF THE BRITISH INDUSTRIAL REVOLUTION

Detailed study of changes in landlords’ accounts and systems of accountability could allow us to test systematically for the appearance and spread of the capitalist mentality in this important class from around 1750. We have seen some evidence of DEB in estate accounts becoming more common from around 1750. There is some evidence of capitalist calculations for enclosure decisions; of calculations to assess the capital adequacy of tenants, to determine rent increases and rebates. There is evidence of concern for the rate of rent; the length of leases; and for the size of farms. While we need systematic research to fill in the many gaps left by economic historians, these phenomena support Marx’s view that the capitalist mentality became lodged in the collective mind of the landed class from around 1750. Future research must encompass the farm accounts of the larger landowners and lesser gentry, tenants and bailiffs’ accounts. Nor must we forget the writings, accounts and calculations of land stewards from which came many well-known advocates of improvement in addition to Edward Laurence and Arthur Young — those such as William Marshall, Thomas Stone, Nathaniel Kent, and Thomas Davis [Mingay, 1967, p. 27]. Tracing the development of capitalism in agriculture should help to trace its development in industry, Marx’s industrial revolution, and the interactions with the agricultural revolution. Historians disagree about the existence and nature of any links between the agricultural and industrial revolutions [Jones, 1974; Clark, 1999]. For Marx, the key link is the replication in industry of the capitalist mentality and the social relations of production created by the agricultural revolution. What follows outlines his theory of the interconnections between these revolutions, his 'queer story' of rent, and calls for accounting history research on this neglected question.

Marx argued that increases in absolute rent and not differential rent underlay the rapid rise of rents in the later 18th century because, although the productivity of agriculture was increasing, it was growing at a much slower rate than in manufacturing. In his theory, "absolute rent . . . arises from the fact that capital is invested in agriculture rather than manufacture; a rent that is quite independent of differential rent or excess profits which are yielded by capital invested in better land . . . " [Marx, 1969b, p. 242]. Today, the neo-classical orthodoxy recognizes only Ricardian differential rent. Ricardo ruled out absolute rent because he assumed the average prices of all commodities always equaled their labor values. He also assumed that the organic composition of capital (the ratio of variable capital to total capital employed) was the same in agriculture and industry [Marx, 1969b, pp. 129, 244]. Ricardo's theory of rent, therefore, effectively ruled out the agricultural revolution and any further radical development in industry, making a "twofold historical error . . . " [Marx, 1969b, p. 244]. Ricardo assumed the productivity of labor in agriculture and industry were equal, and that with population growth agriculture's productivity would fall [Marx, 1969b, p. 244]. By contrast, in Marx's theory absolute rent arose from "the relatively faster development of manufacture (in fact the truly bourgeois branch of industry) as against agriculture . . . " [1969, pp. 18-19]. This is Marx's "queer" story of rents. It began in the late 17th century when rents increased as capitalistic manufacturing appeared. From around 1750 real (inflation-adjusted) rents began to increase more steeply as the 'industrial' revolution gathered momentum as capitalists pursued the real subsumption of labor. Landlords and their advisors agreed with the political economists that all rent was differential; that real increases arose from agricultural improvement. Landlords therefore invested or had farmers invest, continually boosting agricultural productivity in their search for differential rent. The search continued until, during the last quarter of the 19th century, after a sustained period of high investment, the productivity of agriculture caught up with a now stagnating industry dominated by coal and cotton [Marx. 1969b, p. 110]. Combined with cheap food imports, the rapid increase in labor productivity in agriculture during the later 19th century caused absolute rent to fall sharply. "Landlords were frequently disappointed by the way rents did not rise in proportion to the money invested . . . " [Wade Martins, 1980, p. 98]. According to Marx, landlords were unwittingly reducing absolute rent, undermining their own privileged position through their zealous commitment to the capitalist mentality. When rents fell in the later 19th century the landlords radically restructured their portfolios out of land and into stocks and shares [Beckett, 1986]. Having helped to spread the capitalist mentality throughout society, the landlords, "reduced to a mere receptacle, ceased to fulfill any function in production" [Marx, 1969b, p. 56], and became absorbed within social capital.

To test Marx's theory of the industrial revolution we must investigate farmers' and landlords' accounts in conjunction with those of industrial entrepreneurs [Bryer, 2004a; 2004b]. During the 18th century, "the distinction between landowners and industrialists tended inevitably to be somewhat blurred . . . " [Mingay, 1963b, p. 199]. Industrial enterprises often "developed out of the estates themselves, such as coal-mines, iron- and copper-mines, and even ironworks, canals and tar distilleries, some of which grew to considerable size . . . " [Pollard, 1965, p. 211]. It was no accident that land stewards "branched out as entrepreneurs on their own account and often built up important industrial concerns . . . " [Mingay, 1967, p. 4]. There are clear links between estate managers and emerging industrial enterprises [Pollard, 1965, pp. 25-30]. They had the knowledge, experience, capital, and many probably had a capitalist mentality. Given a shared capitalist mentality, it is not "surprising that in these circumstances that early methods of industrial management were borrowed from the great estate . . . " [Mingay, 1967, pp. 4-5]. Nor is it surprising that by 1750 some management techniques developed on the leading estates "showed many of the characteristics of the adolescent industrial firms . . . " [Pollard, 1965, p. 26]. Mepham, for example, finds that industrial departmental cost accounting paralleled development in farm accounting: "Arthur Young proposed a farm accounting system in which there was a 'departmental' ledger for each field . . . " [Mepham, 1988, p. 60]. Young's tours included some major industrial firms, and his cost accounting for farmers (e.g., 1797) was thoroughly modern, mirroring the development of accounting in the industrial revolution [Juchau, 2002, p. 378; Bryer, 2004a].

The limited accounting evidence we have supports Marx's view that landlords and industrialists were becoming capitalists together. Jones asks of the clearly capitalist accounts of Thomas Lovett (summarized above), "to what extent was this kind of thinking being paralleled in the developing industries in the later eighteenth century? . . . " [1985, p. 72]. His research into early cost accounting in Wales shows the parallels are striking [Jones, 1985]. Jones thinks it "perfectly natural for the mid-eighteenth century to have seen . . . a system of bookkeeping and accountability based on double entry . . . embraced by . . . landlords and industrial and commercial entrepreneurs alike . . . " [1985, p. 60]. However, to establish and explain this convergence we must find and explain broad trends in social accountability; demonstrate exactly what the "community of interests" was that arose from the "intermingling of men of commerce and landowning . . . " [Mingay, 1963b, p. 263]. To do this we must identify and explain the accounts of many individuals, starting with the early capitalist farmers that Marx and others [e.g., Tawney, 1941, 1954] say began the agricultural revolution [Bryer, 2004c].

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Accounting Historians Journal
Vol. 31, No. 1
June 2004

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ACCOUNTING AND THE PURSUIT OF UTOPIA: THE POSSIBILITY OF PERFECTION IN PARAGUAY

Abstract: For utopian socialists the capitalist state's protection and promotion of property rights is the source of entrenched injustice that alienates individuals from their fundamentally moral nature. Substituting cooperative associations for competition as the basis of economic exchange and social relations would allow justice to be reasserted and society to operate on moral principles. In the late 19th century an attempt was made by a small group of idealistic Australian socialists to put these principles into practice in the jungles of Paraguay by establishing the utopian colonies of New Australia and Cosme. An essential ingredient to their vision was a system of exchange in which goods and services were valued, following Ricardo and Marx, according to their labor content or labor value. This required new forms of accounting to communicate and enhance a set of values, ideals and permitted behavior which was very different from that associated with capitalism. Accounting was also to prove critical to the survival of the colonies beyond their initial establishment by the legitimacy it afforded the decision to revoke the right of members, who withdrew, to a share of assets. The accounting system used at Cosme demonstrated a sophisticated understanding that the contributions of accounting were not dependent on private property.

INTRODUCTION

In July 1893 220 men, women and children under the banner "Each for all, and all for each" set sail on a converted transport ship the *Royal Tar* from Sydney, Australia, for the jungles of Paraguay. They were led by the utopian socialist and labor activist William Lane,[1] who at one time supported the revolutionary

[1] William Lane, who would lead the new settlers into the Promised Land, was born in England in 1861, leaving at the age of 15 to work in a variety of occupations in America. In 1885 he arrived in Australia convinced of the

Acknowledgment: I would like to thank the two anonymous reviewers for their helpful comments.

Submitted March 2003
Revised September 2003
Accepted October 2003

overthrow of all governments. He sought to establish in Paraguay "true Social Order as will insure to every citizen security against want and opportunity to develop to the fullest the faculties evolving in Humanity" [William Lane in Souter, 1968, p. 23]. In their original conception, the communities established by Lane and his followers lasted little more than a few years, the utopian idealism that had inspired them to give up everything and settle in a remote land with little more than good intentions having dissipated long before the final dissolution of their utopian colonies New Australia and Cosme. However well-intentioned and ideologically fortified, communal living was unable to withstand the disunity and retreat to self interest produced by personal enmities and rivalries, borne of the possessive individualism to which MacIntyre [2000] refers, which are endemic to all but the most hallowed human societies. The utopia that the settlers sought always remained beyond their grasp.

It was during the disintegration of the Paraguayan colonies that the seemingly incongruous contributions of accounting in the pursuit of utopia were particularly appreciated. As idealism slipped away in the last days the concern of members was no longer the well being of their 'brothers' but rather their own interests. For, "when idealism leaves Utopia, suspicion moves in: thoughts turn from morality to accountancy, from aspirations to scanty assets, and sooner or later . . . someone is bound to ask 'Where did the money go?'" [Souter, 1968, p. 118]. Well before leaving Australia, the New Australia Co-operative Settlement Association had recognized that the prosperity, and possibly harmony, of the colonies would depend on more than feelings of

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injustice of society perpetrated and perpetuated by modern capitalism. As a successful journalist in Queensland he became actively involved in the Australian labor movement, playing a central role in the founding of the Australian Labour Federation and establishing the labor newspapers *The Boomerang* and *The Worker* [Miller 1980, p. 9; John Lane, *Daily Mail,* 17 February 1930; Ross 1935, pp. 25-31]. This, as Gallhofer and Haslam's [2003] study of Henry Hyde Cameron has shown, was a common strategy of labor activists in the late 19th century. While Lane's beliefs about the causes of society's inequities recognized the work of Marx and Engels, his idealistic remedies owed much to the writings of Edward Bellamy. He was also attracted to the Icarian Community Villages established in Illinois by the followers of Etiene Cabet. The other great influence on Lane's life was his mother's puritanical religious convictions [Australian National Library, MS3205; John Lane, *Daily Mail,* 17 February 1930; Ross, 1935, p. 165]. Wilding refers to Lane's utopian beliefs as "mystical, religious communism" [Miller, 1980, Introduction, p. 10]. Ashton [1941, pp. 127-137], who had met Lane in 1895, also was impressed with the strong religious and utopian veins which ran through his beliefs.

kinship between members but also upon detailed accountings and sound management practices. Holyoake, a contemporary of Lane, in his classic study of cooperative movements warned that idealism was not sufficient to guarantee the success of utopian communities; they would also need to maintain a "business watchfulness" [1906, p. 401].

As a response to the social abuses of industrialism perpetrated in the name of capitalist efficiency, 19th century utopians sought to replace a social system determined by property rights with a communalistic conception of society: cooperation not competition would be the basis of social and economic relations. Their mission was to free society of the injustices and oppression permitted for the benefit of property and to provide the circumstances which would allow the essential moral nature of individuals to be released. The laws of the capitalist state were condemned for the way in which they were used to secure for:

> capital the exploitation and monopoly of the wealth produced. Magistrature, police, army, public instruction, finance, all serve one God- capital; all have but one object - to facilitate the exploitation of the worker by the capitalist. (Laws) rob the producer (i.e. labour) of a part of what he has created . . . [Kropotkin in Capouya and Tonkins, 1975, p. 37].

Although all utopian programs, with the exception of modern libertarianism,[2] have had the same essential aims of a peaceful and cooperative existence in which none shall live in want, utopias are highly individualistic creations, reflecting the differing historical contexts in which they are imagined. Utopians have differed primarily in the extent to which private property is tolerated and common ownership is promoted. In his book *The Voyage to Icaria* the utopian socialist Cabet, for example, demanded for his utopia absolute equality and the holding of all property in common, while the French utopians Fourier and Saint-Simon allowed for differences in compensation according to the varying capacities of individuals [Laidler, 1968, p. 113].

The relationship between accounting, property and struc-

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[2] In Nozick's [1974] libertarian capitalist utopia, and that of Hayek [2002], there would be almost no interference with the right to private property. Both Nozick and Hayek portray capitalism in terms of utopian naturalism where the ownership of private property and capitalist markets are entirely consistent with the underlying natural order of society; they could be neither created nor ultimately suppressed by human intervention [Zadek, 1993, p. 23].

tures of power and influence in the modern capitalist state has long been a preoccupation of critical accounting historians [Burchell *et al.,* 1980; Miller, 1990; Loft, 1986]. The ability of accounting to be used for the purposes of economic, social and political oppression is now well recognized in the critical accounting literature. Gallhofer and Haslam [1991, p. 488] refer to the "ideological consequences" of accounting and the way in which "prevalent accountings displace alternative accountings which might transform the consciousness of many social actors and perhaps contribute to a challenging of the capitalist system of power relations. . . . They can steer the perception of what is and is not deemed important in society" [Gallhofer and Haslam, 1991, p. 492]. Bryer's [1991] identification of the way in which accounting reports were used to manipulate ownership of early British railways is a particularly good example of how accounting can be used to maintain entrenched power structures. Foucauldian researchers also have demonstrated the ability of accounting to be harnessed by powerful elites to discipline and control behavior in subtle and, ultimately, unrealized ways [Hoskin and Macve, 1986; Loft, 1986; Armstrong, 1987, 1991; Stewart, 1992; Miller and O'Leary, 1987, p. 243]. Gallhofer and Haslam [1991, pp. 487-488], who favor the insights available from Habermas and the Frankfurt School of Critical Theory, refer to the way in which "the institution of accountancy practice in capitalist society has come to be viewed as an ideological state apparatus, helping the hegemony of the capitalist State to reproduce the political structure". Modes of discipline within capitalist societies become normalized and absorbed into the fabric of social institutions and individual identity to such an extent that they become virtually undetectable. Chomsky [1969, p. 19] has also referred to the way in which the values and interests of ruling capitalist elites become unconsciously assimilated and protected by the state to the point where the identity of the state becomes indistinguishable from the interests of these elites. For Engels [1935, p. 67] the modern state, irrespective of its form, "is essentially a capitalist machine".

As important as it has been for critical accounting scholars to recognize the repressive effects of accounting, notably its complicity in sustaining the edifice of capitalism, Gallhofer and Haslam [2003, p. 100] remind us that "[a]ccounting practice always has some emancipatory dimensions . . . " [see also pp. x, 66]. Too often, they warn, an overly myopic concern for the repressive possibilities and actualities of accounting has resulted in the concealment of this emancipatory potential. They refer to accounting occupying a continuum between repressive and emancipatory possibilities, thereby recognizing that the identity of accounting is not immutable and fixed. Most importantly for this paper, they suggest that the position accounting might occupy along this continuum will be determined by its historical context: its mutable identity "can be variously envisioned by society" [Gallhofer and Haslam, 2003, pp. x, 101]. As easily as it serves the interests of the status quo in capitalist relations, so accounting can be harnessed by radical forces to emancipate.

Despite the alleged dependence between accounting, especially in its double entry form, and capitalism [Sombart, 1913, 1919; Yamey, 1949, 1964], accounting practices have been indispensable also to utopian societies established in numerous locations throughout the late 19th century. Accounting practices, as this paper will confirm and as numerous studies of accounting in mediaeval monasteries and American religious communes have exposed [Denholm-Young, 1933; Searle and Ross, 1967; Stone, 1962; Flesher and Flesher, 1979], have served equally well societies where cooperation as the means of emancipation has been the defining principle of social organization, the antithesis of capitalist competition and possessive individualism.

Through an examination of 19th century utopian socialist conceptions of society, which have yet to establish a significant presence in the accounting history literature,[3] this paper seeks to explore the fundamental nature of accounting as it pertains to private property [Gallhofer and Haslam, 1991; Cooper and Sherer, 1984]. Thereby it recognizes Gallhofer and Haslam's [2003, p. 104] suggestion that more studies are needed to explore the emancipatory contributions of accounting and its "interface with the activities of radical political movements . . . " It also follows Richardson's [1987, p. 351] injunction to demystify accounting and extends the work of Jacobs and Kemp who

[3] Flesher and Flesher's [1979] examination of the Harmonists of Indiana, who sought to establish an ideal religious society in the early 1800s, provides a brief introduction to religious utopian movements. Additional insights into the accounting procedures of religious communities which were also motivated by an idealistic religious conception of society, such as the Shakers and the Quakers, can be found in Kresier and Dare [1986], Faircloth [1988] and Fuglister and Bloom [1991]. None of these organizations, however, was a utopian socialist response to the alienation of labor produced by industrial capitalism of the late 19th century. Gallhofer and Haslam [2003] have examined the use of accounting in the latter decades of the 19th century by the British social activists Henry Hyde Cameron and Annie Besant to promote the interests of labor. Neither Cameron of Besant was the inspiration for the establishment of socialist communities.

sought to "achieve a deeper understanding of the nature of accounting" by challenging "the assumption that accounting is inevitable and therefore a universal good" [2002, p. 150]. Contrary to their findings, an examination of accounting in the utopian colony of Cosme in Paraguay suggests that, where an organized social unit is concerned, the essential nature of accounting may be indeed that of a universal good. Accounting in a state of utopia can be conceived as the ultimate, limiting test of accounting's credentials as a universal social good.

The first sections of the paper provide an overview of utopian beliefs and their striking cardinal consistency from the early and highly influential manifesto of Plato to Sir Thomas More and 19th century anarchists and socialists. When, as 19th century utopians anticipated, competition and private property are no longer the basis of society, then trust and justice would permeate society as a result of the moral life which cooperation and mutual regard profess to release. Of particular relevance for this paper is the primacy accorded in utopian and socialist writings to labor as the enduring source of the value of all goods and services, most often identified with the labor theory of value popularized by Ricardo and Marx. In subsequent sections, the paper interrogates accounting's ambivalent relationship with virtue [Francis, 1990] by examining the practice of accounting in the communal experiment at the colony of Cosme established in Paraguay in the late 19th century by William Lane and the New Australia Co-operative Settlement Association. Two forms of accounting practiced at Cosme are of particular interest: labor value accounting, whereby products arising within Cosme were valued according to the labor time devoted to their production, and withdrawal accounting. These sections rely upon the writings of participants in the Cosme experiment and the newsletters of the New Australia Co-operative Settlement Association, *New Australia* and *Cosme Monthly*, both of which were produced in Paraguay.[4]

THE UTOPIAN VISION: COOPERATION AND JUSTICE

To describe something or someone as utopian is invariably an accusation of irrelevance, of detachment from reality, of unattainability and doom, for no utopias have been enduringly

[4] Both *New Australia* and *Cosme Monthly* are accessible in their original form at the National Library of Australia and the NSW State Library. These provide the most authoritative sources of information about the management and activities of the New Australia and Cosme colonies.

successful [see, for example, Engels, 1935, p. 36; Graham, 1912]. The utopian's dream of a paradise on earth in which all can have the opportunity of achieving their potential, in which want and privation are banished and in which mutual benevolence governs all relations is seen by critics as the ultimate human folly [Wooldridge, 1902, p. 11; Zadek, 1993, p. 4; Collens, 1876, p. 15]. Most detractors take exception to the utopian's generous and optimistic appreciation of human nature which allows for individuals, independent of any form of coercion, to act honorably and morally. Utopia may be ideal for ideal people but not for the 'passionate' and imperfect [Narveson, 1996, p. 195]; Tuchman, 1966, p. 69; Buchanan, 1978, pp. ix, 3, 37].

The word 'utopia' was famously coined in 1516 by the English cleric and martyr Sir Thomas More in his book *Concerning the Best State of a Commonwealth and the New Island of Utopia,* widely known as simply *Utopia*. More's new word was a clever play on two Greek words, *outopos*, meaning no place, and *eutopia,* a happy or fortunate place of perfection [More, 1999, p.xi]. That utopia existed 'nowhere' endowed it with possibilities denied societies constrained by the realities of their earthly existence. William Morris' influential utopian book *Letters from Nowhere* [1891] also recognized this association between the blessings of utopia and its essentially ethereal nature. Utopias enabled the expression of potentialities and possibilities of escape. More's utopia promised "a new set of habits, a fresh scale of values, a different net of relationships and institutions . . . " [Mumford, 1974, p. 21]. It was to be a society in which conflicts would be unable to find root, a society in which benevolent cooperation and justice would replace destructive and divisive competition which sees individuals come together only out of selfishness and greed [Marx, 1971, p. 155; Wooldridge, 1971, p. 13; Holyoake, 1906, p. 343]. No longer would workers in More's utopia be compelled to be each others rivals in order to secure a dignified existence for themselves and their families. Instead of a meager, insulting sustenance everyone would be assured access to whatever they required. Nothing was refused amidst the plenty of Utopia [More, 1999, Book II, p. 56]. All things were treated as common property, for "wherever you have private property, and money is the measure of all things, it is hardly ever possible for a commonwealth to be governed justly or happily . . . " [More, 1999, Book I, p. 38].

Utopians sought to re-enter Eden and to claim the birthright promised to all by God. They did not regard human beings with the gloomy pessimism of Hobbes who disputed that the utopians' desire to return to a 'state of nature', the world before political societies were established, would provide the antidote for the evils of society. Hobbes [1968] saw in the state of nature only barbarism, fear and dissention, not the cooperation and virtue of the utopian. According to the utopians, happiness, the aim of all individuals, would be secured when the well being of the collective became the concern of each in the pursuit of "illimitable human perfectability"[5] [Engels, 1935, p. 39; Collens, 1876, p. 2]. Even Adam Smith's enthusiasm for the virtues of the market did not prevent him from appreciating the role played by selfless acts in human motivation. He observed that "[h]owever selfish soever man may be supposed, there are evidently some principles in his nature, which interest him in the fortune of others, and render their happiness necessary to him, even though he derives nothing from it, except the pleasure of seeing it" [Smith, 1759, p. 9].

Sir Thomas More may have provided a literary model and a new word to describe the aspirations of those seeking a world of virtue and brotherhood but he is only one of a long line of writers, each with their own prescriptions for a heaven on earth. "From the remotest time", reminded William Lane, there have been "universal longings for perfection . . . (which) differ only in their nature and place of application, all being born in the heart of our common humanity which yearns instinctively for whatever helps to happiness" [William Lane in *Cosme Monthly*, August 1897, p. 1]. Despite the great variety of utopias, utopian writings have been essentially invariable in their ultimate goals and idealistic conception of human nature. The utopian ideal of a just society was for Orwell [quoted in Kumar, 1987, p. 2]

[5] In many utopias, including that of Sir Thomas More and the utopian communities of William Lane in Paraguay, divine peace and justice would only be achieved by a strong central authority with the power to oversee all aspects of society. In H.G. Wells' 'modern utopia' [1905, p. xv; see also Mumford, 1974, p. 4] the central authority had the power to insist on knowing the location of every individual at all times. There would be in More's utopia "no hiding places; no spots for secret meeting . . . (T)hey live in full view of all . . . " [More, 1999, Book II, p. 60]. To the sceptical critics of utopia, Wells' prescription sounded like a license for totalitarian tyranny, the opportunity for society to become the very opposite to that which was envisaged. Utopians in reply have reminded their detractors that the liberation of the essential goodness of individuals in utopia would ensure that all decisions would be made in the interests of all, and not a privileged elite. This would prevent the system of government required to bring about utopia from degenerating to the level which had always afflicted societies. See also Zadek [1993, p. 117].

something which "seems to haunt human imagination ineradicably and in all ages, whether it is called the Kingdom of Heaven or the classless society". Hetzler [1965, pp. 99-120] suggests that a utopian heritage in western thought can be traced back for over 24 centuries to Plato and his *Republic*. Indeed, scholars suggest that all utopias since Plato have been but variations of the model provided by Plato, possibly with the exception of that portrayed in the teachings of Jesus [Bauman, 1976, p. 18]. In classical Greece these included Aristotle's *Politics*, Homer's *Odyssey* and Hesiod's *Works and Days* in which men "lived as if they were gods, their hearts free from all sorrow and without hard work or pain" [Hesiod quoted in Kumar, 1987, p. 3; Genovese, 1983, pp. 9-28].[6]

Arcadian idylls are also a prolific feature of writing in the 18th and 19th centuries. Rousseau [1952], in his *Dissertation on the Origin and Foundation of the Inequality of Mankind,* saw a natural, innate compassion in each person, present when humankind lived in a state of nature, which had been corrupted by humankind living in a *state of society*. Society had "made man wicked . . . " [Rousseau, 1952, p. 348]. Robert Owen is possibly the best known 19th century utopian who was prepared to put his beliefs into practice with his communal settlements at New Lanark in Scotland and New Harmony in America [Manuel and Manuel, 1979, pp. 676-693; Engels, 1935, p. 42]. Amongst the more influential 19th century utopian works were those of H.G. Wells, William Morris, Etienne Cabet and Edward

[6] A utopian heritage is a pronounced feature of Jewish and Christian religions with the Hebrew prophets Amos, Hosea, Isaiah and Jeremiah, teaching in the 7th and 8th centuries B.C., the harbingers of the Christian preoccupation with the perfectibility of flawed humankind and the heavenly reward of the redeemed. Holiness, whereby one aspired to a spiritual life in conformity with the teachings of God and in which the destructive deceptions of this earthly life were cast off, was the ultimate manifestation of the aspirational ideal. Then the true, God-like nature of humankind present at Creation would be reasserted. "The eyes of the blind shall be opened and the ears of the deaf shall be unstopped" [Isaiah 35: 5-6]. "Nation shall not lift up sword against nation, neither shall they learn war anymore" [Isaiah 2: 4]. Jesus' teachings confirmed the idealistic message of the prophets but also provided the practical prescriptions necessary to achieve redemption and enter the presence of God. It is in Jesus' teaching, suggests Hetzler [1965, p. 70], that utopianism reaches its summit. Later Christian writers, such as Augustine in his *City of God,* envisaged an ideal society which was held together by bonds of brotherly love, where the absence of private property meant that greed and the threats to the soul associated with property would be banished.

Bellamy. Bellamy's novel *Looking Backward* [1887] was especially influential in the late 19th century,[7] inspiring utopian movements in America, Britain and Australia. Most importantly for this paper, *Looking Backward* was to have a seminal influence on William Lane, the founder of the Australian colonies in Paraguay. *Looking Backward* has the central character, Julian West, falling asleep in 1887 to awaken 113 years later in 2000. Instead of the grime and decay of Boston in the late 19th century, West is confronted with a new Boston in which there are no politicians, no corruption, no riches or poverty, in which peace reigns and all production and distribution of goods is based upon equality and cooperation [Bellamy, 1887, p. 39, chapters IX, X]. There is no money, no shops, only central stores for each district from which anyone can take whatever they need. The amount each individual received depended solely on a "person's humanity. The basis of his claim is the fact that he is a man" [Bellamy, 1887, p. 55]. This, the focal message of the book, was the touchstone of utopian beliefs and of the Australian utopian socialist William Lane's vision for a fair society.

UTOPIANISM AND SOCIALISM'S LABOUR THEORY OF VALUE

Utopian movements in the 19th century found expression in a number of ways, most notably as cooperative societies and through anarchism and socialism. William Lane [Miller, 1892, pp. 112-113] praised "the Anarchist ideal . . . (as) the noblest of all human ends. . . . Anarchical Communism, that is men working as mates and sharing with one another of their own free will, is the highest form of socialism. . . . [I]t is the only form of Socialism possible among true socialists". Kamenka [1987, pp. 69, 70] and Engels [1935, p. 43] refer to anarchism as the pre-

[7] Hetzler [1965, p. 227] refers to *Looking Backward* as having an "unprecedented vogue in the nineties . . . ", while Wilding describes it as "an immensely influential work for the labour movement . . . " [Miller 1980, p. 37]. After *Uncle Tom's Cabin,* written by Harriet Beecher Stowe, Bellamy's book was the largest selling 19th century novel in the United States, selling more than one million copies. Beilharz [1992, p. 5] describes *Looking Backward* as "(a)fter Owen the greatest event in English-speaking utopias of the nineteenth century". Among the books inspired by Bellamy were Bird's *Looking Forward: A Dream of the United States of Americas in 1999,* Vinton's *Looking Further Backward,* Geissler's *Looking Beyond* and, most significantly for utopian literature, *News from Nowhere* by William Morris.

decessor to socialism and socialism as the continuation of an older utopian tradition. Socialism's utopian lineage was recognized by Marx and Engels in the *Communist Manifesto,* and Engels in *Socialism: Utopian and Scientific*. Although socialism and anarchism each took a very different stance towards the state, both were utopian prescriptions for society in which the competition and selfish individualism of capitalism would be replaced by co-operation and the interests of the collective. Instead of justice, accused the anarchist Kropotkin [1927, pp. 36, 55], markets and the capitalist state had brought "forth chaos; instead of prosperity, poverty and insecurity; instead of reconciled interests, war; a perpetual war of the exploiter against the worker".

According to utopian socialists, all wealth is derived from the application of labor to land. Without labor nothing would be created and life would not be possible. Labor, therefore, was the true value of all that was produced [Collens, 1876, p. iii; see also Hodgskin in Hodgson, 1982, p. 111]. "The moment man . . . bestowed labor on anything, he created value, price, and ownership. . . . Labor is the real measure of the exchangeable value of all commodities and services" [Collens, 1876, pp. 21, 58; Marx, 1971, pp. 7, 11]. Both Adam Smith and David Ricardo had argued that the amount of labor devoted to products was the primary source of their 'exchangeable value', as opposed to their 'value in use' [Ricardo, 1911, p. 5; Smith, 1776, Book I, chapter 5]. For example, should just two products be available, deer and fish, "the comparative value of the fish and the game would be entirely regulated by the quantity of labour realised in each. . . . If more or less labour were required in the production of . . . (one) commodity . . . this will immediately occasion an alteration in its relative value" [Ricardo, 1911, pp. 15, 18; also Marx, 1971, p. 5]. Later, in *The Poverty of Philosophy,* Marx also concluded that "there is no exchange of products- but there is the exchange of the labour which co-operated in production" [quoted in Meek, 1956, pp. 145-146; Smith 1776, Book I, chapter 5]. Locke professed similar views with his *labor theory of property* which accorded each individual the right to whatever he/she removed from the state of nature if it was 'mixed' with their labor [Locke, 1884, Book II, Chapter V, section 27]. Accordingly, labor alone gave value and provided the sole grounds for ownership of property [Marx, 1971, p. 7].

The exchange value of commodities, according to Marx [1971, pp. 5, 149, 167], bore no relation to their use-value. Instead, exchange value was determined by the "labour-time socially necessary" for producing a commodity.[8] In turn, the value of 'labor-power', or the physical effort expended over a period of time to produce a commodity, was determined ultimately by the minimum cost of ensuring that the laborer is maintained in a fit state to work [Marx, 1971, pp. 151, 152]. Any difference between the value of labor-power and the exchange value of a commodity constituted surplus-value, the creation of which is the sole aim of capitalist production and the source of labor's alienation [Marx, 1971, p. 517; Arthur, 1986, p. 7]. Thus, if workers labor for 12 hours a day but only six hours are necessary to ensure labor's bare subsistence, in other words the labor-power necessary for labor to reproduce "its own value", the difference of six hours for which the worker is not paid is the 'surplus value' which is appropriated by the capitalist [Marx, 1971, p. 191; Whitaker, 1968, p. 65; Meek, 1956, p. 183]. By paying the worker the minimum possible for their day's effort capitalists fraudulently deprive labor of its just share of productive efforts with the result that the product of labor "constitutes the debt of the capitalist to the producer, which he never pays; and it is this fraudulent denial which causes the poverty of the labourer, the luxury of idleness, and the inequality of conditions" [Proudhon in Woodcock, 1971, p. 105].

For utopian socialists there was no difference between the use value created by labor and the exchange value of a commodity. Thus, there was no surplus value; labor should receive the entire value of the product created.[9] The results of production would be made available to all according to their needs with each form of labor, irrespective of its 'talent and genius', having equal value and entitled to the same reward [Kropotkin, 1927, p. 59; see similar views of Godwin and Proudhon in Nursey-Bray, 1992, p. xv]. When all members of the community wanted to contribute to the well being of society there was no need to provide the incentive of greater gain for greater effort as promised by capitalism. An economy built upon socialist mutuality would ensure a society in which justice predominated and harmony was the norm. "To understand Socialism", wrote William Lane under his *nom de plume* John Miller [1892, Preface], "is to

[8] One reviewer of this paper noted that, while this had been Marx's belief in the first two volumes of *Capital,* in the third volume he moved his position by relaxing the assumption that exchange value is determined solely by socially necessary labor.

[9] This position can be contrasted with Marx's scientific socialism in which any surplus from production would accrue to society, not to individuals.

endeavour to lead a better life, to regret the vileness of our present ways, to seek ill for none, to desire truth and purity and honesty, to despise this selfish civilisation and to comprehend what living might be".

The predominantly socialist Australian labor movement in the late 19th century suffered no misty-eyed illusions about the intentions of capitalist elites and the consequences of capitalism. The impoverished lives of the majority of Australian workers and the violent resistance of capitalists to any moves to improve working conditions ensured that the movement was securely embedded in the class antagonisms of Marx and Engels [see especially Ross, 1935 and Svensen, 1989]. Unlike Marxian socialists, utopian socialists within the Australian labor movement renounced all forms of violence. A class struggle was not a necessary prelude to the achievement of their goals; they had abolished class distinctions.[10] Unlike Marx, they were not interested in liberating a particular class "but all humanity at once" [Engels, 1935, p. 33]. Instead of forcefully deposing existing political structures, utopian socialists sought a fresh start beyond the grasp of existing social handicaps [*New Australia*, Vol. 1, No. 1, November 1892, p. 2]. The social perfection sought by William Lane, which would ensure that "men and women can work as mates, each for all and all for each . . . " [*New Australia*, Vol. 1, No. 1, November 1892, p. 1], would only be possible if conditions were provided to allow new habits, new beliefs and new attitudes to develop beyond the influence of the old ways and understandings of a competitive and diseased society [William Lane in Ross, 1935, p. 179; Souter, 1968, p. 24; *New Australia*, Vol. 1, No. 1, November 1892 and Vol. 1, No. 7, 29 April 1893].

THE PRINCIPLES OF COOPERATION IN PRACTICE: THE NEW AUSTRALIA AND COSME SETTLEMENTS

The gaoling in 1891 of 12 shearers who had been part of a nationwide protest against the indifference of their government during a savage economic recession finally convinced Lane that his vision of a society based upon cooperation and mateship

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[10] Utopians and socialists parted ways early in the 19th century when Marx and Engels rejected the preoccupation of utopians with the essential moral nature of individuals and the social inclusiveness which was essential to the utopian mission. Engels referred to them as having "crude theories" [Engels, 1935, pp. 36, 44]. Despite efforts by Marx and Engels to eliminate utopianism as a competitor, Beilharz [1992, p. 7; see also Geoghegan, 1987] argues that utopian images still abound throughout *Capital* and the *Communist Manifesto*.

would never be possible within Australia[11] without the revolution advocated by Marx [see Miller, 1892, Introduction, pp. 13-14; Ross, 1935, pp. 165, 187-189; Whitehead, 1997, pp. 53-57; Svensen, 1989]. Capitalists in Australia had demonstrated that they would not be hindered in their efforts to isolate each worker to ensure that they would succumb to the will of the capitalist [Marx, 1971, p. 285]. Accordingly, the New Australia Co-operative Settlement Association, which was formed in the late 1880s by William Lane and like-minded labor activists to attract, transport and settle people in a new community, began to search for suitable places well away from Australia. As one of the least populated areas of the world that abounded in fertile land, South America first attracted the attention of Lane and his followers at the New Australia Co-operative Settlement Association as the place to establish:

> true Social Order as will insure to every citizen security against want and opportunity to develop to the fullest the faculties evolving in Humanity. Therefore, . . . (i)t is desirable and imperative that by a community wherein all labour in common for the common good actual proof shall be given that under conditions that render it impossible for one to tyrannize over another, and which declare the first duty of each to be the well-being of all and the sole duty of all to be the well-being of each, men and women can live in comfort, happiness, intelligence and orderliness unknown in a society when none can be sure today that they or their children will not starve tomorrow [William Lane in Souter, 1968, p. 23].

Accordingly, emissaries were dispatched in 1891 to Argentina to obtain land for the new settlement. When the Australians were unsuccessful in their negotiations with the Argentinean Government for good quality, easily accessible land, Paraguay offered to provide the quality land that they sought.[12] The New Australia settlers may have been idealistic in their aspirations but they were also very aware that the success of their venture would depend upon their ability to be economically self-

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[11] An application for land from the NSW Government to establish a utopian community was initially approved by the Minister of Lands but this was overturned by cabinet which was suspicious of any movement which sought to establish a rival economic system [Ross, 1935, p. 166].

[12] For details of these negotiations and the eventual settlement in Paraguay see Souter's [1968] authoritative account.

supporting from the very beginning. Paraguay's comfortable climate, rich soils and varied agricultural produce promised to give the settlers the conditions necessary to ensure the survival of their community. "Found splendid land in Paraguay well watered and timbered", assured Lane's scouts in an extensive report on the natural and political merits of Paraguay; there were also good markets in Buenos Aires and Montevideo [*New Australia,* Vol. 1, No. 4, 18 February 1893, p. 2, also Vol. 1, No. 6, 8 April 1893; Souter, 1968, p. 44]. Thus, the Paraguayan Government's offer of 463,100 acres of land near the Tebicuary River was readily accepted. Unfortunately, even in the jungles of Paraguay the settlers were to learn that the interests and inhibitions of capitalism could not be escaped entirely, eventually undermining their utopian socialist ideals.

Before the settlers boarded the *Royal Tar* in Sydney disagreements and controversy erupted between members of the prospective New Australia colony over the adequacy of preparations and Lane's management skills[13] [see Whitehead, 1997, pp. 197-200; Souter, 1968, pp. 85-91; Ross, 1935, p. 201; *Bulletin*, 17 June, 1893]. Thus, when the first colony of New Australia was established in 1893 in Paraguay the seeds of its disintegration had already been sown, eventually provoking the departure from New Australia in early 1894 of Lane, with Harry Taylor and 57 men, women and children to establish a new settlement named Cosme, 100 kilometers south.[14] Later, one colonist at New Australia concluded that the cooperative experiment had failed because "we ran up against ourselves . . . However workable communism may be for angels, we were not suited to it"[15] [quoted in

[13] All male members had to contribute £60: a preliminary £10 payment and then a further £50, which was potentially refundable. Women and children went free [*New Australia*, Vol.1, No.1, November 1892, p. 4]. In Sydney some members who changed their mind about leaving Australia had discovered that their payments had not been paid into a Savings Trust Account as promised. Instead, the money had been used to purchase and outfit the *Royal Tar,* thereby contradicting the Association's assurances that an "expert accountant superintends the Association's books" [William Lane in Ross, 1935, p. 195]. Matters were not improved when one of the officers Lane had entrusted with the application monies disappeared at the height of the furor and before an audit could be carried out [Souter, 1968, p. 118]. During the voyage when the group split into two rival camps, one loyal to Lane, Lane at one stage felt compelled to offer his resignation as their leader. This, however, did not resolve matters beyond the duration of the voyage.

[14] Cosme took its name from the Paso Cosme ford on the Tebicuary river.

[15] Like many strong-minded visionaries, Lane was a charismatic figure who would brook no opposition and was known to be intolerant of criticism. After

Souter, 1968, p. 138; Australian National Library, MS3205]. As New Australia began to collapse after the departure of Lane, individualism reasserted itself over ideals when all land was divided between those remaining. Mary Gilmore, who had stayed behind in New Australia and later became an iconic Australian literary figure, described how "the idea of communism is practically dead and the well doing financially of the colony is the one thing. 'What will pay best?' is the idea" [Mary Gilmore in Souter, 1968, p. 188].

The aim in establishing Cosme, as it had been at New Australia, was to "reduce the chaos of the outer world to strictest order, and by thorough systematising to prevent the waste of labor[16] and the misplacement of goods which continually occurs under the competitive no-system" [Harry Taylor quoted in Gobbett and Saunders, 1995, p. 95; see also "What Cosme Works For", *Cosme Monthly,* February 1897]. The only qualifications for entry to the Elysian fields of Cosme were a commitment to the principles of the community, surrender to the community of any private property and a 'white skin'.[17] Irrespective of whether a member had contributed property or the amount of property surrendered, which in some circumstances might be returned, all were treated as equals. The only time that the amount of property contributed might have any relevance was when a member of the community wished to withdraw [see below]. All

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the failure of the New Australia settlements he was to be accused by his enemies of being dictatorial, power mad and a religious fanatic; accusations which he strongly denied [*New Australia*, Vol. 1, No. 2, 19 December 1892; Australian National Library, MS3205; Ross, 1935, pp. 223,250]. One dissenting member of the New Australia settlements in May 1898 criticized Lane as "a madman . . . , a knave seized with the madness of ambition, and for that he will barter truth, justice and the whole world . . . " [quoted in Souter, 1968, p. 181; Graham, 1912, p. 22]. Indeed, Lane's alleged lust for power and his religious obsession were seen at the time as the Scylla and Charybdis against which the New Australia settlements floundered [Gobbett and Saunders, 1995, p. 9]. For a highly critical and derisive portrayal of William Lane and the colonies of New Australia and Cosme see Graham [1912]. Lane also had his staunch supporters, for whom Lane could do little wrong. Harry Taylor, who was with Lane from the beginning of the New Australia movement, described Lane as "a grand man . . . , the more I know him the more I love him" [Gobbett and Saunders, 1995, p. 9; also Ross, 1935].

[16] The spelling 'labor' was adopted in 19th century Australia by movements representing the wage earner. To this day this is the spelling used by the Australian Labor Party.

[17] Reflecting the Australians' British heritage, the Australian Co-operative Settlement Movement was unapologetically racist: there was no place in their utopia for the native population.

land and the implements necessary for its cultivation were owned by the community and its bounty shared amongst all members. The only hope for society, had warned Sir Thomas More [1999, Book II, p. 39], was the elimination of private ownership of the means of production. William Lane and the New Australia Co-operative Settlement Association did not reject capital of itself, only the way it was owned and used for the benefit of a few. Those who labored the least under capitalism were the ones who gained the most from the exertions of those who contribute the sweat of their brow [*New Australia*, Vol. 1, No. 1, 1892, pp. 1, 2; Wooldridge 1902, p. 17],

The utopian credentials and aspirations of Cosme were confirmed by William Lane's brother, John, for whom "the life within reach of our outstretched hands (at Cosme) is the heaven of which William Morris dreamed and Sir Thomas More saw afar off" [*Cosme Monthly*, October 1900, p. 1]. Very quickly the new settlers at Cosme established a thriving, viable community where "the right way of living is to be a man and not a beast; to live for others and not for one's self . . . " [*Cosme Monthly,* January 1897; see also John Lane in Ross, 1935, pp. 264-265]. So productive were they initially that Taylor felt compelled to remind the settlers that Cosme's aim was "the development of her own home resources primarily for their immediate use and lasting comfort" and only then should they take advantage of opportunities to sell excess products on local markets [Harry Taylor in Gobbett and Saunders, 1995, p. 88]. As early as 1894 Harry Taylor was boasting that as a result of "a strong desire to seek the public good above all other things…" the members of Cosme were already wealthier than similar English-speaking workers [Harry Taylor in Gobbett and Saunders, 1995, p. 89]. Throughout Harry Taylor's correspondence from Cosme[18] [see Gobbett and Saunders for further examples] the importance to the community of strong economic foundations and sound management practices anchored in the technologies of accounting are obvious with repeated references to 'yearly balance sheets', 'marketable products', 'profitable' activities, products that 'pay well' and 'financial position'.

[18] Taylor's letters from Cosme were intended for recruitment purposes rather than to serve as statements of accountability. Taylor sought to make it clear to potential settlers that they were not throwing away their money on some wild scheme which was doomed to failure and that Cosme was financially well managed.

Production was arranged around three departments: the Garden Department, which was responsible for all activities associated with growing a large range of fruit, vegetables and trees; the Stock Department which managed the animals of the community; and the Stores Department, which was responsible for receiving the produce of the other two departments, storing it, issuing it to members and selling any surplus on local markets[19] [*Cosme Monthly*, December 1894, January 1897]. In addition to agricultural products, numerous artifacts produced at Cosme were sold on markets in Paraguay, England and Australia [for a catalogue of products see *Cosme Monthly,* November 1898]. This would have been anathema to Bellamy for whom all buying and selling were inconsistent with mutual love and a strong sense of community. These activities were "an education in self-seeking at the expense of others . . . " [Bellamy, 1887, p. 53]. For the colonists at Cosme reliance upon external markets was but a temporary expedient which would soon be replaced by exchanges based solely on labor value.

ACCOUNTING IN PARADISE

Labor Value Accounting: Throughout Cosme's brief existence both money and labor were used as measures of value, although it was only 'a question of time' the colonists believed before everything was placed on a labor value basis. There were, as in Bellamy's Boston in the year 2000, to be no internal exchanges between individuals of "the various things needful to life and comfort" [Bellamy, 1887, p. 52]. All needs at Cosme were to be met from a central communal store. Consequently, with no internal exchanges of goods there was no need for money as an internal medium of exchange. Instead, a system of credits, replicating that advocated by Bellamy, provided the means by which the needs of each member could be met in a fair and equitable manner [Bellamy, 1887, p. 52; Wooldridge, 1902, p. 244]. 'Inside credits' were provided for goods produced within Cosme and

[19] The administrative and work arrangements for Cosme and New Australia, whereby the community was administered by an elected Director with the support of a Board of Superintendents, bore a striking resemblance to those suggested by Sir Thomas More and Edward Bellamy [More, 1999, Book II, pp. 49, 51; Bellamy, 1887]. Cosme's constitution also provided for members of the community who transgressed against the governing principles of the community, including a total abstinence from alcohol, to be banished [*Cosme Monthly,* September 1896].

'outside credits' for articles purchased on local markets. Although the credits at Cosme had dollar values, as in Bellamy's utopia only the word dollar had been kept "but not the substance. The term . . . answers to no real thing, but merely serves as an algebraical symbol for comparing the values of products with one another" [Bellamy, 1887, p. 53]. Thus, the dollar value assigned to internal credits at Cosme was not a measure of the monetary value of the goods taken from the central stores, rather it corresponded to a value of the labor content of goods and services [see below]. Each member received the same credits, for all labor at Cosme had the same value, irrespective of levels of skill and experience.[20] Inside credits for adults were $10 (Paraguayan dollars[21]) per month, children over 12 years $7 a month and children under 12 years $5 per month. Outside credits were $1.50 per month for women and $1.10 for men. Children were allowed $0.75 [*Cosme Monthly*, June 1895].

Each member kept a record of their credits on a credit card in the form of a chequerboard; inside credits on one side and outside credits on the other, a system which again was remarkably similar to that advocated by Bellamy in *Looking Backward* [1887, pp. 52-53], by Collens [1876, p. 65] in his Eden of Labor and the labor notes used by Robert Owen [Engels, 1935, p. 43]. Whenever produce was taken from the communal store the number of squares representing the dollar amount assigned to the purchase would be struck out on the credit card. At the end of the month any balance of inside credits, which were meant solely to facilitate daily living, was erased with outside credits allowed to accumulate from month to month, until late 1898 when the practice was discontinued [*Cosme Monthly*, September 1898]. Credit cards were a means of facilitating management of Cosme's oftentimes meager resources, not a precaution to prevent abuse, for in the utopia of Cosme, as in Bellamy's Boston of 2000 A.D. and More's Utopia, when mutual regard governed all aspects of life none would seek to advantage themselves at the expense of others. The well being of each was in direct proportion to the well being of all, unlike capitalism "which made the

[20] Originally, the working week was four and a half days, eight hours each day with any work above the minimum credited to the worker. This was increased in May 1898 to five and a half days a week [*Cosme Monthly*, May 1898]. Following the example of Sir Thomas More's Utopia, no one was to "exhaust himself with endless toil . . . as if he were a beast of burden" [More, 1999, p. 51].

[21] All dollar amounts refer to the Paraguayan dollar.

interests of every individual antagonistic to those of every other . . . " [Bellamy, 1887, p. 54].

The successful operation of Cosme's new economy based on labor value depended upon an accurate accounting of labor time, not for the purpose of determining entitlements of each member but to manage production and distribution. This required new forms of accounting for management planning and decision making; accounting which embodied the core principle of a community of interests upon which Cosme was founded and upon which its existence depended. Accounting at Cosme would be harnessed in the interests of labor instead of capital. In a society premised on cooperation rather than competition, where justice was no longer defined in terms of property rights and in which the value of goods and services was determined on the basis of their labor content rather than the capitalist's 'value in exchange', the "most vexing problem", according to Tuchman [1966, p. 73], was "the question of an accounting of the value of goods and services". At Cosme however, their innovative system of accounting for the value of products on the basis of labor value or labor time presented few problems, mainly because the colony always remained very small, the number of people at Cosme never exceeding 131, and the considerable business experience of some of the members [Ross, 1935, p. 311; *Cosme Monthly*, December 1896].

Although most of the settlers at Cosme had little or no education, and none had been to university [Australian National Library MS3205], William Lane, amongst others, had gained considerable business experience when he operated *The Worker* and *Boomerang* newspapers [Beckingham, 1993, p. 7]. One early member, John Sibbald, had been a qualified accountant in Adelaide [Ross, 1935, p. 186]. Appreciating the essential contributions that rational management practices would make to the success of their colony, these business habits were not left behind in Australia by Lane and his lieutenants. Accounting in particular was accorded at all times throughout Cosme's existence a prominent presence in the management of Cosme's finances and its operations and in fulfilling accountability or stewardship obligations, both to Cosme's members and to supporters in Australia. Thus, reflecting the array of accounting information maintained by the colonists, from the first days of Cosme weekly reports of work completed were provided to the community with monthly financial reports published from July 1895 in *Cosme Monthly*. The monthly accounts also incorporated statements of working time lost to illness, a record of the nature of the illness, the labor hours each person worked, the activities on which each was engaged, the proportion of total work devoted to each activity and the distribution of produce to the members [see for example, *Cosme Monthly*, November 1895]. As a preliminary step to the substitution of labor values for money as the measure of all economic values, in October 1896 the colony commenced the practice of auditing and reporting the labor value of the colony's main administrative departments, as shown in Figure 1 below, in order "that labor values of village products can be definitely established and that a correct relationship between labor and cash credits can in the future be established..." [*Cosme Monthly*, October 1896]. From 1897, as Figure 2(B) in the following section demonstrates, labor valuations also appeared in the annual reports as an alternative measure of the value of some assets [*Cosme Monthly*, May 1897]. Eventually all assets were to be valued in this manner.

FIGURE 1

Community Labor Time, October 1896
(Four Weeks to 31 October 1896)

Agriculture (farm, orchards, gardens)	403 days 2 1/2 hours
Building (sawing, carpentry, smith)	241 days 5 1/2 hours
Stock (dairy, piggery)	171 days 4 hours
Miscellaneous	214 days 2 hours
	1030 days 6 hours
Accumulated holidays	982 days

Source: *Cosme Monthly,* October 1896.

Given the numerous natural threats to the survival of the colony and its dependence essentially on the labor of its members, it is not surprising that a keen interest was taken in their labors and that a detailed accounting was made. However, the labor accounts were more than reckonings of accomplishments. Rather, they were also a cogent, visible expression of the beliefs that sustained each member by giving recognition, both symbolically and for practical purposes, to the contributions of labor. Labor accounting was an ever-present reminder of the principles upon which the colony was founded. Accounting for labor value, as measured in time expended, provided the means to meld diverse contributions, all of which were valued equally and according to the common metric of time. Recognizing some labor as more valuable than others, and, therefore deserving of the higher reward favored by Ricardo [1911, p. 11] would be meaningless in a community where all had the same entitlements and where individual well-being was entirely dependent upon the well-being of the collective [*Cosme Monthly*, May 1896].

Whenever products were bought or sold on external markets the idealists at Cosme were compelled to resort to the use of money and to be governed by monetary values, a state of affairs which they believed would soon be remedied once their success was known to the world which would then eagerly follow their example. They were also forced to use monetary valuations whenever a member decided to leave the colony, for Cosme's original constitution provided for a payment in Paraguayan dollars to each member to help them settle outside the colony. Accounting for the valuations necessary in determining payments to members when they withdrew from the community, however, was to prove especially problematic with the choice of valuation methods at one stage threatening the very existence of the colony [see Taylor's comments in Gobbett and Saunders, 1995, p. 95; *Cosme Monthly*, February 1899].

Withdrawal Accounting: Should members wish to leave the community at Cosme, in the early years it was possible for them to take a share of the wealth that they had helped create [*Cosme Monthly*, May 1896]. The maximum withdrawal share was accumulated over a period of ten years; a one tenth share for each year at Cosme. At the same time, each year each member lost one tenth of the amount of capital that they had contributed upon entry to Cosme. This meant that, after ten years, payment to a member at the time of withdrawal, known as the 'withdrawal-share', would be determined solely on the basis of their standing as a member of the Cosme community [Taylor in Gobbett and Saunders, 1995, p. 94]. Thus, both entry to the colony and withdrawal required detailed accounting records. The experience of the Harmonists in the early 1800s would seem to indicate that amongst utopian movements, whether secular or religious, payment of withdrawal shares was a common practice [see Flesher and Flesher, 1979].

In addition to an allowance for the time spent with the community, to a maximum of ten years, the withdrawal-share was based upon two further components: a share in 'movables', assets which included tools and products available for daily consumption, and a share in the "working value of improvements". Land was not to be valued for the purposes of determining withdrawal-shares. Indeed, apart from a record of the original cost of the land shown in the annual accounts for the first three years, no attempt was made to determine the realizable value of the land. From 1897 onwards land did not appear in the annual accounts, mainly to ensure that its presence in the accounts could not be construed as meaning that land value was to form part of the determination of the withdrawal-share [*Cosme Monthly*, May 1899]. From the establishment of Cosme land was treated as an indivisible asset of the community, not an asset of its individual members; it was the basis of its survival and the embodiment of an enduring commitment by the resident members. Therefore, both for ideological and practical reasons land was not available for distribution. To act otherwise was to betray the commitment of those remaining and to admit compromise in the colony's mission. "In land itself is our nation's wealth, as the wealth of all communities . . . ; in the land which has absorbed our labor and holds fast thereto" [William Lane in *Cosme Monthly*, June 1899].

Accounting for the withdrawal of members was based upon asset valuations expressed in Paraguayan dollars, excluding land, principally found in the annual reports of Cosme. The main part of the annual accounting reports consisted of a 'Cash Balance Sheet', or cash statement, and a 'Statement of Liabilities and Assets'. Two annual reports are provided in Figure 2, the first from May 1895 which shows land in the Statement of Liabilities and Assets. In the second set of accounts, from May 1897, of which only the Statement of Liabilities and Assets is reproduced, land does not appear and the labor value of some assets is provided.

While the form and purposes served by the Cash Balance Sheet changed little over the life of the community, a major, and highly original, innovation in the Statement of Liabilities and Assets was forced upon the community in 1898. For the first three years of Cosme's existence the valuations used for determining the withdrawal-share were based upon the replacement cost of movables and improvements, which included buildings. Mostly this meant that in remote Paraguay the high cost of replacing farm implements and supplies peculiar to western agricultural practices tended to inflate values adopted for withdrawal-shares, to the advantage of members leaving. While ever the number of withdrawals was small in number this did not pose any great difficulties and was not a threat to the community. When, however, the numbers leaving rose steeply in 1896 and 1897 and recruitment drives in Australia and Britain to

FIGURE 2

Annual Financial Reports

(A) May 1895
Annual Cash Balance Sheet, May 1895

Cash Received		***Cash Paid***	
To: Initial Contributions	$13,739.97	By: Land a/c	$4,119.40
Received from Australia	3,731.85	Sustenance a/c	4,100.73
Received from members	348.50	Stock a/c	3,998.37
Sales	390.75	Tools a/c	1,045.45
	$18,211.07	Transport a/c	726.65
		Organising	1,150.00
		Medical	505.11
		Cables	461.63
		Management	459.98
		Refunds	150.00
		Miscellaneous	870.25
		Cash in hand	573.30
			$18,211.07

Statement of Liabilities and Assets, May 1895

Dr. Liabilities		***Cr. Assets***	
Bills Payable (land)	9,000.00	Land valuation (original cost)	12,000.00
New Australia (tools)	750.00	Capital valuation (tools, improvements)	16,812.00
Interest on bills	382.20	Accounts due	89.50
Accounts due	692.25	Cash in hand	573.30
Capital to balance	18,650.35		
	$29,474.80		$29,474.80

Source: *Cosme Monthly*, May 1895.

Continued on next page

replace them were proving of only moderate success,[22] the Director and the Board of Superintendents realized that the future of the community was being compromised, not only by the declining membership base but also by the method of valuation used in the accounts. The trauma for those remaining, when members left who had been close friends and comrades in a

[22] English recruits tended to find the rigors of Cosme particularly difficult, most leaving after a very short time [*Cosme Monthly*, May 1898]. John Lane, William Lane's brother and fellow colonist, wrote how "the primitive housing and surrounding hot climate . . . insect pests, rough and unaccustomed work . . . all combined to make most of the newcomers dissatisfied with Cosme life and to soon leave it" [Australian National Library MS3205].

FIGURE 2 *(Continued)*

(B) May 1897
Statement of Liabilities and Assets, May 1897

Dr. Liabilities	***$ c***	***Cr. Assets***	***$ c***	***$ c***
To: Outstanding accounts	128 00	By: Capital Valuations of movables		
Members Allowances	155 89	Standing Crops	3,113 00	
Cosme Central Board	607 25	Live Stock	6,154 00	
Cosme members	4,960 25	Goods in Stock	5,471 00	
Balance	14,507 64	Implements	4,916 00	
				19,654 00
		By: Bonns due on coffee		303 05
		By: Cash		401 98
		Note: The fixtures which are valued on a labor basis only, are:		
		Clearings	*6,556 days*	
		Buildings	*1,816 days*	
		Orchards	*2,384 days*	
		Sundry Improvements (day is 8 hours)	*664 days*	
		Total	**11,420 days**	
	20,359 03			20,359 03

Source: *Cosme Monthly,* May 1897.

courageous venture, was being compounded financially by the accounting valuations chosen to determine the withdrawal-share. The use of replacement costs to value assets was rapidly destroying the colony's means of survival by forcing it to borrow to meet its obligations to its departing members. The valuation method would have to change. Thus, in the 1898 annual accounts, contained in Figure 3 below, two sets of valuations were provided for the colony's assets: one based upon realizable value, the new basis for determining withdrawal-shares, and one using replacement cost. The two valuations were deemed necessary "for the getting of an intelligible idea of the true industrial position of the colony" [*Cosme Monthly*, May 1899].

The dual system of valuation indicated a sophisticated awareness of the consequences of accounting measurements, that they were indeed not just numbers for recording purposes; they were matters of immediate import. The use of realizable

FIGURE 3

Annual Statement of Liabilities and Assets, May 1898

Liabilities		***Assets on Realizable Amount***		***Assets on Replacement Amount***	
To Outstanding Accounts	1,617.50	Crops	312.59	Crops	1,512.50
To Cosme Central Board	3,408.30	Live stock	4,168.00	Live stock	5,770.00
For Cosme Central Board	5,950.00	Goods in stock	2,172.00	Goods in stock	4,259.00
To Cosme members	1,933.75	Harness	230.00	Harness	653.00
Total Liabilities	12,909.55	Tools	755.00	Tools	3,128.00
To Balance Replacement Account	2,806.99	Cash	394.04	Cash	394.04
	15,716.54	Total Realizable Assets	**8,331.54**		**15,716.54**
		Debit Balance Against Liabilities	**4,578.01**		

Source: *Cosme Monthly*, May 1898.

values exposed the vulnerability of the colony's finances and confronted its members with the reality of their continued dependence on markets. "[R]ealizable values so reduces the estimated value of assets that they are not enough to meet general liabilities which have increased . . . This increase in liabilities almost absorbs assets even at replacement valuation" [*Cosme Monthly*, May 1899, see also February 1899]. Thus, the move to realizable or selling values for the colony's assets allowed the colony to be put on a "sounder financial footing and to safeguard it as far as possible against the risk of becoming bankrupt . . . " [*Cosme Monthly*, February 1899]. The effect of using realizable values was to reduce the amount claimable by withdrawing members. In the case of tools and goods in stock, as Figure 3 shows, the difference between the realizable value and replacement cost was glaring. This recognized that some of the assets of the colony, in particular their tools and other implements of production, had very little value to the native population on the local markets. The colony was unable to sell any tools to raise money other than at a "crushing loss" [*Cosme Monthly*, February 1899]. In contrast, these assets were of great value to the ability of the colony to sustain itself and to provide for new adherents.

Use of realizable value for the purpose of calculating withdrawal-share helped to stem the hemorrhaging of Cosme's asset base but in the midst of an ever-dwindling membership it proved insufficient of itself. On one occasion in 1899 Cosme's financial position had become so desperate as a result of the obligation to pay withdrawal-shares that it was forced to sell some of its land. Ultimately, the expectation that members had a right on leaving the colony to a payment and the system by which this payment had been calculated were finally abandoned in January 1899 [*Cosme Monthly*, January 1899]. Paying withdrawal-shares as a right, irrespective of circumstances, could not be sustained. No longer did members have a claim against the property of Cosme, while all entry payments were to be regarded as 'gifts to the Commonwealth'. The Director and the Board of Superintendents could make payments at their discretion to departing members up to $100, without reference to the previous valuation formula for assets or member contributions. The changes had the unanimous support of the remaining true believers for whom "Communistic feeling, reluctance to being classified apart even in the account books . . . operated to induce members to forgo credits and to gift them to the community" [*Cosme Monthly*, February 1899]. Unfortunately, as membership numbers continued to drop Cosme's financial condition further deteriorated, forcing them in 1903 to increase their overdraft by a further $6,000 and to apply to the Banco Aricola in Paraguay for a $20,000 loan, adding further to the colony's already $10,249 debt to the bank [Souter, 1968, p. 197]. The accounting expertise available to the colony was augmented at this time with the arrival of Ernest Kell, a Scotsman, who was a qualified auditor and accountant.[23] In apparent recognition of the value of his skills to the colony at this critical time, and unlike the conditions imposed on other new members, Kell was immediately granted full membership of the colony [*Cosme Monthly*, December 1902].

As the colony moved towards its final days in 1909, William Lane having left in August 1899 to live in New Zealand, the concern of the remaining nine men, five women and their children became increasingly one of their own financial survival as the ownership of Cosme's land was transferred to individual members. One member wrote that "the colossal question of ma-

[23] Until 1898 only men elected to the main governing committees of Cosme could act as auditors. Thereafter until its last days, any male member of Cosme could be an auditor [*Cosme Monthly*, July 1898].

terial interest now absorbing the attention of many of our members in what may be termed the 'land steal' . . . " [quoted in Souter, 1968, p. 212]. The "unthinkable had happened. They were no loner communists or colonists, but individualists, small independent farmers . . . " [Whitehead, 1997, p. 375].

DISCUSSION: THE CONTRIBUTIONS OF ACCOUNTING TO UTOPIAN JUSTICE

At all stages of Lane's utopian enterprise, formation, development and dissolution, accounting was fundamental to Cosme's ability to survive and prosper. This contradicted the stance taken by more extreme forms of utopianism which had no place for accounting in their earthly paradise. Malatesta [see Tuchman, 1966, pp. 75-76, 87], for example, saw the very existence of accounting as a denial of the inherent morality and virtue of individuals, thereby stigmatizing it as a tool of capitalist oppressors and beyond redemption. Malatesta and others argued that moral, free individuals who worked enthusiastically for the common good in return would be free to take whatever they needed from communal stores without the need for accounting to monitor entitlement relativities between individuals. Accounting as a technology of entitlement would offend the moral basis upon which society would operate. When the shackles of the capitalist state were removed, and the competitive forces of the market no longer the arbiters of entitlements, each individual could be relied upon to take only that which they were entitled, both on the basis of need and in proportion to the contributions of their labor. When everyone was able to live a moral, outward-regarding life, instead of one characterized by possessive individualism [MacIntyre, 2000], each would feel secure in the knowledge that his/her well being would be guaranteed.

Although accounting, as a technology used to verify, record and enhance the entitlements associated with property ownership, may have been essential to capitalism, not all utopians saw its essential nature as capitalist and, therefore, devoid of virtue. "The practice of accounting", note Gallhofer and Haslam [2003, p. 3], need not be "doomed to the status of an evil to be rid of". Instead, accounting was a "mutable phenomenon, which interrelates with the broader socio-political and economic context in which it operates" [Gallhofer and Haslam, 1991, p. 487], whatever that may be. Accounting could as easily assist societies premised on cooperation to promote the well-being of each individual as it had similarly ensured the efficiency of capitalist enterprises in their pursuit of profits: accounting "has no necessary class belongingness . . . " [Gallhofer and Haslam, 2003, p. x]. Rather than accounting being treated by the New Australia Co-operative settlers as an irredeemable accomplice in capitalism's degradations of the individual, it has been shown that accounting was accepted as necessary to the restoration of conditions conducive to the recovery of lost virtue. Accounting, as suggested by Francis [1990], could serve virtue as easily as it could serve the necessary selfishness of capitalists. Accounting can "come to float relatively free of its socio-political constitution and signify different things for interpreters and users in different contexts with different effects" [Gallhofer and Haslam, 2003, p. 101].

Without extensive property ownership and the desire to hoard, where individuals do not seek to gain advantage over others and to provide for themselves assurances of well-being through 'destructive' competition, accounting was not needed to adjudicate between competing entitlement claims or to protect from the deceptions of those who had claims on one's property or those against whose property one had claims. The ascendancy of moral principles in social relations meant that accounting would not be required to compensate for this lack of virtue endemic to capitalism. In contrast to capitalism's bleak moral pessimism and selfishness, to accept the utopian's appreciation of human nature contradicts the mutual suspicions, moral deficiencies and uncertainty upon which much of the need for accounting rests in a capitalist society. Accounting did not have to be used as an implement of power and domination to sustain inequality and entrenched privilege, to deny opportunities for redemption, to impoverish the existence of many and to discredit rivals to capitalism [see for example, Bryer, 2000, p. 133; Cooper and Sherer, 1984; Miller, 1990, p. 315]. As a means of mediating relations between people, and thereby shaping consequent material conditions in the community [Francis, 1990, p. 7; Miller, 1990, p. 316; Arnold, 1991, p. 121], accounting could serve labor in the pursuit of emancipation when "a progressive community comes to control accounting rather than be controlled by it . . . " [Gallhofer and Haslam, 2003, p. 7, see also p. 102].

A refusal by most utopians to condemn accounting indicated a belief that the fundamental nature of accounting was instrumental and that the political or moral identity it could assume, that is at which point it operated along the continuum identified by Gallhofer and Haslam [2003, p. 100], depended upon the context. Utopians preferred to make moral judgments about the practices in which accounting was enlisted, not about accounting. This was also obvious in the communities established by the Quakers, Shakers and the Harmonists in the early 1800s in America who relied upon sophisticated systems of accounting [Flesher and Flesher, 1979; Faircloth, 1988; Fuglister and Bloom, 1991; Kresier and Dare, 1986]. To the utopians at Cosme the virtue of accounting was determined by the uses permitted by the social, legal and economic frameworks in which it operated. Accounting could be used to communicate a very different "set of values, of ideals, of expected behavior, of what is approved and disapproved" from those associated with capitalism [Roberts and Scapens, 1985, p. 448; see also Mouritsen in Quattrone, 2000, p. 134]. In addition to suggesting that accounting can play a highly influential role in institutionalizing particular, privileged values and beliefs, this description of accounting by Roberts and Scapens also leads to the possibility that these values and beliefs may not be possible without the assistance of accounting. Certainly, as this paper has demonstrated, this was the case at Cosme. Bryer, following Marx, recognizes that each form of production will have its own type of accounting [Bryer, 1999, p. 555; 2000, pp. 141, 142]. Under capitalism, political and social life had become consumed by the instrumental rationality which accounting made possible and upon which markets and property entitlements depended, denying accounting opportunities to be enlisted in moral pursuits. However, if a measure of justice is used which does not involve property, such as that proposed at Cosme, then the contributions and importance of accounting also will be transformed. After all, the relevance of accounting to a society depends upon the aims of that society. Thus, if society is organized around the principles of self interest, competition and a social compact which has as its primary goal protecting the sanctity of private property [Locke, 1884], then the purposes which accounting might serve will be very different from a society in which the emphasis is on cooperation and community.

CONCLUSION

If the state primarily serves the interests of property, then while ever individuals are able to enjoy and deal with their property in a manner which they believe is in their best interests, without trespassing on the coincident rights of others, society is regarded as just. According to this interpretation, justice is entirely dependent upon the recognition and defense of rights to property which have been acquired according to principles of law agreed to by society. For utopians, however, there can be no possibility of virtue and, therefore, no justice and no contentment in a society in which all social and economic relations are determined by the rights arising from private property. Those without property are forced to live in a state of oppressive resignation, stultified in their desire for a dignified life which is free from want and fear by their subservience to capital.

William Lane and the New Australia Co-operative Settlement Association believed that the only way out of labor's condemned state was to establish a new form of society in which brotherhood and mutual regard for the well being of each other were the principles which would determine the nature of social and economic relations, not property. Lane and his followers sought a society in which virtue and selflessness is prized above all else and where all members of society have the same innate rights and their contributions are regarded as of equal importance. The society that they established at New Australia and Cosme in Paraguay was to be devoid of the private interests which would separate and divide workers from each other. Accordingly, all means of production were owned by the community as were the results of their labors. Following Marx and Bellamy, the economies of the Paraguayan colonies were based upon labor value. Eventually there would be no need for any exchanges of commodities and services for all production would be available to each member of the colonies according to their particular needs. The success of this new economic paradigm was still dependent upon rational management practices; not to regulate entitlements and to compensate for base human motives which predispose individuals to pursue ruthlessly their own interests but to ensure order and system.

At Cosme, accounting practices which had been transplanted from capitalism proved no less adaptable and essential to the success of an economy in which all production intended for internal use was valued in terms of its labor content. The use of accounting at Cosme indicated that its essential nature was not exclusively that of a technology of entitlement and determined by the oppressive exigencies of capitalism. Instead, accounting was removed from the realm of the individual to that of society. Accounting became the simulacrum of a new set of social relations in which property entitlements had no part but in which labor freely given without any expectation of a coincident return determined the emancipated well-being of all. This provided the opportunity for accounting to become a moral practice, a means by which the settlers could retrieve the virtue and justice that the selfish individualism of capitalism had always denied them.

From the inception of Cosme, accounting was used as a measure of the success of the beliefs and the strength of the commitment of the settlers. Labor value accounting in particular performed both this symbolic or ideological function and, for a community mostly dependent upon its own collective efforts for survival, a critical stewardship function. The malleable ideological attributes of accounting were particularly evident in the last days of the colony when the large number of departures from Cosme forced a greater reliance upon monetary valuations as the means to protect the colony's resources and to ensure its survival. Ultimately, in the bewilderment of decay and disillusionment and in the search for material certainty, what mattered most was the ability of accounting to adjudicate between competing property claims. With the pursuit of virtue through communality no longer the goal, the selfishness of individualism determined entirely the instrumentality of accounting.

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Accounting Historians Journal
Vol. 31 No. 1
June 2004

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POLITICAL SUPPRESSION OR REVENUE RAISING? TAXING NEWSPAPERS DURING THE FRENCH REVOLUTIONARY WAR

Abstract: In 1797 the Prime Minister of Great Britain announced a substantial increase in the stamp duty on newspapers. This increase, and indeed the tax itself, has been variously represented as an attack on press freedom and an act of suppression of the working classes. This paper reconsiders these representations by reference to primary sources and concludes that the increases in stamp duty were part of a revenue raising exercise in which taxes on a number of luxury items were increased, including newspapers which were not at the time viewed as being necessities.

INTRODUCTION

This paper, which is one of a series of contributions tracing the introduction, development and ultimate demise of the newspaper stamp duty, seeks to extend the work of a small number of scholars who examine taxation history, as a key branch of accounting, in its social and institutional context.[1] It responds to

[1] Lamb [2002] for example, examines seven income tax disputes over the nature of depreciation against the backdrop of prevailing social and political tensions. She notes that there is little taxation research which places practices in their social and institutional contexts. Ezzamel [2002, p. 18] examines the relationship between accounting and taxation in the context of Ancient Egypt and notes that such study "can help clarify the nature and range of roles played by

Acknowledgments: We are grateful to participants in the inaugural Cambridge Tax Law History Conference, September 2002; to Stephen Walker and two anonymous referees for comments on earlier drafts. We remain responsible, however, for any errors in or omissions from the paper.

Submitted July 2003
Revised November 2003
Accepted January 2004

the call for the accounting academy to embrace taxation research [Lamb and Lymer, 1999]. Lamb and Lymer argue that understandings of accounting will be enriched by more taxation research. The limited amount of work which has been published relating taxation to accounting has concerned income tax. Lamb [2001], for example, examines the process of, and social context for, mid 19th century income taxation of profits and the associated accounting and processes of accountability. Other historical work dealing with income tax includes Edwards [1976], Samson [1985], Kozub [1983], Cataldo [1995], Kern [2000] and Walsh [2001].

Income tax is, however, only one form of fiscal imposition that impacts on accounting practices. Prior to the introduction of income tax in England during the Napoleonic wars, other forms of taxation were prevalent and are worthy of study. Studies of consumption taxes in a historical context, such as Crum [1982], Wells and Flesher [1999], Jose and Moore [1998] reveal this importance. Monem [1999] documents the political process that led to the imposition of a gold tax in Australia and seeks to illustrate that the political environment of an industry is intertwined with its economic environment. In a study of the role of taxation in governing West African colonies, Bush and Maltby [2003], by reference to Hopkins [1999], note that taxation is fundamental to colonial rule, but nevertheless remains an "unfashionable" research topic. Our contribution to this small but growing body of taxation research demonstrates the place of taxation in the broader social, political and economic environment as an institutional feature that has implications for accounting. Taxation entails issues of accountability; by the taxpayer to the revenue authority and by the revenue authority to the state. As Schumpeter [1954, p. 6] noted, fiscal history is an essential part of general history and an "enormous influence on the fate of nations emanates from the economic bleeding which the needs of the state necessitates and from the use to which its results are put." This paper seeks to extend current knowledge about the differences between pre-modern and modern taxation systems and practices.

In addition, the paper attempts to increase our understanding of a period which has received limited attention in accounting and tax history; a pre-modern period of transition from feudalism to capitalism in which profits and income were not yet

accounting practices, not only in ancient economies, but more generally, and enhance our appreciation of the context-dependent functioning of accounting".

systematically taxed. The period examined here presents an environment of heavy government expenditure and shifting patterns of government finance; the culmination of a century of movement from taxing wealth to taxing consumption, and broadening the tax base to service the national debt. According to Brewer [1989], Britain was able to pursue its hegemonic military ambitions during the 18th century as a result of radical increases in taxation, the development of public debt on a massive scale and the growth of public administration. While Dickson's [1967] seminal account of the growth of public credit in Britain firmly establishes the key contribution of borrowing to the expansion of the English state, Brewer's view is that he underestimates the importance of taxation to the financial revolution [1989, p. 90].

The stamp duty on newspapers was introduced in Great Britain in 1712 amid considerable controversy and speculation that it would lead to the demise of a burgeoning press, only recently freed from licensing restrictions and rapidly establishing itself as a powerful social and political force. The historiography of the newspaper stamp is colored, however, by the perspective from which it is written. It has largely been viewed as an adjunct to media history, with a sole focus on its impact on newspaper production and distribution. Enticing contemporary pronouncements by luminaries such as Addison, Swift and Defoe,[2] castigating the introduction of the tax, have been seized upon by historians keen to demonstrate the deviousness of the government in using a tax to suppress the press.

We have shown elsewhere [Sadler and Oats, 2002] that control of the press was not, however, the prime purpose of the newspaper stamp duty. Rather, its introduction was part of a huge revenue raising exercise to fund the War of Spanish

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[2] According to Addison, in issue No 445 of the *Spectator* in 1712, "I am afraid that few of our weekly historians, who are men that, above all others, delight in war, will be able to subsist under the weight of a stamp and an approaching peace" [Bond, 1965, pp. 62-63]. On August 7th 1712 Swift wrote in his *Journal to Stella* [1712, pp. 553-554]:

> Do you know, that Grubstreet is dead and gone last week; No more Ghosts or Murders now for Love or Money. I plyed it pretty close the last Fortnight, and publisht at least 7 penny Papers of my own, besides some of other Peoples. But now, every single half Sheet pays a halfpenny to the Qu—.The Observator is fallen; the Medleys are jumbled together with the Flying Post; the Examiner is deadly sick; the Spectator keeps up, and doubles its price. I know not how long it will hold. Have you seen the red Stamp the Papers are marqued with. Methinks it is worth a halfpenny the stamping it.

Succession.[3] The tax was one of many new taxes introduced at the time including taxes on soap, candles, leather and playing cards.

The historiography of the newspaper stamp duty is also colored by the campaign for its abolition. The campaign gathered pace during the radical movement of the 1830s and was vitriolic. The newspaper stamp was branded as a tax on knowledge designed to keep the working class in ignorance. It was substantially reduced in 1836 and abolished in 1855 following a Select Committee enquiry into its operation. An element of conflation has led to the newspaper stamp being viewed as a tax on knowledge throughout the period of its existence.[4] We seek here to demonstrate that this was not the dominant view during the 18th century, and, as late as the 1790s, the tax on newspapers was perceived in the same light as taxes on other luxury items.

When first introduced in 1712 the tax was primarily intended as a revenue raiser with censorship as a subsidiary, but not unintended, by-product. This is true also for the subsequent increases made to the tax during the 18th century. Certainly the focus of the tax changed in the 19th century, when it was known more justifiably as a "tax on knowledge",[5] but to describe it thus for the 18th century overstates the censorship motive during that period.

Perhaps one of the reasons for overemphasizing the role of censorship has been the tendency of many commentators to view the tax in isolation, in the context only of its effect on newspapers, rather than in the broader context of the political,

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[3] In the War of Spanish Succession (1702-1713) England and the Netherlands joined to support the claim of the Archduke Charles of Austria to the Spanish throne. England's involvement was mainly to prevent a union between France and Spain. The war ended with the Treaty of Utrecht on terms that were very favourable for England.

[4] For example, in a detailed study of the critical years of the repeal movement, 1830-36, Weiner [1969, p. 3] notes "Although the statute was designed principally to place a curb on newspapers; revenue considerations being secondary . . . " and further "This slave mark [*referring to Richard Carlile's description of 1831*] . . . restricted the circulation of most newspapers to upper income groups . . . In the midst of such concomitants to industrial change as rising literacy, and accelerating cultural expectations, a restrictive policy of this nature was short sighted".

[5] For references to the stamp duties as being "taxes on knowledge" see, for example, Public Records Office (PRO) IR 56/9: "The Memorial of the Newspaper Stamp Abolition Committee", dated November 1850, and also PRO IR 56/19, letter from Treasury Chambers dated August 1854.

economic and social conditions prevailing at the time [for example, Dagnall, 1994, Ch. 5]. Another reason is that some commentators have their own interests to promote in taking a particular position, and later writers have perpetuated these ideas. This is especially so in the case of C. D. Collett. Collett was a Chartist, and at the forefront of the movement to abolish the stamp duty on newspapers and advertisements. He was secretary of the "Newspaper Stamp Abolition Committee" (later to become "The Association for the Repeal of the Taxes on Knowledge") formed in 1849 [Collet, 1899, pp. 89-90]. Collet wrote about the tax and the movement to abolish it in the *History of the Taxes on Knowledge* and is cited by Maynard Salmon [1923]. Maynard Salmon adopted Collet's view that the tax was always about censorship.

In this re-evaluation of the newspaper stamp duty at the mid-point of its existence, we present two alternative frameworks for analyzing the tax. We demonstrate that quite different interpretations of events are possible depending on the perspective from which the analysis is made. The specific event which forms the basis of our discussion is an increase in the stamp duty on newspapers which occurred in 1797. Our re-evaluation includes an examination of the secondary commentaries on the issue as well as analysis of primary documents including the statutes concerned, the discussions in parliament as the legislation was considered, and records of State Trials.

The remainder of the paper is organized as follows. In the next section we outline the specific formulation of the newspaper stamp duty and briefly outline the major developments with respect to the stamp duty that took place from its introduction in 1712 to the beginning of the 1790s. We then present two alternative frameworks. The first examines the prevailing economic conditions and structure of the tax system at the time. The second examines the prevailing conditions with respect to the press, its power and the measures taken by the state to bring it under control. Both frameworks are described in the context of the contemporaneous social and political background. We then detail the 1797 increase in the newspaper stamp duty. In the conclusion we speculate that it is the first of these frameworks that provides a more appropriate basis for analyzing the tax in the late 18th century, and that representations of the tax solely as a mechanism for controlling the press are misguided. Similarly it is argued that representations of the stamp duty at this time as being an attempt to oppress the working classes are also misguided.

THE STAMP DUTY ON NEWSPAPERS

The stamp duty on newspapers was introduced in the main as a means of raising revenue to fund the war of Spanish Succession. The duty as originally levied in 1712 was at the following rates [10 Anne c.19, I]:

For pamphlets and papers up to half a sheet	1/2d per copy
For pamphlets and papers more than half a sheet but not more than one sheet	1d per copy
For papers and pamphlets more than one sheet, but not more than six sheets Octavo (or 12 sheets Quarto, or 20 sheets Folio)	2s per sheet on one copy

In the case of pamphlets and papers of one sheet or less, the paper on which they were printed had to be stamped before printing. Upon payment of the required amount of stamp duty, the blank paper was embossed with a red stamp, ornately engraved with the rose and thistle emblem of Queen Anne. In this way, newspapers were easily identified as having had the duty paid. Harsh penalties were imposed for printing newspapers on unstamped paper. Pamphlets between one and seven sheets did not require pre-stamping, but had to be registered within specified time limits under pain of penalty of £20. Pamphlets comprising more than six sheets were not subjected to the stamp duty [10 Anne c.19, CI, III, IV, V, XI, XII].[6] It would appear then that an objective of these legislative provisions was the suppression of small and cheap publications [Thomas, 1916, p. 262].

Newspaper publishers were quick to exploit the distinction based on the number of pages. Several increased the size of their publications to more than one sheet and less than six, one sheet and a half was sufficient, thus classifying themselves as pamphlets and reducing the total amount of duty payable. This loophole was not closed until 1725. It was then made clear that the stamp duty must apply to every sheet or half sheet of paper "on which any journal, mercury, or other news-paper whatsoever, shall be printed" and "such journals, mercuries and news-papers . . . shall not for the future be deemed or taken as

[6] A stamp duty on advertisements was included in this Act, but the focus of this paper is solely on the newspaper stamp duty.

pamphlets" [11 Geo I c.8, XIII, XIV]. After this initial period of resistance, newspapers were generally produced on a half sheet of paper which, folded in half, presented four pages of news.

A document written in 1727 describes the procedure for stamping in the following terms:

> The Stamp Office is kept No 9 and No 10 in *Lincolns Inn* [*sic*]; and the Office Hours, as required by *Act of Parliament*, are from Nine 'till Twelve of the Clock in the Forenoon, and from Two 'till Five of the Clock in the Afternoon, every Day except *Sundays* and *Holy-Days*.
>
> To get anything Stampt, you muft go to the Receiver's Clerk, No 9, the Ground-Room on the Right Hand, where the Warrant muft be made out, with the Perfon's Name on the Top, the Day of the Month, and Date of the Year, and Underneath, what Goods are to be Stamped, muft be wrote down in Words at Length, and the Sum Total in Figures. When the Warrant is Signed by the Receiver, take it to the Comptroller in the next Office, to Enter and Sign them. Take the warrant and Goods down Stairs in the fame Office to be Stamped, and Tell over the Goods, after Stamped, before you take them away.
>
> . . . For News Papers and Pamphlets you may pay the Money as aforefaid: Then carry the Warrant and Pamphlet to the Regifter, and then to the Receiver and Comptroller [Anon., 1727].

Here we see traces of nascent bureaucratic processes. As the volume of newspapers requiring stamped paper increased, so did the Stamp Office organization in terms of staff, regulations and procedures requiring documentation. The documentation of these procedures and processes contributed towards embedding the duty in the framework of the tax system and added to subsequent difficulties in removing or changing it.

An increase in the stamp duty occurred in 1757 to raise funds for the Seven Years War (1756-1753).[7] The rate of duty on newspapers of one half sheet was increased by a halfpenny [30 Geo II c.19], and consequently stood at one penny per half sheet

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[7] In the Seven Years War England and Prussia were allies against France, Austria, and Russia. During this war England fought mainly at sea, and in the North American and Indian colonies.

or full sheet without distinction.[8] The rate of duty was again increased in 1776 by an additional halfpenny, this increase precipitated by the American War of Independence [16 Geo III c.34]. The duty on newspapers now stood at one penny halfpenny for a sheet or a half sheet.

Further amendments in 1789, this time not as a result of a war, increased the tax and addressed some further avoidance practices [29 Geo III c.50]. The Prime Minister, William Pitt, was compelled to repeal his tax on shops and so sought to recoup the lost revenue by the extra tax on newspapers [Dowell, 1888, p. 355]. The rate of duty on newspapers was increased by a further halfpenny. On the eve of the war with revolutionary France, therefore, the stamp duty stood at two pence per sheet or half sheet. The various increases in the stamp duty on newspapers during the 18th century caused controversy, but the tax itself had become embedded in the fabric of state revenue raising. By 1790 the newspaper stamp was an accepted form of taxation. Heated debates over the tax were about the amount of the increases and not about repealing it altogether.

A Decade of Tumult: The 1790s was a decade of drama and change in Europe, with profound consequences for the countries involved. The events that had the most impact were the French Revolution and the subsequent Revolutionary and Napoleonic Wars. The French Revolution began in 1789 and was initially greeted with enthusiasm and optimism by those in Britain who imagined the outcome would be similar to that following the Glorious Revolution of 1688.[9] The enthusiasm was shortlived as the revolution in France descended into massacre and bloodshed, and the revolutionaries began to encourage the citizens of other countries to follow suit. In early 1792 France and

[8] Interestingly it was due to the necessity of raising funds for the Seven Years War that the English Parliament attempted to impose the newspaper stamp tax on the American colonists. The duty, imposed by 5 Geo III c. 12, was repealed less than twelve months later by 6 Geo III, c. 11 (dated 1 May 1766). The repeal followed violent resistance to the tax by the American colonists.

[9] In late 1688 James II was forced to flee from England. His daughter, Mary, and son in law, William of Orange, the ruler of the Netherlands, were invited to rule England, which they did as William III and Mary II. William and Mary agreed to reign over England subject to the Bill of Rights 1688, the provisions of which finally established the sovereignty of Parliament. The Glorious Revolution signifies the peaceful transition of power from monarch to Parliament, compared with the bloodshed of the Civil War (1642-1646) and the beheading of Charles I in 1649.

Austria went to war with each other, with Prussia joining Austria a few months later [O'Gorman, 1997].

William Pitt, who became Prime Minister in 1783, had tried to remain neutral in the face of "harshly divergent attitudes towards the Revolution . . . expressed on the Opposition benches in Parliament by Charles James Fox and Edmund Burke" [O'Gorman, 1989, p. 30]. Pitt remained uninvolved in the European conflict until his hand was forced in February 1793 when France declared war on Britain, a war that continued intermittently until 1815. At the outset Britain was not ready for war, and it took years to build up its forces, especially the army. The early years went well for the revolutionary army of France, with victories which forced its continental European opponents into surrender. By 1797 only Britain remained at war with France. In 1797 two naval victories for Britain against France and its allies diminished the likelihood of an invasion, but British naval mutinies in the same year ensured that the situation remained precarious [O'Gorman, 1997, pp. 234-235]. This was also a time of financial crisis. Pitt had been forced to float large loans for the government in 1795, 1796 and 1797 [Neal, 1990, p. 185] and the advent of the paper pound[10] signaled further instability [ibid, p. 222].

It was in this context that, in 1797, a further increase in the rate of stamp duty on newspapers was imposed by the government. What follows in the next two sections are alternative frameworks for analyzing this increase in stamp duty on newspapers. First we consider the prevailing financial and economic conditions *vis a vis* the tax system of the late 18th century. We will then examine the prevailing conditions *vis a vis* the freedom of the press in the wake of the French Revolution. Both discussions are located in the context of contemporary social and political events.

RAISING REVENUE

The economic impact of war is to increase government expenditure. According to O'Brien [1989, pp. 176-177], the Revolutionary and Napoleonic Wars were the most expensive yet for Britain. In today's terms the 20 years of war cost about £1,039

[10] The 'paper pound' refers to the restriction placed on the convertibility of Bank of England notes into gold bullion or coin. It persisted until 1821 and Neal [1990, p. 22] considers it provides a link between the French Revolution and the British Industrial Revolution.

million. The amount required from year to year varied, but O'Brien estimates that for 1793 to 1797, in the early stages of the conflict, funding the war cost in the region of £22 million per annum [ibid.]. The national debt increased from £243 million in 1793 to £745 million in 1815 [Checkland, 1983, p. 23] and during the same period the government raised in excess of £1,500 million in loans and taxes [Emsley, 1989, p. 213]. Brewer [1989] charts the spikes in the national debt from the late 17th to the late 18th centuries. The peaks generally coincided with periods of war and the plateaus, or what was sometimes a minor trough, coincided with periods of peace. Each war left the national debt at a significantly higher level than the last, so the periods of stability at best reduced the level of debt marginally or held the level at the status quo.[11]

The financing of military activity through the national debt, serviced by taxation revenue was firmly entrenched by the middle of the 18th century. The nature of the tax system used to raise funds to finance the debt had altered considerably during the previous century. For many years prior to the Civil War in England (1642-1646),[12] the mainstay of Sovereign revenue-raising comprised land tax and customs duties. Various attempts to introduce poll taxes proved extremely unpopular and were short lived. There was no clear policy in relation to taxation and in particular no clear view as to whether the poor should be taxed. Yet, the prevailing ideology was that that it was the obligation of every citizen to pay tax, be they rich or poor. According to Hobbes:

> For the impositions that are laid on the people by the sovereign power, are nothing else but the wages, due to them that hold the public sword, to defend private men in the exercise of their several trades, and callings. Seeing then that the benefit that every one receiveth thereby, is the enjoyment of life, which is equally dear to poor and rich; the debt which a poor man oweth them that defend his life, is the same which a rich man

[11] The national debt increased from nothing in the reign of Charles II to £823 million at the accession of George IV in 1820.

[12] The Civil War was a power struggle between the King, Charles I, and parliament in which parliament was eventually victorious. The King's supporters were known as Royalists or Cavaliers, and parliamentary supporters were known as Roundheads, Puritans or Parliament men. In 1646 the Royalist army surrendered and the King handed himself over to the Scots, who had fought on the side of parliament.

> oweth for the defence of his; saving that the rich, who have the service of the poor, may be debtors not only for their own persons, but for many more. Which considered, the equality of imposition consisteth rather in the equality of that which is consumed than of the riches of the persons that consume same [1651, p. 181].

This sentiment paved the way for the imposition of taxes on a variety of goods and services that impacted on the poor as well as the propertied classes [Kennedy, 1913].

Excise duties first appeared on the English tax landscape in 1643, introduced by one of the Puritan leaders, Pym. Excise duties are essentially taxes on goods, levied by reference to their volume or ad valorem. At the time excise duties were viewed as being a more robust source of revenue than the various forms of direct taxation that had been attempted from time to time, but they were not well received [Kennedy, 1913]. The excise duties introduced under the Commonwealth included taxes on a number of manufactured items, but were abandoned at the Restoration in 1660.[13] Excise was an extremely unpopular form of taxation and while subject to the exigencies of the war with France after the Glorious Revolution, it was initially found impractical to re-impose the duties. During the second half of the 17th century, taxes were imposed on hearths (1665), houses (1696) hackney coaches (1694) and at various times on salt, coal, leather, malt and glass. In 1695 a tax on marriages, births and burials came into force, a return to more direct taxation to supplement the other existing forms of tax.[14] While censorious rhetoric generally accompanied the introduction of these new exactions in relation to their "harmful and inequitable effects," the "precursors of Adam Smith realised that the incidence of a tax is logically indeterminate" [O'Brien, 1988, p. 10].

It was during the reign of William III (1689-1702) that taxes on manufacturers by way of excise were re-introduced for short terms to fund the interest on the national debt. By the time of the War of Spanish Succession at the start of the 18th century, the public mood had changed somewhat, facilitating the

[13] The Commonwealth was the eleven year period following the execution of Charles I in 1649 during which there was no monarch in England, and the country was governed by the Roundhead (Parliamentarian) leader Oliver Cromwell until his death in 1658, then his son Richard who was ousted in 1659. In 1660 the eldest son Charles I was recalled from exile and became king of England as Charles II – this was the Restoration of the monarchy.

[14] For a discussion of this particular tax see Sabine [1971].

imposition of excise duties and stamp duties on a wide range of manufactured goods [Dowell, 1888]. What followed throughout the 18th century was a period of considerable inventiveness in extending the excise to a wide variety of goods - not only to luxury goods to which customs duties traditionally applied, but also to necessities.

Excise duties were seen as being easy to administer, applying as they did to a relatively small number of producers or traders who could be readily monitored. The true incidence of the tax, however, fell on the consumers “gradually and insensibly” [Kennedy, 1913, p. 61]. Although meeting with some resistance at the outset, since they exposed citizens to a new tax, excise duties had slowly gained support over the course of the 17th century, largely on distributive grounds. The respected Tory economist of the late 17th century, Charles Davenant, recommended excise duties as an appropriate source of government funds, noting their success as a fiscal instrument in other states, especially Holland and France. He argued “Excises seem the most proper Ways and Means to support the Government in a long War, because they would lye equally upon the whole, and produce great sums, proportionable to the great Wants of the Public” [Davenant, 1695, p. 120].

Davenant also advocated funding methods that would not adversely affect trade nor “create disaffection to the government”. In analyzing the effectiveness of excises as a revenue raising measure, he noted [1695, p. 124] that Venice and Holland, “two jealous commonwealths, have not thought excises dangerous to liberty”. He did concede that enforcement might prove more difficult in a large country with inefficient administration and further recommended confining taxes to “bulky” items, not easily hidden, as an aid to enforcement. As to which commodities should be subject to excise duties, Davenant recommended taxing luxury goods so as to affect the poor least.

The Introduction of Stamp Duties: Stamp duties were first introduced into England in 1694 in “An Act for granting to their Majesties several duties upon vellum, parchment and paper, for four years, towards carrying on the war against France” [5&6 Will & Mary c. 21]. Stamp duties are not strictly a form of excise in the modern sense, but are effectively the same when imposed on goods. They had been in force in Holland since 1624, and adopted by France in 1651 but subsequently fell into abeyance. Under Colbert, Finance Minister for Louis XIV in 1671-1673, when stamp duties were reinstated in France they contributed to the revolt in Bretagne [Dowell, 1888]. Liability for the stamp duties arose not on the vellum, parchment and paper per se, but when official matters, listed in the Act, were inscribed thereon. Unlike Holland and France, where the government had a monopoly over the supply of stamped paper, in England taxpayers were permitted to supply their own paper for stamping as required.

Excise duties were under the control of the Commissioners for Excise, a government department separate from that which administered customs duty. Land tax, the primary form of direct taxation, was essentially administered at the local level, with the assessment and collection in the hands of local Land Tax Commissioners.

The Stamp Office was constituted as a separate revenue department and was at first located in Lincoln's Inn, London under the control of the Commissioner of Stamp Duties.[15] The initial application of stamp duties was to legal documents, however its extension into the realm of excise duties occurred in 1711, when stamp duty was imposed on almanacs [9 Anne c.23]. The Commissioners of Stamp Duties came under the administrative jurisdiction of the Lord High Treasurer of Great Britain. Monies collected were passed to the Receiver General of Stamp Duties who was required to keep separate accounts of the various duties and to pass the monies to the Exchequer.

Direct taxes on wealth and manifestations of income were accepted with some reluctance because they were administered by country gentlemen without bureaucratic interference. In consequence, they were ripe for manipulation and their proportionate contribution to total revenue declined throughout the 18th century. Land tax had been increased to 4s, which was considered to be its natural limit [Dowell, 1888], and so the government had to seek increases in revenue elsewhere. Statesmen looked for taxes that were not only acceptable, but also unavoidable, feasible to administer and which minimized the damage to the economy [O'Brien, 1989, p. 169]. Fraud was commonplace, and was easier to perpetrate with some categories of excise duties than others. Stamp duties were considered more difficult to evade.

Over the course of the 18th century, there was, therefore, a clear shift in the balance of taxation from direct taxes on wealth, most notably land, to taxes on consumption in the form of a

[15] For a discussion of the operation of the Stamp Office from its inception see Dagnall [1994].

variety of excise and stamp duties as well as various assessed taxes on luxury items [O'Brien, 1989]. This shift also entailed a transition from locally administered taxes to centralized administration spread over a number of separate departments.

In Brewer's view [1989, pp. 128-129] the structure and administration of England's tax system was central to her fiscal superiority during the 18th century when compared with continental Europe and France in particular. England did not need revenue guards to patrol internal borders as, unlike France, it was not subdivided into fiscal regions for consumption tax purposes. Control of an increasing proportion of revenue raising was centered in Whitehall where the Treasury Board kept full accounts of total government revenue and expenditure; and the tax system was not only centralized, but it was also generally uniform in its legal incidence.

Income tax was not introduced until 1799, which marked the beginnings of a reversal of the trend towards consumption taxes as the mainstay of revenue. The indirect taxes affected the poor more than the rich, particularly the excise duties on essentials. Any proposed increase had to be balanced with the limiting effect of the ability of the poor to pay for the goods, and the likelihood of rioting if the impost was seen as too onerous [Checkland, 1983, p. 24]. The American Revolution had made patently clear that taxing powers were circumscribed [O'Brien, 1989, p. 166].

By the end of the 18th century, the government's formulation of tax policy (such as it was at the time) paid considerable heed to the work of Adam Smith who vigorously opposed taxes on wealth and income which entailed intolerable inquisition by the state to assess.[16] As a second best, he advocated consumption taxes, although was careful to distinguish between taxes on necessities and those on luxuries, the latter being preferred. By necessities, Adam Smith meant not only those necessary for support of life, but also those which custom dictate it indecent for creditable persons to be without [1776, p. 383].[17] This is not to say that the distinction between necessities and superfluities

[16] Smith said: "An inquisition into every man's private circumstances, and an inquisition which, in order to accommodate the tax to them, watched over the fluctuations of his fortunes, would be a source of such continual and endless vexation as no people could support" [1776, p. 373].

[17] Smith said specifically: "It must always be remembered that it is the luxurious and not the necessary expense of the inferior ranks of people that ought ever to be taxed" [1776, p. 391].

was clear cut, it remained normative and as a consequence did not "perturb contemporaries unduly" [O'Brien, 1988, p. 12]. In this Adam Smith echoed the sentiments expressed by others a century earlier such as Davenant (*infra*). At the time of writing his *Wealth of Nations*, Smith noted that only four necessaries were subject to tax in Great Britain, specifically salt, leather, soap and candles. Newspapers were clearly not considered to be such an item.

By 1792-3, the structure of and receipts from the tax system was as follows [Dowell, 1888, pp. 207-208]:[18]

I. Direct taxes	*£ '000*
Land tax	2,000
Houses and establishments	1,300
Property insured from fire	185
Property sold at auction	75
Post horses, coaches, hackney coaches	277
II. Taxes on articles of consumption	
(a) eatables:	
salt	377
sugar	1,316
(b) drinks:	
Beer	2,224
Malt	1,203
Hops	151
Wine	1,016
Spirits	1,532
Tea	650
(c) Tobacco	567
(d) Articles not Eatables, Drinks or Tobacco:	
Coals exported and coastwise	700
Raw and thrown silk	300
Iron, bars	150
Hemp (rough)	103
Muslins	118
Calicoes	96

[18] The classification of the taxes shown is Dowell's and is not necessarily a reflection of modern classifications, nor of the way in which the government at the time presented the information in the accounts. Their analysis therefore demands caution, not only in terms of Dowell's classification but also their source in the government accounts. Whilst the bureaucracy of the Treasury was sophisticated by European standards, the accuracy of the account keeping cannot be assured.

	(e) Manufactures:	
	Candles	256
	Leather	281
	Soap	403
	Printed goods	265
	Newspapers	140
	Glass	183
	Bricks and tiles	128
III.	*Stamp Duties*	
	Bills and notes	156
	Receipts	48
	Consolidated duties	748

When Pitt became Prime Minister in December 1783, he faced a serious debt crisis. He brought to office a reputation as a sound financial manager with a good understanding of taxes and debt management and proceeded to institute a number of reforms which brought additional funds into the Exchequer. Indeed, Sabine notes that when war was declared in 1793 and the need for increased revenue became acute, Pitt indulged in a "frenzy of fiscal experiment and improvisation" [1966, p. 20]. Much of the increased revenue can be attributed to the growth in the volume of goods and services which were brought into the taxation net [O'Brien, 1989, p. 175; O'Brien and Hunt, 1993, p. 163]. By shifting the balance of tax exaction to consumption taxes, the government was able to reap the benefits of the growth in conspicuous consumption associated with the rise of the middling classes.

The 1797 increase in newspaper stamp duty (discussed later) can be evaluated against this backdrop of a government desperate to raise more revenue but unwilling to extend direct taxation further. The alternative lens through which to examine the increase in stamp duty is that of the government's policy on control of the press. In the next section we examine the government's attitude towards press freedom and the non-fiscal measures adopted to contain it.

CURTAILING PRESS FREEDOM

The social and political conditions in Britain during the 1790s were volatile. The centenary of the Glorious Revolution was celebrated in 1788, and a renewed vigor for constitutional reform followed. The French Revolution, welcomed by radical societies, further energized the movement for parliamentary reform [O'Gorman, 1997, p. 242; Dickinson, 1977, pp. 232, 236].[19] Fox Bourne [1887, p. 242] describes the start of the French Revolution as setting "Europe in a flame from which more than sparks fell upon England".

The first part of Paine's *Rights of Man* was published in 1791, followed by the second part in 1792. In early 1792 the London Corresponding Society (the LCS) was formed. The LCS, led by Thomas Hardy, a shoemaker, was one of the better known reform societies of the era and supported the theories of Paine [O'Gorman, 1997, p. 243; Parssinen, 1973, pp. 510-511]. Another reform society was the Society for Constitutional Information (the SCI). The SCI had branches across England, one of the largest being the Sheffield branch with over 2,000 members in 1792. Later that year over 5,000 SCI supporters in Sheffield celebrated the victory of the revolutionary French forces at Valmy. Norwich was another city that embraced reform in the 1790s. At the same time patriotic and loyalist groups flourished, countering the radical fervor. In the early 1790s Edmund Burke published *Reflections on the Revolution in France*, in which he criticized the French Revolution and "very warmly attacked" the reform societies in England, including the SCI [Towers, 1790, p. 91]. "[I]t was . . . the continuing competition between radical and patriotic societies which was to dominate popular politics for over 30 years after 1789" [O'Gorman, 1997, pp. 242-243].

The Sedition and Treason Trials: Not unnaturally the growth of the reform movement was watched with growing concern by the government and two proclamations were issued in 1792 urging "magistrates to be watchful of seditious literature and to stamp out riot and agitation" [O'Gorman, 1997, p. 245]. In 1792 Paine's *A Letter Addressed to the Addressers of the Late Proclamation* expressed the view that "The right [to alter government], and the exercise of that right appertains to the Nation only, and the proper means is by a National Convention, elected for the purpose, by all the people" [Parssinen, 1973, p. 511]. During 1792 and 1793 a series of reform Conventions were held in Scotland. The third Convention took place during October, November and December of 1793. This "illegal assembly . . . had first called itself the General Convention of the Friends of the People, and

[19] The authors note Beedell's criticism of the "revisionist argument against the 'whig' view of history" represented in Dickinson's book but refer to it in general without expressing an opinion as to the accuracy of either view [Beedell, 1993, p. 800].

. . . afterwards took the name of the British Convention of the Delegates of the People, associated to obtain Universal Suffrage and Annual Parliaments" [Howell and Howell, 1817, col. 814]. As a result of their activities connected with this Convention, Maurice Margarot and Joseph Gerrald of the LCS and William Skirving, a Scot, were arrested, tried in early 1794 in Edinburgh for sedition, convicted and sentenced to 14 years transportation [Howell and Howell, 1817, col. 391-602; 603-778; 803-1012].

This was not the worst fate that could befall the radicals. For their activities connected with organizing and publicizing a Convention in Scotland in March 1794, Robert Watt and David Downie were tried in Edinburgh for treason [Howell and Howell, 1817, col. 1167-1404; Howell and Howell, 1818a, col. 1-200]. The indictments for both were identical and included, *inter alia*, the following charges: they organized a convention "for the purpose of assuming to themselves, at such meeting, the powers of government and legislation over this kingdom . . . and of subverting and altering the rule and government" and they "composed, printed, published and dispersed certain malicious, wicked, and treasonable papers, and addresses" [Howell and Howell, 1817, col. 1186-1187]. Both were convicted and sentenced to death, and executed in October 1794.

In 1793 LCS member Joseph Gerrald wrote a pamphlet called *A Convention the Only Means of Saving Us From Ruin*, and in January 1794 the LCS held a meeting at which a number of resolutions were passed. One of these resolutions was initiated at the suggestion of John Thelwall, radical lecturer, poet and pamphleteer. The resolution promoted the idea of a "General Convention of the People". A few months later the LCS circulated a letter among the various reform societies inviting them to join a "British Convention". Some expressed reluctance to attend, but others, in particular the Sheffield Constitutional Society, were keen to be involved and a joint committee of the LCS and the SCI was set up in secret to organize it. Fearing that such a Convention might result in an "anti-Parliament", the government was forced to act and in May 1794 suspended Habeas Corpus. The leading reformers, including Thomas Hardy, John Thelwall and John Horne Tooke, a founder of the SCI, were arrested and charged with treason. In October, November and December 1794 their respective treason trials took place at the Old Bailey [Howell and Howell, 1818a, col. 200-1384; Howell and Howell, 1818b, col. 1-748; Howell and Howell, 1818b, col. 748]. As the defendants were charged under the same statutory provisions as those convicted of treason in Scotland earlier in the year, the government must have been reasonably confident of further convictions. The Act in question, dating back to Edward III, said treason took place "when a man doth compass or imagine the death of our lord the king" [Barrell, 1992, p. 122]. From this the prosecution would argue that any threat to order and stability, in other words a threat to the authority of the king, would oblige the king to resist which might result in his death – thus the defendant would be guilty of "constructive treason". This was so regardless of whether there was any actual evidence of an intention to kill the king. In a surprising result Thelwall, Hardy, and Horne Tooke, represented by the Whig lawyer Thomas Erskine, were found not guilty [Howell and Howell, 1818a, col. 1384; Howell and Howell, 1818b, col. 743, 748]. In Horne Tooke's case the jury took only eight minutes to reach their verdict. Clearly then, the courts, or rather the jury system, could not be relied upon to enforce the law in the manner envisaged by the government. Further legislative measures were necessary to bolster the state's control over the reform movement whose inflammatory views were disseminated through the press. To silence one would have the effect of silencing the other.

The Treason and Sedition Acts: During 1795 the LCS organized several public meetings in London where crowds gathered to hear radical speakers advocate political reform. One such meeting, in October 1795 in Copenhagen Fields, is said to have brought together 100,000 people. Government concern about radical activity heightened, and the result was the enactment in December 1795 of two pieces of legislation with the aim of stamping out radicalism [Dickinson, 1995, p. 248; O'Gorman, 1997, p. 246]. The Treason Act provided that: "if any person or persons whatsoever . . . shall . . . compass, imagine, invent, devise, or intend death or destruction, or any bodily harm tending to death or destruction, maim, or wounding, imprisonment or restraint, of the person of . . . the King . . . in order, by force or constraint, to compel him . . . to change his . . . measures or counsels, or in order to put any force or constraint upon, or to intimidate, or overawe, both houses, or either house of parliament; being legally convicted thereoef shall be deemed . . . to be a traitor . . . and shall suffer pain of death" [36 Geo III c.7, Preamble].[20] Thus treason was now even more clearly defined by

[20] The long title is "An act for the safety and preservation of his Majesty's person and government against treasonable and seditious practices and attempts".

statute to include any criticism of government or king.

The Seditious Meetings Act required advance notice to be published of any meetings of more than 50 people [36 Geo III c.8, Preamble].[21] The Act also provided, with no reference to qualifying numbers in this instance, that all venues (including fields) had to be licensed where reformist type meetings were held "for the purpose of raising or collecting money" [ibid]. The latter section applied to such venues whether they were to be used for the purpose of reformist meetings alone, or whether they were used for other purposes where an admittance fee was payable [36 Geo III c.8, XII]. Beedell [1993, p. 811] comments that the LCS was the main target of the two Acts of 1795.

Seditious Libel: Another tactic of the government to silence criticism was to prosecute authors, printers and publishers for seditious libel, a common law crime. Seditious libel became notorious during the 18th century as a means of censorship, and it had a very direct effect on authors, printers, and publishers. The notoriety set in at the beginning of the century with the case of *R* v *Tutchin* in 1704 when Chief Justice Holt held that: "If people should not be called to account for possessing the people with an ill opinion of the government, no government can subsist. For it is very necessary for all governments that the people should have a good opinion of it" [Howell, 1812, col. 1128]. This approach covered anything negative said about the government, and removed from the jury any decision as to whether or not the statement was in fact seditious. In the first place all the jury had to do was to determine whether or not the defendant had published the material in question, "published" having a wide meaning including circulating and selling.

Secondly, the jury had to decide whether or not the published words meant what the prosecution said they meant, the prosecution having already decided that the meaning, however innocuous, was seditious based on the broad formulation in *Tutchin* [Lubasz, 1958, p. 454; Siebert, 1965, pp. 381-382]. This approach was further honed in favor of the prosecution in the middle of the century, particularly by the Solicitor-General William Murray, who in respect of the case of *R* v *Owen* (1752) said: "The question is, whether the jury are satisfied that the defendant Owen published the pamphlet? The rest follows of course.

[21] The long title is "An act for the effectually preventing seditious meetings and assemblies".

If the fact is proved, the libel proves itself, sedition, disturbance &c" [Howell, vol. XVIII 1813, col. 1222]. In that case the jury, in complete disregard of the direction from the presiding judge (Chief Justice Lee), brought in a verdict of not guilty. When Murray, later Lord Mansfield, became Chief Justice he was able to put his assessment of the law of seditious libel as a direction to the jury from the bench, with varying success as most juries remained rebellious. The situation was not resolved until Fox's Libel Act was passed in 1792. This was "An act to remove doubts respecting the functions of juries in cases of libel" and contained the wording, "the jury sworn to try the issue may give a general verdict of guilty or not guilty upon the whole matter . . . and shall not be required or directed . . . to find the defendant or defendants guilty, merely on the proof of the publication . . . of the paper charged to be a libel" [32 Geo III c.60, Preamble].

During the 1790s Pitt frequently resorted to seditious libel as a blunt instrument against the reform movement. Fox's Libel Act made little apparent difference to Pitt's enthusiasm for the action, and it was used against radical speakers as well as those in any way involved in the distribution of radical publications. Handing out an anti-war handbill led to a conviction and three months imprisonment for a Leicester schoolmaster. A bill-sticker for the LCS was also prosecuted, as were the printers and proprietors of various newspapers and pamphlets, and a number of radical speakers [Emsley, 1981, pp. 157-158]. One printer, Daniel Isaac Eaton, was prosecuted several times in 1793, the first time for having published Paine's *Second Part of the Rights of Man* and the second time for publishing Paine's *Letter Addressed to the Addressers*. While he was found guilty of "publishing", the jury would not say whether the material was libelous so he escaped sentencing. Later that year he started publishing a weekly radical pamphlet originally called *Hog's Wash; or a Salmagundy for Swine*, but then known as *Politics for the People*. At the end of 1793 Eaton was charged again for two articles, one written by Thelwall, published in *Politics for the People*. Eaton was acquitted at his trial in February 1794 [Howell and Howell, 1817, col. 1013-1054]. Eaton was unstoppable; he published accounts of his trials, he published materials for the LCS, he published controversial pamphlets, and he continued publishing *Politics of the People*. Although Eaton went underground following two convictions in 1796 for publishing seditious writings, his work continued. In 1797 it seemed he would be prosecuted again, for publishing Paine's *Age of Reason*, but this time he fled to Philadelphia [McCue, 1978, p. 43].

The government was hard pressed from all sides, Harvest failures in 1794 and 1795 caused serious food shortages in 1795 and 1796, which in turn led to widespread rioting [Emsley, 1989, p. 212]. The naval mutinies that took place in 1797 have already been mentioned. What the government was not to know at the time, however, was that its tactics against the reform movement were effective, and after 1795 radicalism went underground and largely declined. Although Hardy, Thelwall and Horne Tooke had been acquitted in 1794, Hardy then left the LCS, and political activity, and the trials put the LCS in a great deal of debt [O'Gorman, 1997, pp. 246-248; Parssinen, 1973, p. 514.]. The enactment in 1795 of the Treason Act and the Seditious Meetings Act marked the end of all but the most persistent of the radical publications, and the end of the large public meetings.

Propaganda, Both Radical and Loyal: As for newspapers, by 1792 the press in England had already established itself as a method of communicating news and information to all classes of citizens. One of the reasons for increasing the newspaper stamp duty in 1789 was apparently Pitt's desire to hinder the press in this regard [Fox Bourne, 1887, p. 244]. Types of publications included newspapers, pamphlets (some of which were really small books), ballad sheets and cartoons [Black, 2002, p. 179].[22] Through these media, George III and his government had been openly criticized for their policies during the American crisis, and later the press, and in particular the radical press, informed the population about developments in the French Revolution [Dickinson, 1995, p. 88]. Across England radical newspapers proliferated in the early 1790s, such as the *Manchester Herald*, the *Sheffield Register*, *The Cabinet* (produced in Norwich), the *Leicester Herald*, and the *Derby Mercury*. Pamphlets were also produced in profusion, the most influential of which was Paine's *Rights of Man* which had great popular appeal. William Godwin's 1793 publication *Enquiry Concerning Political Justice* was influential among a more intellectual readership [ibid., pp. 241-242].

However, the propaganda did not only emanate from the radicals. As well as *Reflections on the Revolution in France* (1790) Edmund Burke criticized the French Revolution in *Letters on a Regicide Peace* (1796). Arthur Young was similarly

[22] For an example of such a cartoon, aptly directed in this instance at the newspaper tax, see Adams [1993, p. 348].

concerned about the effects of the French Revolution in *The Example of France, A Warning to Britain* (1793). The loyal associations put their pro-government views equally forcefully in pamphlets and in newspapers such as *The True Briton*, *The Oracle* and *The Sun*. The *Cheap Repository Tracts* (1795-98) written by the loyalist Hannah More had a huge circulation [Dickinson, 1977, p. 291; O'Gorman, 1997, p. 245]. The government itself funded and circulated pamphlets, for example the £175 to a Portsmouth printer for 22,000 copies of *Strictures on Thomas Paine's Works and Character* in the early 1790s, and the £20 in 1793 to William Waldegrave for "printing songs for the Fleet" [Aspinall, 1949, p. 153].[23]

Black [2002, p. 178] makes the noteworthy point that the "pursuit of profit" by newspapers should not be overlooked, and "[*i*]t was crucial to the press that politics was profitable: the public was willing to pay for political news, speculation and discussion and this both set the parameters for newspaper development and helped provide its dynamic". Factors affecting profitability were those already mentioned, such as prosecutions for seditious libel with the associated legal fees and fines if convicted, and increases in the cost of production including any rise in the stamp duties payable.

Regulation of Newspapers: Further impositions on the printing industry and on the Stamp Office were soon to follow. In 1798 legislation was enacted "for preventing the mischiefs arising from the printing and publishing newspapers and papers of a like nature, by persons not known, and for regulating the printing and publication of such papers in other respects" [38 Geo III c.78]. The Newspaper Regulation Act [*Parliamentary History,* Vol. 34, 1798, col. 1485-1486], prevented the printing or publishing of "newspapers or other papers containing public news or intelligence or serving the purpose of a newspaper" without prior delivery of an affidavit or affirmation to the commissioners of stamps. The affidavit or affirmation was to specify the "real and true names, additions, descriptions, and places of abode of all and every person or persons, who is and are intended to be the printer or printers, publisher or publishers, of the newspaper or other paper". Proprietors were also to be named, together with their ownership shares in the newspapers and details of the title of the newspaper and the place of

[23] The quote, cited by Aspinall, is from PRO H.O. 42/49.

printing [38 Geo III c.78, Preamble, II]. Further affidavits or affirmations were required whenever a change of abode occurred or at the request of the commissioners of stamps. Where papers were published in the absence of an affidavit or affirmation, a penalty of £100 could be imposed on each occasion. The penalty for false or imperfect affidavits or affirmations was set as equivalent to that for willful and corrupt perjury [ibid., VII, VIII].

In addition to notifying the commissioners of stamps, newspapers were also required to contain "the true and real names" and places of abode of the printer(s) and publisher(s) and the place of printing, failure to do so attracting a penalty of £100 [ibid., X]. With effect from 1 July 1798, the printer or publisher of every newspaper or like paper was required to deliver to the commissioners of stamps, within six days, a signed copy of the paper. The penalty for failure to do so was also £100 [ibid., XVII]. Interestingly, the commissioners of stamps were required to pay the "ordinary" price for the paper.

The Newspaper Regulation Act also imposed penalties for publication of unstamped newspapers, being £20 for every paper not duly stamped [ibid., XVIII]. A £20 penalty also applied to persons in possession of an unstamped paper, and sending an unstamped paper overseas attracted a £100 penalty [ibid., XIX, XX]. A further penalty, a hefty £500, applied where "any person, during the continuance of the present war, shall knowingly and wilfully, directly or indirectly, send or carry, or endeavour to send or carry, or cause or procure to be sent or carried or do or cause to be done, or be in any manner concerned in doing or causing to be done, any act whatever, for or towards the sending or carrying, or for or towards the causing and procuring to be sent or carried, or with intent that the same should be sent or carried, any newspaper, or other such paper . . . whether printed upon paper stamped or not stamped, out of Great Britain into France, Spain, or any other country not being in amity with his Majesty, at the time of such act done or permitted to be done" [ibid., XXI]. Any person possessing a newspaper with the intention of sending it to hostile countries could be summoned and examined by a justice of the peace to ascertain whether they had accomplices [ibid., XXII].

Another section dealt with the perceived threat of publication of invective allegedly having been published abroad: "And whereas matters tending to excite hatred and contempt of the person of his Majesty, and of the constitution and government established in these kingdoms, are frequently published in newspapers or other papers, under colour of having been copied from foreign newspapers". Any persons printing or publishing in England (not the whole of Great Britain) any such matter not having previously been published overseas, was, on conviction, to be committed to prison for between six and twelve months. The onus of proof was on the defendant, a reversal of normal criminal procedure [ibid., XXIV]. Finally, restrictions were placed on the provision of stamped paper [ibid., XXVI].

The focus of the Newspaper Regulation Act, 1798 represents a particularly interesting development, in that while it did not affect the assessment and collection of stamp duties, it imposed additional administrative requirements on a government department in order to achieve aims totally unrelated to revenue collection. According to Collett, "The object of these securities was not to bring a number of the opponents of the Government to utter grief, but to suppress all expression of discontent. Any man who carried on printing or publishing for a livelihood was actually at the mercy of the Commissioners of Stamps, when they chose to exert their powers" [1899, p. 14]. Unsurprisingly the Commons debate on this legislation was acrimonious. Commenting on the expected negative outcome of the legislation, Mr Jeckell said "This bill would make men of property and responsibility retire from newspapers altogether, and they would then fall into the hands of men of desperate fortune and low character. The consequence would be an increase in stead of a diminution of the licentiousness of the press." The Attorney General, on the other hand, stressed that his object "was not to infringe on the liberty of the press, but to restore it" [*Parliamentary History,* Vol. 34, 1798, col. 1482].

The intention of the Act was to prevent writers and publishers evading the law by remaining anonymous. This point was made by Mr Ryder in the debate on the second reading of the Bill: "The proprietors of newspapers were always answerable by law; and this was only to compel them to come forward, and abide the event of a fair trial in a court of justice" [*Parliamentary History,* Vol. 34, 1798, col.1487]. It would seem that the law the proprietors were avoiding was not so much the payment of stamp duty on the material they were printing, although preventing tax evasion would undoubtedly have been a factor behind the provisions, but was more to do with the law of seditious libel, and perhaps even sedition. In terms of the censorship effects, Sir Francis Burdett made the following rather profound comment from the Opposition benches during the second reading debate: "A direct, open, violent attack upon the liberty of the press, even in the actual servile condition of the public mind, might possibly rouse some degree of energy and spirit to oppose it; but this measure saps and undermines; and from not wearing the garb of violence, like the silent lapse of time, is so much the more certain in its effect" [*Parliamentary History,* Vol. 34, 1798, col. 1486]. Aspinall comments on the unfairness of imprisoning newspaper proprietors for publishing material about which they may have known nothing. He cites the case of one Perry, proprietor of the *Morning Chronicle*, who was fined £50 and spent three months in prison for a libel in an article which had been included in the paper without his knowledge [Aspinall, 1949, p. 38]. If censorship by stealth was a by-product of the stamp duty on newspapers, these regulations were also equally censorship in their effect.

In 1799 an act was passed with the primary objective of suppressing the activities of societies such as the LCS, which, amongst others, was named specifically [39 Geo III, c.79].[24] The Act reinforced the Seditious Meetings Act of 1795 by providing that "Every place of lecturing, debating, or reading, for the purpose of raising money, to be deemed disorderly, unless previously licensed". This included every place where pamphlets, newspapers and other publications were read, such as coffee houses. The penalty was £20 for each offence [ibid., XV]. Every place licensed for the sale of alcohol was deemed to be licensed also for the reading of books, pamphlets and other publications, but would lose the license if one of the proscribed societies held a meeting there [ibid., XIV, XXI].[25]

One of the principal thrusts of the 1799 Act was to restrict publications emanating from such societies. Now the onus was put on printers, and every person who owned a printing press, to give notice to the local clerk of the peace who, in turn, would issue a certificate costing one shilling. The clerk of the peace was then required to file the notice and send a copy to the Secretary of State. The penalty for using an uncertified printing press was £20 [ibid., XXIII]. These provisions applied the same penalty for those carrying on business as letter founders, and those who made or sold types for printing, or printing presses. These persons also had to keep an account in writing of anyone to whom letter types for printing, or printing presses, were sold.

[24] The long title is "An act for the more effectual suppression of societies established for seditious and treasonable purposes; and for better preventing treasonable and seditious practices".

[25] See also Aspinall [1949, pp. 39-40].

These accounts were to be produced for any justice of the peace on demand [ibid., XXV, XXVI]. The name and address of the printer had to be printed on "any paper or book whatsoever" produced (regardless of whether it was to be sold or given away), and in addition, the printer had to keep a copy of every such publication and to write on it the name and address of the person who had employed them to print it. This went further than the 1798 Act which applied only to newspapers. The penalty for non-compliance was £20 [ibid., XXVII, XXIX]. Anyone selling, giving away (or even merely leaving exposed to public view) a printed paper without the name and address of the printer on it, or a carrying fictitious name and address, was to be taken before a justice to determine whether they had breached the Act.

It was against the tumultuous background outlined above that the various statutes relating to the press were passed in the late 1790s, starting with the increase in 1797 of the stamp duty on newspapers. Seen together with the range of overt attacks on press freedom in the form of the trials for seditious libel and newspaper regulation legislation, the increase in the newspaper stamp duty logically forms part of this thrust. Certainly this is the way it has been portrayed in various historical studies of the press.

THE 1797 INCREASES IN NEWSPAPER STAMP DUTY

As part of the 1797 budget, the Prime Minister, Pitt, announced a number of tax increases. During the Commons debate in April 1797, Pitt, who was also Chancellor of the Exchequer, expressed his anxiety over the selection of appropriate objects for taxation. He said, "In the confidence, however, which I have in the resources of the nation, I am not without anxiety, as to the choice which I may make of fit objects of further taxation. In the selection of those objects, I have been activated by the desire of making them fall as lightly as possible on the great sources of national industry and on the lower orders of people" [*Parliamentary History*, Vol. 33, 1797, col. 423].[26] Pitt targeted stamp duties generally as being preferable as a source

[26] It must be noted that reliance on published accounts of parliamentary speeches at this time is hazardous. While reporters were allowed access to the debates, they were not allowed to write anything down, and relays of reporters attended parliament and then later wrote their recollections for publication. Ministers were often also allowed access to their speeches prior to publication for judicious editing. See Barker [2000, p. 91] for some examples.

of taxation on the basis that they were "easily raised, widely diffused", and "pressed little against any one particular class, especially the lower orders of society, and at the same time . . . was ample, was safely and expeditiously collected at a small expense" [ibid., col. 432]. In this he was echoing the views of a number of eminent commentators including Davenant and Adam Smith as noted earlier. He proposed the greatest increase to apply to consolidated stamp duties, that is those applicable to a range of different instruments and which had not been increased for some years, but also proposed an increase in the newspaper stamp duty, anticipating "a great deal of discussion out of doors" on this issue [ibid., col. 433].

For Pitt newspapers were to be considered as an item of luxury, and the newspaper stamp duty might "fairly be converted into an additional source of revenue without hurting the proprietors or editors, and without any oppression to the community" [ibid., col. 433-434]. The stamp duty on newspapers at the time was two pence, and most papers had an issue price of four pence. The increase proposed by Pitt, which was eventually imposed [37 Geo III c.90, II, III], was one penny halfpenny. This he suggested would produce £114,000 per annum in additional revenue. Bearing in mind that the original duty was one penny for a sheet of paper, increased by one halfpenny in 1757 and another one halfpenny in 1789, this increase was substantial in relation to the price of newspapers which could be expected to increase to sixpence halfpenny.

Pitt was concerned, however, that "the public should derive all the advantage of an addition to the price" [ibid] and so offered a discount to those newspapers sold for sixpence or less which only increased the price by the amount of the duty [37 Geo III c.90, XXXIII]. If priced at more than sixpence and the proprietors could satisfy the commissioners of stamps that the paper had been sold for more than four pence halfpenny for at least three months before the passing of this Act, the discount still applied, providing the increase was no more than the duty [ibid., XXXIV]. The discount, set at 16%, was also available to those paying £10 or more in duty at any one time [ibid., XXXV]. The old discount of 4% was still available to those who failed to keep their price at sixpence or below [ibid., XXXVII]. The old discount was introduced in 1789 to compensate proprietors for no longer being able to return unsold papers and receive a refund of the duty, a provision which was being abused [29 Geo III c.50, VII, VIII]. The amount was arbitrary, to represent lost or damaged papers.

The Opposition, as was usually the case, interpreted the increase in stamp duty on newspapers as an attack on press freedom. Mr Sheridan described the taxes as "frivolous and vexatious" and predicted that they would "prove oppressive and unproductive" [*Parliamentary History,* Vol. 33, 1797, col. 441]. He regarded the tax on newspapers "as a vital blow struck at the liberty of the press . . . by putting the information conveyed in them at a price beyond the reach of the majority of the public" [ibid.]. While the government justified the tax as being on an item of luxury, Sheridan scathingly retorted: "was the dismal catalogue of miseries which they now contained a luxury to those by whom they were read?" He further said that the tax would have the effect of destroying cheap publications "for the instruction or information of the public", implying that this was an ulterior motive of the government. Despite the Opposition's protests, the legislation was passed and the stamp duty on newspapers was raised to three pence halfpenny per half sheet or sheet. The pamphlet duty remained unchanged at two shillings.

Other luxury items were targeted in the same Act [37 Geo III, c.90]. Duties on gold and silver plate, either imported or made in Great Britain, were increased. The management of these duties was at the same time imposed on the commissioner of stamp duties, thereby adding to the burdens of this office [37 Geo III c.90, XVI, XVII, XVIII]. The stamp duties on certain deeds were also increased. These included, for example, bonds, bills of lading, passports, copies of wills and copies of deeds [ibid., Preamble]. Further examples of raising taxes on luxury items can be seen in 35 Geo III c.10 (passed in March 1795) which increased the duty on foreign wine and fortified wine, 35 Geo III c.12 (passed in March 1795) which increased the duty on foreign spirits, 35 Geo III c.13 (passed in March 1795) which increased the duty on tea, coffee and cocoa nuts (for chocolate) and 37 Geo III c.14 (passed in December 1796) which increased the duties on auctions, bricks, cocoa nuts, British and foreign spirits and tea (again).

Aside from Opposition rhetoric which castigated the increase in newspaper stamp duty as infringing the freedom of the press, no mention was made in the parliamentary debates of this being in any way a motivation for the increase. On the contrary, the stated aim of the Prime Minister was to raise additional funds without imposing additional burdens on the poor. Yet the portrayal of the increase in the stamp duty as being part of an overt attack on press freedom is consistently argued in many histories of the press.

DISCUSSION AND CONCLUSIONS

It can be seen from the foregoing account of the economic, social and political events of the 1790s that the government was besieged with difficulties, some of which threatened to destabilize the very nature of British society. The dissemination of anti-government propaganda by radicals and the activities of radical societies were the focus of the destabilization. It was natural that as a means of self-protection, and to preserve the political system as it was, the government should seek to curtail what it considered as the excesses of the reform movement. At the same time an expensive war was being fought, with the concomitant need for revenue raising. In relation to curbing the excesses of radicalism, including the dissemination of propaganda, this paper has demonstrated that there were many ways in which this was achieved in the 1790s. These varied from the trials and subsequent execution of radicals for treason, to trials for sedition and seditious libel. Even when recalcitrant juries refused to convict, the effect was to increase the concern of the government about the hold the radicals had on society. Another way to curb radical opposition was by statute, and a raft of legislation passed during the 1790s attempted to kill off the reform movement.

Of the situation after the 1799 Act Collet [1899, p. 16] said: "the Newspaper Stamp had now been imposed for eighty seven years, and Parliament had come to consider every printer as the raw material of a traitor". In fact the newspaper stamp had nothing to do with the 1799 Act, and it is misleading of Collet to marry the two in the same sentence. It is noteworthy from this comment, and the earlier one with respect to the 1798 Act, that Collet apparently amalgamated the newspaper stamp duty and the two later Acts. Although he had a lot to say about the 1798 and 1799 legislation, he is unusually silent on the specifics of the 1797 increases in newspaper stamp duty. To roll the three statutes together as Collet does, supports his argument that the newspaper stamp was foremost a censorship mechanism.

As noted earlier, Collet, as Secretary of the Association for the Repeal of the Taxes on Knowledge, had his own agenda. At the start of his chapter entitled "The Newspaper Stamp", Collet made a brief reference to the economic reasons behind the introduction of the duty in 1712, but the remainder of the chapter concentrates solely on the censorship aspects [1899, pp. 8-23]. A reading of the three statutes, however, shows clearly that the focus of the 1797 Act was entirely different from the later two.

The newspaper stamp duty increase was just one of many increases in stamp duty included in the 1797 Act, among many other tax increases in that same year. The overriding impression is that the function of that Act was to raise revenue, whereas the function of the later two Acts was to "prevent the mischiefs arising from the printing and publishing newspapers" and "for the better preventing treasonable and seditious practices" [38 Geo III c.78; 39 Geo III, c.79].

Brewer [1989, p. 72] suggests that the view of 18th century administration as corrupt and inept was initiated by 19th century reformers who misrepresented the extent of corruption in the interests of a reform campaign. We argue similarly that the view of the newspaper stamp duty as an abhorrent tax on knowledge was initiated by the campaign for its abolition and perpetuated by subsequent historians. Collet's comments on the late 1790s, are quoted by Maynard Salmon in her chapter entitled "Taxes on Knowledge". Maynard Salmon [1923, p. 187] made no comment about the need for Parliament to raise revenue to fund the Revolutionary and Napoleonic Wars. Maynard Salmon's views are clearly biased as her work is tellingly entitled, and her sympathies lie with the press. Holmes [1967, p. 32] and Williams [1948, p. 553] comment respectively, " . . . the imposition of a stamp duty of a penny a sheet in 1712 underlined official concern at the enormous potential power of the pen in a divided society" and "The intention of the Act was the suppression of libels". Smith [1979, p. 58] says "All official efforts to control the press centred upon special taxes which began with the Stamp Act of 1712, designed to curb production and confine circulations while providing revenue for further government activity in the press."[27] Seibert [1952, p. 309] says that it appears that the principle objective was the control of "licentious schismatical and scandalous publications" and further that by diminishing profitability, publishers would be more "amenable to ministerial control" [1952, p. 312]. Even the eminent sociologist Jurgen Habermas, in his analysis of the public sphere, refers to the British newspaper stamp duty as a tax on knowledge [1989, p. 59, fn 7].

This is not to say that all historians accept without question the predominance of the censorship motive for the newspaper stamp duty. Wiles [1965, p. 18], for example, offers a different perspective:

[27] See also Fox Bourne [1887, pp. 80-81]; Cranfield [1962, p. 39] and Dagnall [1994, p. 30].

> It is easy to exaggerate the blighting effects of the Act for laying several Duties upon all Sope and Paper . . . and upon certain printed Papers, Pamphlets, and Advertisements . . . Those who have deplored the government's lack of wisdom and foresight in imposing what they call a "tax on knowledge" have said nothing about the equally discouraging consequences of the tax on washing. It is still commonly asserted that the tax was imposed in order to suppress adverse criticism of the government; but surely the main intention was to raise money. A government does not stamp out libel by making people pay a little more for their newspapers, any more than it stops people from smoking tobacco or drinking beer by taxing these commodities.

Certainly in the 1790s, the tax on newspapers was a minor vehicle compared with the other means of censorship for the government. Nonetheless, the conclusion seems inescapable that the stamp duty was used to some extent as a supplementary mechanism for placing fetters on the liberty of the press, and certainly this is the interpretation that the Opposition benches placed on the increases. However, it is a mistake, in some instances perhaps a deliberate mistake, for later commentators to conclude that this was the only reason for increases in stamp duty. It must be remembered (just as was the case when the newspaper taxes were first introduced in 1712) that this was also a period of enormous revenue needs to fund military activity. The tax was one of many introduced or increased over the course of the wars and it is equally possible that the main motivation for the increases in 1797 were purely fiscal. This is particularly evidenced by Pitt's acknowledged sympathy for the views of Adam Smith and his desire that the 1797 increase in newspaper stamp duty might "fairly be converted into an additional source of revenue without hurting the proprietors or editors, and without any oppression to the community" [*Parliamentary History,* Vol. 33, 1797, col. 433-434]. That this was not entirely political rhetoric was demonstrated by the discount in the legislation to keep the price of newspapers stable.

In analyzing this specific instance of an increase in tax during the period immediately before the introduction of income tax, we have highlighted the importance of contextual analysis coupled with use of primary sources to illuminate contemporary discourse. This methodology has enabled us to establish that there was more than one motive behind the increase in the newspaper stamp tax in 1797. In addition, we have shown that the desire to impose censorship on the press, often assumed to be the main factor behind the increase, may in fact have been subsidiary to another more urgent need at the time - revenue raising.

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Accounting Historians Journal
Vol. 31, No. 1
June 2004

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OBSERVATIONS ON MONEY, BARTER AND BOOKKEEPING

Abstract: Britain forbade her 18th-century American colonies to set up mints, and sent no supplies of her own coins. In consequence, the colonies were without any official money. Account books of the period reveal how traders fared in this unusual situation. They show that the lack of money was a severe handicap that hindered and distorted trade, but that the colonists to some extent overcame it with the aid of ingenious ledger entries. These culminated in payment by credit transfers in the books of third parties. Such transactions lead to a discussion of the nature of money.

INTRODUCTION

The 18th century account books of Britain's overseas colonies are immensely interesting because they depict societies that had no official money. Britain forbade her colonies to set up their own mints; and British coins brought in by new colonists were soon sent home to pay for imports. A good selection of account books — of city merchants and country store-keepers — has been preserved by university libraries, historical societies, etc., on the east coast of North America, and at British universities.[1] This article is based on a survey of such books, whose wide provenance seems to make them reliable evidence.

[1] William and Mary College (N. Boog's Ledger), Maryland Historical Society (Ridgeley's Ledger), New York Historical Society (Wendell's Ledger), New York Public Library (Harvey's and Fowle's Ledgers), Yale Library (Peck's Ledger and Lyman's Journal), Rhode Island Historical Society (Jenkins' Daybook and Brown's Ledger), the Essex Institute (Stratton's and Parker's Ledgers), Harvard Business School (the Henchman Journals and Ledgers, and the Hancock Journals); some West Indian accounts are to be found in British universities — Pinney's Ledger at Bristol, and the Nevis Ledger at the London School of Economics.

Acknowledgment: I am grateful for help from two referees and the editor.

Submitted April 2002
Revised October 2002
Revised April 2003
Revised May 2003
Accepted June 2003

The accounts show that the lack of official coins was a severe handicap, but that the colonists yet managed to carry on lively trade. To help with this, they enlisted some ingenious accounting devices — and indeed (as we shall see) used accounting entries as a semi-substitute for money. This article sets out in some detail the methods that the colonists used to make payments and give barter flexibility.

Despite the lack of official coin, the word 'cash' appears not infrequently in the accounts. The article describes the various forms that 'cash' may have taken.

The standard histories of North America have accepted that the money shortage was real and acute. But recent works have questioned that view. In a brief digression, this article looks at the rival arguments, and concludes that the account books support the older histories.

Study of this subject must lead on to speculation about the nature of money. How should we define it, and can bartered goods sometimes be deemed money?

HISTORIANS' DISPUTE OVER MONEY SHORTAGE

Historians long accepted that the colonies were troubled by a shortage of money. Thus they quoted 18th century colonial writers who told of "a universal want of money" [Davis, 1900, p. 60]; "coin did not circulate more than six months before it was gathered up and remitted to England"; at times, the scarcity was "almost incredible. . . . were the country people ever so willing, nay were it to redeem their lives, they cannot now raise money" [Nettels, 1934, pp. 13, 206].

But recently scholars have begun to question this traditional view of shortage, and to suggest that it may be exaggerated. Their arguments, which tend perhaps to be based more on general reasoning than contemporary evidence, run somewhat as follows. As the world's money stock could move without undue restrictions, the colonies must have had their share; market forces would equalize prices and exchange rates everywhere; the colonists' shortages were sporadic (Perkins, 1988, p. 165). The colonies' 18th century statistics show that the velocity of money was not much lower than in Britain, so the quantity of money must have been adequate [McCusker, 1979 p. 336]. The New Englanders could offset most of their deficit on current account with bullion got from trade with the West Indies, and with earnings from freight and the sale of their ships; any balance was probably covered by Britain's remittances for the upkeep of her military forces [Walton and Shepherd, 1979, p. 104].

As we shall see, the account books — faithful records of day-to-day transactions — would seem strongly to endorse the older historians' views. Until at least the end of the 18th century, the accounts tell of innumerable transactions whose nature appears to have been dictated by lack of money.

CASH

The account books have occasional entries for 'cash'. Unfortunately they tell us little about the nature of the 'cash'. The word did sometimes mean coins. During the 18th century, these would in all the British colonies be of foreign origin. Thus Australia used rupees, guilders, and Spanish dollars [Parker, 1982, p. 48]. When the wife of a new governor at Cape Town went shopping in 1797 she found herself handling Spanish dollars, star pagodas (small gold coins from India), and Dutch money [Barnard Papers, 1797, Cape Town Library]. The North Americans made much use of silver dollars (minted in the Spanish colonies, and obtained from lucrative trade with the West Indies), as well as French and Portuguese coins [Middleton, 1992, p. 238]; and till about 1720, American ports eagerly welcomed coins from pirates, who plied as far afield as the Red Sea [Davis, 1900, p. 87].

But 'cash' could also mean paper money, in whose use the American colonies became daring pioneers soon after 1700. Hard-pressed local governments uttered 'bills of credit', to be redeemed when the year's taxes had been collected. In time the redemption period was stretched, and issues were made 'promiscuously' [Davis, 1900, p. 264]. The bills were increasingly used by private persons as means of payment; "cash here is wholly in current bills of the province or a few Lyons dollars" [quoted in Matson, 1998, p. 162].

The account books do not mention banks (which seemingly did not exist in North America till the end of the 18th century). So 'cash' could not mean bank deposits.

THE SHILLING

The colonists' nominal money was a province's shilling. But, as there were hardly any shilling coins [Nettels, 1934, p. 204], the shilling was a curious semi-abstraction. (Perhaps it can be likened to Britain's defunct guinea that was still used sometimes as unit of value till about 1970.) Despite its shadowy nature, the colonists used the shilling when valuing goods, etc.; accounts were in consequence kept in £. s. d.

When he received foreign coins, a merchant would value them in terms of shillings (having first weighed the many defective ones on special scales [McCusker and Menard, 1979, p. 338]). The exchange rate varied with market conditions; the dollar's shilling price soared when provincial bills were issued wholesale [Davis, 1900, p. 258].

THE BOOKKEEPING

The typical colonial trader kept only the bare minimum of accounts needed by a business, that is, records of debts due to and by him. His accounts usually consisted of an untidy 'waste book', a journal, and a ledger with the traditional debit and credit layout, and columns for the £, the shilling, and pence. But he was apt to make entries in these books only when credit was given. He then scribbled down the facts in the waste; later he translated them into debits and credits in his journal, analyzing complexities such as joint ventures, payment by a mix of means ('For ½ money & ½ goods'), etc.

But the colonists' journals give a treacherous picture of the ledger. They duly record a purchase of goods with a debit to 'merchandise' and a credit to the supplier; but the ledger may have no entry in a merchandise account. Similarly they record a sale with a debit to the buyer and a credit to merchandise — but again there may be no merchandise entry. They record cash payments in personal accounts but not in a cash account.

By the mid-18th century, many textbooks on accounting were being published in Britain [Bywater, 1982, p. 148] and some of them reached America [Kreiser, 1976, p. 77]. The colonists readily absorbed the chapters on personal accounts, but often decided that the rest did not suit their conditions. Typically they did not keep accounts for assets (save perhaps their many joint ventures), or for income and expenses. They intermingled accounts in local currency with others (for British suppliers) in sterling. They did not balance off their accounts each year. They felt no need for a profit and loss account or balance sheet. In short, they got by with personal accounts and a slipshod system of single entry.

There were no doubt exceptions to the norm just described. Thus a surviving statement from Virginia shows profit being calculated — by comparison of opening and closing net assets (debtors being valued at only half their value because of default risk) [Voke, 1926, p. 10]. Annual reports might be issued where a firm had many owners; the 'subscribers' to a Williamsburg store got two balance sheets, one for the accounts kept in sterling, the other for local currency accounts [Coleman, 1974, p. 32].

The colonists' failure to keep a cash account is perhaps at first sight surprising. But as 'cash' was a bewildering medley of foreign coins, tradesmen's tokens, and bills of different provinces and issues, aggregation would have been almost impossible; to follow the textbook's prim instructions, a trader would have needed separate cash accounts for Spanish dollars, Portuguese moidores, Rhode Island bills, tobacco notes, etc.

A trader's indifference to income figures supports Yamey's view that Sombart erred in ascribing the capitalist's success to help from accounting [Yamey, 1949, p. 36]. Many colonial capitalists achieved notable success with little need for 'scientific book-keeping'.

Because a merchant's records show only credit transactions, they give an incomplete view of his trade. Non-credit transactions could have involved more cash than the ledgers suggest. Some evidence is given by the records bequeathed to us by a Connecticut store-keeper who analyzed his sales — as some 10% 'truck' (presumably crude barter), 60% credit, and 30% cash; so credit here far outweighs cash [Yale Library, Stanton MSS.].

BARTER WITH CREDIT

Crude barter was still fairly common on the colonies' frontiers [Middleton, 1992, p. 238]. But the account books suggest that city merchants seldom engaged in it. Barter brings high transaction costs — search costs (seeking buyers, advertising etc.), and transfer costs (moving clumsy goods, brokerage, etc.) [Melitz, 1974, p. 57].

Mankind has found two ways to lessen these costs. The first is use of credit. X hands over goods to Y, on the understanding that Y will pay later. This makes barter vastly more feasible.

Credit dealings become easier if they can be proved by records. Medieval merchants noted them on tallies [Roberts, 1956, p. 75]. The colonists made much use of account books, in which they duly recorded credit purchases and sales. And the account books were not only records of amounts owing; they also became a means of payment. With little or no use of coins, the colonist might be able — as we shall see — to settle even complex debt with the aid of his ledger.

Two-way Trade: 'Bookkeeping barter' provided an obvious form of credit; X from time to time bought from Y, and Y likewise bought from X (e.g. Henchman of Boston sells Bradley of Connecticut books, needles, Jews harps, etc., and Bradley over four years pays with a trickle of quills, rye, and pork [Henchman, Ledger B, p. 104, Harvard Business School]. Each man kept an account for the other. Lengthy credit, based on face-to-face trust, was usual; in a small community, a trader would have a shrewd idea of his neighbors' reliability and circumstances.

Nowadays most personal accounts are for either suppliers or customers; an account shows goods, etc., on one side and money on the other. In the colonists' accounts, both sides may show goods, with cash featuring rarely.

The accounts achieved the status of evidence when there were legal disputes. In this respect, the colonies digressed from English common law, which held that 'shopbooks' could not be admitted as evidence. Such strict rules were brushed aside by local colonial courts, where even the judge might have no legal training; a party's ledger was admitted as evidence when accompanied by his oath [Wootton, 2000, p. 26].

Triangular Payment: But debtor Y might not stock anything that creditor X wanted. Then (the ledgers show) the pair could turn to triangular dealings. Y gives X a note addressed to shopkeeper Z, asking the latter to let X have goods worth £-; so X is satisfied, and Y pays with a debit to his account in Z's ledger (see for instance Hancock note, British Museum addl. 38 808). There might be a somewhat different scenario: Y is owed a balance by Z, who cannot settle (perhaps because of remoteness), so Y sends X to collect payment. Thus a Boston merchant credits Noble (of New York) with: "By so much ordered by Mr. Hazzard to balance £44.11.9", and debits Hazzard (also of New York) with "To so much ordered to balance Mr. Nobles account - £44. 11. 9" [Henchman Ledger B, p. 152].

Triangular deals might be arranged verbally, or with the aid of a note not unlike the modern cheque in shape. Large numbers of these notes have survived [see, for example, Hancock MSS, Harvard Business School]. Perhaps they were almost as commonplace as today's cheques. They obviously played a significant role in business, and should be prominent in our studies. The colonists used also bills of exchange, but mainly to pay their overseas suppliers [Middleton, 1992, p. 238].

Triangular transactions were common in late medieval Europe [de Roover, 1944, p. 382]. Records of such credit transfers (kept by either of the parties) would in time evolve into two accounting entries. This must surely help to explain how double entry originated and came into common use. The transactions thus seem of immense importance in the history of accounting.

Transferable Notes: A triangle could assume a more complex shape when the note was made transferable — "please pay X or order £- in pork" [Hancock MSS, 20 3]. Such notes might pass through several hands, their worth depending on the drawer's reputation [Kreiser, 1976, p. 77], and must have acted as an extra supply of money. Colonial courts decided (again in conflict with English common law) that debt held by one person could be assigned to another [Wootton, 2000, p. 26].

INTERMEDIATES

The second way in which mankind has moved on from crude barter is by use of intermediates. A trader with type A goods wants to exchange them for type B, whose owner will not accept them; but a third trader will take them if allowed to pay in type C goods; if these goods are popular and widely acceptable, the original trader can sell his A for them, and then use them (sooner or later) as payment for his desired purchases. C is thus a most helpful intermediate, accepted not for its own sake but because other persons take it readily. Its use greatly reduces transaction costs. The American colonies used goods as intermediates. So these performed some functions of money, and may properly be called commodity money.

COMMODITY MONEY

The colonial account books show that all types of traders made much use of commodity money. There are innumerable examples of debts being paid with goods such as tobacco, molasses, and flax; pork and beef were particular favorites. These commodities were traded widely in the market; provinces and towns might take them as tax payment at published rates, and they were sometimes legal tender [Nettels, 1934, p. 209].

But commodity money must have been an inconvenient form of intermediary. It was often bulky and heavy, and so costs of transport and storage might eat away its value. Some types (notably beef) were apt to deteriorate [Middleton, 1992, p. 238]. The goods' quality and shilling value had to be agreed by the two parties (disputes being settled by arbitrators such as churchwardens [Nettels, 1934, p. 211]. If there was a glut of (say) wheat, its value dropped, and creditors suffered; if there was a bad harvest, its value rose, and debtors suffered [Nettels, 1934, p. 211]. And debtors were prone to palm off their worst products, so that (as Gresham warns) circulating money might be of poor quality [Nussbaum, 1957, p. 4].

Perhaps a city merchant could hardly distinguish between commodity money (which he planned to pass on with perhaps little or no gain or loss) and his main stock-in-trade. When for instance his country customers settled their accounts by sending him wheat, presumably this was commodity money if he intended it for creditors, but stock-in-trade if he loaded it on his ships in hope of profitable sale in the 'sugar islands'. As with cash, the colonists seldom recorded commodity money in asset accounts. A trader's textbooks told him to debit receipts of each type of goods to a separate account [Mair, 1793, p. 134]; but he sensibly decided it was pointless to keep records of transient holdings of beef, pelts, etc.

BOOK TRANSFERS

An important type of intermediary is illustrated in the ledger of a Trinidad planter:

D. Morgan

To so much discounted with
J. A. Jacob . . . . £x

J. A. Jacob

By your assumpsit to D. Morgan . . . £x

[Trinidad Ledger, London School of Economics]. 'To discount' was to deduct or offset. An 'assumpsit' was 'a taking upon oneself'.

Here the story probably is that Morgan was pressed for payment by Jacob, but lacked cash. The ledger owner Z had dealings with both men. Morgan asked him to intervene with a transfer from his Jacob account to his Morgan account. If the transfer were arranged with a written note, it would run somewhat as:

Z. Please pay to your humble servant or
discount with J. A. Jacob £-.

D. Morgan

Thus the ledger keeper acted like the modern banker who is presented with a cheque. Debt was settled by book entries, with no other assets changing hands.

Such book transfers appear fairly often in the ledgers. A Colonial town may apparently be viewed as a place without banks, but where merchants — perhaps for no reason save to maintain friendly relations — acted like bankers by switching credit in their accounts. Book credit thus acted as an intermediary. It was an obvious precursor of today's great intermediary, money, in such forms as bank credit.

MINOR PAYMENTS

We can only speculate on how debt was remembered by people outside the ledger-keeping class. Perhaps shopkeepers kept a slate for each debtor, and promissory notes were common. Wages could be paid with 'shop notes': employer Y would give laborer X an order for goods from shopkeeper Z. (If Y and Z were unscrupulous, an embittered laborer X would be charged perhaps 25% above normal prices, Z paying Y a commission [Davis, 1900, p. 378].

Small foreign coins such as the 'bit' — an eighth of a dollar (the 'piece of eight') — were sometimes available [Nettels, 1934, p. 170]; these could no doubt serve as payment for petty expenses. And governments increasingly helped by issuing parchment bills with denominations as low as a penny [Davis, 1900, p. 148].

MONEY

Intermediate commodities must surely be included in most definitions of money. No doubt payment is more acceptable in the form of official currency; but an intermediate still performs some of money's functions even when it takes less convenient forms.

Money has been defined by economists as e.g. a claim [Boulding, 1941, p. 258] or promise [Hicks 1946, p. 168], it is generally acceptable, and — Jevons told us — functions as medium of exchange, measure of value, store of value, and standard for deferred payments. Melitz persuasively adds means of payment [1974, p. 8]. Commodity money certainly acted as means of payment, however clumsily.

The non-existent shilling was a curious form of intermediary. The lack of a coin must have greatly lessened its usefulness. But presumably it served not only as value unit but also as an indication of payment quantity; a promise to pay twenty shillings was really a promise to pay dollars, notes, or merchandise worth twenty shillings at current rates.

CONCLUSION

The old ledgers bear ample witness to the scarcity of money (and thus support the older school of historians). They show how they themselves enabled the colonists to overmaster the scarcity: bookkeeping let trade thrive. The ledgers emphasize the two ways in which barter has been modified — first by the addition of credit, and second by use of intermediaries (in particular, book credit in third parties' accounts, which was thus a precursor of today's bank credit).

Further research might find interesting additional ways in which the colonists used bookkeeping to counter the shortage of coins.

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Accounting Historians Journal
Vol. 31, No. 1
June 2004

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SINGLE-ENTRY ACCOUNTING IN EARLY AMERICA: THE ACCOUNTS OF THE HASBROUCK FAMILY

Abstract: The accounts of the Hasbrouck family help document how five generations adapted to economic and social change in New York's mid-Hudson River valley from the time of settlement in the New World through the Civil War era. The accounts of these farmers and merchants illuminate the role that accounting played during a period when the key information provided by the accounting system was the balance in an individual's account. Personified ledger accounts not only characterized the organizational structure in tight-knit communities, but were essential in facilitating trade during a period when the shortage of cash made asynchronous exchanges and the use of commodity money prevalent.

INTRODUCTION

Accounting history has tended to focus primarily on the records of large firms and on cultural practices, rather than on the ordinary accounts of individuals and small family businesses. Such ordinary accounts were usually kept for personal and family reasons, rather than to satisfy external users or partners, and are often among the few surviving records that help us document daily life in the community in which they were created. They contribute to improving our understanding of

Acknowledgments: The authors appreciate the helpful comments provided by Stephen Walker and two anonymous reviewers on earlier versions of this paper. We are also indebted to Eric Roth and Leslie LeFevre-Stratton of the Huguenot Historical Society, Carol Johnson of the Elting Memorial Library, Donna Light of the 'Old Dutch Church' Heritage Museum, Ken Gray of the Ulster County Archives, and to Victor-Guy Aboulaffia, who provided translation assistance.

Submitted September 2001
Revised October 2002
Revised September 2003
Accepted October 2003

business and accounting practices in the past, and provide insight into the financial success or failure of individuals and families [Vollmers and Bay, 2001, pp. 43-45]. Investigation of the role of accounting in agrarian societies, where the home was also the primary site of productive activity, should not be neglected. In fields such as history, economics and philosophy, the home as a sphere of influence has received attention, and accounting for family endeavors is equally deserving of academic scrutiny [Walker and Llewellyn, 2000, pp. 427, 429, 433].

Jean Hasbrouck was one of twelve partners who obtained a patent in 1677 for lands at New Paltz, New York.[1] Fleeing religious persecution, these French Huguenots immigrated to the mid-Hudson River valley during the late 17th century. In France, the Hasbroucks had generally been merchants and prosperous businessmen, and in America this family tradition continued, providing an example of the entrepreneurial spirit in colonial America [Perkins, 1989, pp. 169-170]. A nnumber of recently discovery late 18th century ledgers relating to Hasbrouck family businesses, and the wealth of additional archival and secondary material related to this family provided the principal sources for this study. These sources have been used to trace the family's trade and businesses from settlement in the New World through the Civil War era, and to examine the role that accounting played in supporting their activities.[2] The accounting records also give us insights into the timing of cultural shifts that were reflected in the use of different recording languages and currencies. The Hasbrouck family lineage traced in this paper is shown in Table 1.

TABLE 1

The Hasbrouck Genealogy

Name	**Lifespan**
Jean Hasbrouck	died in 1714
Jacob Hasbrouck	1688 - 1761
Jacob J. Hasbrouck (Jacob, Jr.)	1727 - 1806
Josiah Hasbrouck (Colonel Josiah)	1755 - 1821
Levi Hasbrouck	1791 - 1861

[1] Many stone house built by the town's early settlers have been preserved to the present day on Hugenot Street.

[2] "The Account Books of Jean Cottin" are in the archives of The 'Old Dutch Church' in Kingston, NY. Unless noted otherwise, the remaining original documents examined for this study are in the collections of the Huguenot Historical Society Library and Archives, MSS Collection, New Paltz, NY.

The operation of accounting in organizational and social contexts is influenced by factors specific in location and time. In studies of pastoral accounting in Australia, Carnegie [1995, pp. 21-25; 1997, pp. 207-231] traced the influence of economic, legal, political, educational, and professional factors on pre-Federation accounting records. Carnegie concluded that the personified ledger accounts used by Australian pastorialists were characteristic of an organizational culture that had developed in isolated, tight-knit communities where members were in regular contact with, and supportive of each other. In this study, we similarly find a personification of ledger accounts in small agricultural communities in colonial and early America. In these communities, book debts were recorded based upon face-to-face transactions between friends and neighbors, with individuals relying upon a mutual sense of trust and obligation between debtor and creditor. There was typically no explicit promise to repay at a specified time, and accounts could be settled with cash or by providing goods or services.

The modern perspective that accounting records should support the preparation of financial statements was not relevant for many family businesses in early America. There were no requirements to calculate or report profits to outside parties during this period, so single-entry accounting satisfied the information needs of many traders. Small businessmen would have been able to gauge profitability and inventory levels readily without the need for accounting reports. At the same time, cash was scarce and transactions were often based upon the asynchronous exchange of goods and services. Exact settlement was difficult, and bookkeeping was an indispensable device for keeping track of the balances due between individuals. The accounting system was thus primarily focused on the need to keep track of payables and receivables, including exchanges between third parties. This system served the reporting needs of the community at large, as well as the needs of individuals and small businesses.

The economic goals of the settlers in New York's mid-Hudson River valley and their descendants included meeting annual subsistence needs, increasing the comfort level of daily life, accumulating land, and passing on a legacy to heirs [Wermuth, 2001, p. 46]. In this study we examine one family's strategies for successfully meeting these goals in a specific spatial and cultural environment. Late 17th and early 18th century New York underwent a period of social and cultural change as new immigrants from England, France, and elsewhere in

Europe and Africa joined the older settlers. A pluralistic social order evolved in ethno-religious communities, which served as a basis for group life [Goodfriend, 1992, pp. 5-7, 82].

LITERATURE REVIEW

Account books and related documents have helped illuminate various aspects of life in early America. According to Stone [1975], lack of qualified accountants added to the hardships of the Pilgrims during their early years. The Pilgrim Colony's business records were chaotic from 1620 to 1641, as none of the colonists had any training in, or aptitude for, record keeping. As a result, on several occasions the London underwriters had to send out an accountant to review the financial records. Baxter [1946] studied the accounts of Boston merchants form 1710 to 1775, an era characterized by poor communications, a limited volume of transactions, and a severe shortage of coins. The foreign coins acquired by the colonists circulated for only a brief period before being sent to England to pay for imports. Local trade was largely based on commodity money and barter. As a result, delays in payment were inevitable, since commodities could not be delivered until after harvest. Also, exact settlement was difficult, and a balance of debt was often left over. Bookkeeping was therefore necessary to keep track of the balances due between individuals. Not only did bookkeeping barter accommodate two-way trade, it also facilitated triangular barter. Merchants typically took on the role of bankers since they could make cross-entries in two customers' accounts to facilitate settlement.

This type of barter is evident in the account books of a general store operating in Middletown, Delaware at the end of the 18th century, which was studied by Stone [1979]. The store served as the collection agent for a wheat broker and used its account books to facilitate transactions between the wheat broker and other customers. Barter was common, and customers settled their accounts with labor, wheat, corn, herring, skins, and scrap iron. Popular items sold at the store included playing cards, buggy whips, muskets, flints, saddles, snuff boxes, traps, tobacco, and brandy.

Disputes sometimes arose over the book debts that resulted from the business transactions in the colonial American barter economy, for which legal remedies might be sought. However, during this period, English common law made it difficult to introduce account books as evidence to support a claim of debt.

As the American colonial courts and legislatures began to examine these rules, and sought to meet the commercial needs of the New World, they responded by developing a more flexible and pragmatic legal system with respect to admitting account books as evidence. Legislative assemblies in several colonies enacted statutes to codify this liberal approach to accounting evidence which was also extended during the early 19th century to both state and federal courts [Wootton and Moore, 2000a, 2000b].

Although commodity money was used for local transactions, long-distance transactions were paid using specie (coinage) or bills of exchange. The specie in circulation in the colonies came from Spanish America, Spain, the Netherlands, the German States, France and other countries. To keep track of exchanges based upon barter, commodity money and various types of coinage, colonists from England continued to use pounds, shillings, and pence as the monetary units of account. However, these units were valued differently in each colony according to the premium that each had legislated for silver coinage. Colonies eventually began to issue paper currency to address the shortage of coinage, and New York first did so in 1709. The New York currency, denominated in pounds and shillings, was in the form of bills of credit issued by the government, which the colonists could use to make tax payments [Jordan, 1999; Matson, 1998, pp. 240, 325].

Matson [1998] examined the activities of the 'lesser' or middling merchants in New York City during the colonial period, many of whom were identified with an energetic trade in the coastal and West Indian markets. Merchants acquired the exported commodities from the New York colony through their ongoing affiliations with retailers, artisans, millers, and farmers. As Johnson [1974] found in a study of New York City merchants, 1765-1820, merchants performed their own accounting. Most businesses were small and there were few practicing accountants to provide such services.

Wermuth [2001] used the ledgers of several businesses in New York's mid-Hudson River valley from 1726 until 1840 to document changes in the area's economy. Although the region remained primarily agricultural throughout this period, a transformation in the nature of production was noted. In the colonial period, most farm families produced much of what they ate and wore, trading with neighbors for goods that they could not produce. Although some surplus commodities were sent to nonlocal markets, the output of farm households was not market-directed. However, beginning in the second half of the 18th century and accelerating into the 19th century, there was a shift towards market-orientated production.

Baxter [1978] found that single-entry accounting predominated in the colonial accounts of 18th century New England merchants. The primary purpose of single-entry accounting was to record indebtedness, and account books consequently contained only accounts for persons. These accounts cannot readily be divided between debtors and creditors, since the colonial merchant bought from and sold to the same person. However, the nature of the goods generally permits accounts with customers to be distinguished from accounts with suppliers. Single-entry accounting satisfied the information needs of these colonial traders who had no need to report income and little use for the profit calculations permitted by double-entry methods. Densmore [1980, p. 6] similarly reported that single-entry bookkeeping was typical of the accounts found in rural western New York and southern Ontario during the first half of the 19th century.

Whereas single-entry accounting included only personal accounts, double-entry accounting would also include accounts such as capital, cash, inventory, and profit and loss [Sheldahl, 1985, p. 15]. Keeping separate accounts for various types of merchandise, on which profit or loss could in theory be computed, was one of the major characteristics of double-entry bookkeeping as developed in Europe [Yamey, 2000, pp. 1-2]. Bruchey [1958] acknowledges that although small shopkeepers may have used single-entry accounting, double-entry accounting might have been more useful to larger merchants, and would have become increasingly popular as the 18th century advanced. According to Chatfield [1977, p. 61], the adoption of double-entry bookkeeping by a majority of businesses did not occur until after 1850, with the emergence of manufacturing corporations, income tax, and the accounting profession.

Double entry accounting was likely used by the leading colonial store in 18th century Williamsburg, Virginia studied by Coleman, Shenkir and Stone [1974]. From 1733 to 1779 the store prepared a year-end balance sheet accompanied by a report attesting to the subscribers' audit of the company accounts. An income statement was not prepared, but managers' commissions were calculated based upon sales figures, and currency exchange gains were included in owners' equity.

Kreiser and Dare's [1986] study of the Shakers of Pleasant Hill, Kentucky, 1830-1850, shows that this community did not keep revenue or expense accounts either. However, they did prepare yearly analyses that attempted to correlate expenses with revenues from various ventures. Village trustees had a fiduciary responsibility to members, so an annual accounting may have been more important in the Pleasant Hill community than in most individual or family businesses. Vollmers and Bay [2001] report that at the end of the 19th century, a meat merchant in Maine summarized the revenues and expenses related to a particular product category in order to compute profit or loss. The merchant's journal, however, was not in double-entry format.

In this study, we find that single-entry accounting proved adequate to meet the recording needs of the Hasbrouck family. The Huguenot settlers and their descendants maintained only personal accounts, which served a vital function by facilitating the asynchronous exchange of goods and services in a rural environment. The personification of the accounts reflected the organizational culture that developed in small, close-knit communities, where transactions involved face-to-face exchanges between friends and neighbors. Consistent with the lack of legal or regulatory requirements, no calculations of profits or capital appear in these account books. However, some changes in bookkeeping procedure did appear over time. Before examining these themes further and the business and financial affairs of the Jean Hasbrouck family, we consider, in the next section, the nature of the environment encountered by settlers in the New World.

CONTEXT

In 1609, Hendrick Hudson's exploration of the river that now bears his name provided the first stimulus to European colonization of the Hudson River valley. The Dutch West India Company subsequently established trading posts at the current sites of New York City and Albany, as well as at an intermediate point in the area inhabited by the Esopus Indians (near what is today Kingston, New York). The Dutch West India Company conducted a profitable fur trade with the Indians and established policies that influenced the institutional framework of the community and the composition of the population. The perpetual need for new settlers led to a diverse population and resulted in the institutionalization of slavery. Over time, the agricultural importance of Esopus (also known as Kingston or Wiltwyck) increased, and by the 1680s, it had become a high-yield, wheat producing area populated largely by farming families [Kammen, 1975, pp. 1-2; Schoonmaker, 1888, pp. 2-3, 21;

Goodfriend, 1992, pp. 10-11; Wermuth, 2001, pp. 13-14].

The Dutch controlled the region until it was surrendered to the English in 1664. The laws, institutions, and cultural practices introduced by the Dutch had an enduring effect on New York society and culture. The English were initially a cultural minority in a predominately Dutch society, and realism dictated that they be tolerant, allowing diverse cultural practices to persist [Schoonmaker, 1888, pp. 65-66; Goodfriend, 1992, pp. 5-7]. Along with the Dutch and English, the Kingston region also attracted some French Huguenot families, who had fled Europe to escape religious persecution. Endeavoring to maintain their own cultural identity in this predominately Dutch region, a dozen of these families established a new community about 15 miles from Kingston [LeFevre-Stratton, 1999, pp. 1-2; DuBois, 1936, pp. 12, 19].

The 12 families that established the New Paltz settlement were tied by marriage or friendship before their arrival in North America. Because they left France well in advance of the 1685 revocation of the Edict of Nantes—which triggered the largest diaspora of Huguenots—they were able to bring their material assets with them. This enabled them to purchase a relatively large tract of land, which succeeding generations would divide and subdivide, supporting many families in the area. New Paltz, which began as a communal endeavor, retained this pattern of land distribution until well into the 18th century [Carlo, 2001, p. 397].

The New Paltz settlers obtained a patent for nearly 40,000 acres of land in 1677 in exchange for a yearly quitrent of five bushels of good winter wheat. In the following year they settled and cultivated the rich lowland area along the Wallkill River [Schoonmaker, 1888, p. 69]. The land had previously been purchased from the Esopus Indians, who retained the right to hunt and fish on it, for a price that included:

> . . . 40 kettles, 10 large, 30 small; 40 axes; 4 adzes; 40 shirts; 400 fathoms of white net-work; 300 fathoms of black net-work; 60 pairs of stockings, half small sizes; 100 bars of lead; 1 keg of powder; 100 knives; 4 kegs of wine; 40 oars; 40 pieces of "duffel" (heavy woolen cloth); 60 blankets; 100 needles; 100 awls; 1 measure of tobacco; 2 horses - 1 stallion, 1 mare [LeFevre, 1909, p. 13].[3]

[3] The "net-work" in the above translation most likely refers to wampum, which circulated in strands of white or black beads [Jordan, 2000].

The extent to which immigrant groups made an effort to maintain their ethnic solidarity can be judged from choices made in relation to language retention, church affiliation, education, philanthropic activity, and selection of marital partners [Goodfriend, 1992, p. 86]. The New Paltz patentees made efforts to maintain their French language and religion by engaging, when possible, French schoolteachers and pastors. Marriages in the community remained endogamous as long as suitable marriage partners existed, but after the second generation, partners were often found in the predominantly Dutch communities in the surrounding countryside. The increasing Dutch presence also influenced efforts to maintain the French language and religion. Many of the French settlers also knew Dutch, and both languages appear in early official documents. The English language did not assume a significant presence in the area until well after the American Revolution [Carlo, 2001, pp. 397-399].

By 1703, the county census reported a *Pals* population of 130, including 64 white adults and their 57 children, and seven Negroes and their two children. The same year, an agreement was made giving each of the New Paltz patentees or their representatives one-twelfth of the New Paltz lands. In 1728, the lands were further subdivided, and the families of the 12 original patentees elected a member to a governing body that later became known as the 'Twelve Men' [O'Callaghan, 1850, p. 966; DuBois, 1936, p. 20; LeFevre, 1909, pp. 111-112; Hasbrouck, 1963, p. 7].

Among the 12 New Paltz patentees were Jean Hasbrouck and his brother Abraham. Jean Hasbrouck may have built a wood frame house in New Paltz as early as 1678 [Crawford & Stearns and Neal Larson & Associates, 2002, pp. 1.3-1.4]. On a tax list dated January 1712, Jean Hasbrouck's real and personal property was assessed at £150, making him fifth wealthiest of the 22 New Paltz taxpayers. The taxes were used to pay for representatives to the New York Assembly as well as the county treasurer, bell ringer, and clerk, and to pay bounties for killing the wolves that threatened the farmers' livestock.[4]

In August 1712, Jean Hasbrouck signed a will, written in Dutch, which enumerated assets characteristic of the agricultural economy. The bulk of his estate was bequeathed to his unmarried son Jacob, who lived with him, including:

[4] Records for the meetings of the Board of Supervisors from 1710 to 1730 are housed in the Ulster County Archives, Kingston, NY.

> . . . all my land lying within the boundaries of the patent of New Paltz with house, barn, and all my other buildings thereon being and standing, also my wagons, ploughs, harrows, and everything thereto belonging and also my two negroes named Gerrit and James; further the gun and what belongs to it and the clothing of my deceased son Isaac Hasbrouck and all my books excepting three hereafter bequeathed to my daughter Elizabeth [Anjou, 1906, p. 90].

When Jean Hasbrouck died two years later, the 26-year-old Jacob was left in possession of his father's farm and most of his other assets, including his one-twelfth share of the lands in the New Paltz patent. By contrast, many of the estates of other New Paltz patentees were divided among numerous heirs, diminishing their value. Shortly after his father's death, Jacob Hasbrouck married Esther Bevier, whose father had had the highest property assessment in the community on the 1712 tax list, which would have enhanced his already substantial assets [Crawford et al., 2002, pp. 1.2-1.9, 1.20].

The agricultural economy depended on family labor, which the New Paltz Huguenots supplemented with slave labor. In New York, the average master had between one and three slaves who typically worked with their masters and lived in their households. In rural counties, slaves engaged in a variety of farm and domestic work [Kobrin, 1971, pp. 3-10; Hodges, 1999, p. 82; Williams-Myers, 1994, pp. 24-25].

Given good weather and soil, more grain could be produced than needed by the farming household. Some of the excess was used locally in barter exchanges during the winter months, but the remainder was exported. By the late 1690s, wholesalers in New York City were concerned with obtaining wheat, rye, and corn for export to the Caribbean, and they ultimately obtained these grains from the docks at Kingston and the rest of the Hudson River valley [Matson, 1998, pp. 27, 125].

THE COTTIN LEDGERS, 1707-1721

Farmers in New Paltz and Kingston sold their surplus grain to Kingston merchant Jean Cottin [Schultz and Hollister, 2004]. Cottin had been the first French schoolmaster at New Paltz and later became a merchant in Kingston [Brink, 1905, p. 64]. He bought wheat and peltries from local farmers, hunters and trappers, and transported them to New York City for sale to Manhattan merchants. In exchange, he obtained wholesale quantities of the imported goods that his local customers desired. Many of the New York business people with whom Cottin dealt were also French Huguenots, lending support to the thesis that trade, family life, and religion were highly interrelated during this period [Bosher, 1995, p. 80]. We also see proof of this in Cottin's will, which included a bequest to support the French church in New York. Since there was no French church in Kingston, Cottin worshipped at the Dutch church, and it was to this church that he bequeathed his books, debts, bills, bonds and notes in order that interest earned could be used to support the poor.

Some of Cottin's account books, which date from 1707-1721, have survived in the archives of Kingston's 'Old Dutch Church,' and appear to be the earliest surviving financial ledgers relating to the Kingston-New Paltz area. The four extant ledgers include a bound daybook, an unbound daybook, and two accounts books that contain postings from the daybooks. In addition, a separately bound index lists the accounts alphabetically by first name. The account books are bound in leather and tied with strings made from hide. According to Merwick [1990, p. 52] good account books were a conspicuous display of a merchant's status, their bindings and paper quality were as important as their contents.

With few exceptions Cottin's accounts with local individuals were recorded in French. The monetary unit was Dutch guilders and stuivers. Although the use of Dutch coins was popular in Dutch settlements such as Kingston, their use as a unit of account does not mean that transactions were necessarily settled in guilders; settlement might be based on the exchange of various types of coins as well as commodities. By contrast, the accounts that Cottin kept with Manhattan merchants were denominated in pounds, shillings, and pence, doubtless reflecting the units used by those merchants. In cosmopolitan New York City, there was a much quicker shift from Dutch to English customs than in Kingston. In 1698, the Dutch comprised slightly less than one-half of the white population in New York City compared to two-thirds of the white population in Kingston [Bonomi, 1971, p. 22].

The Cottin ledgers include accounts with Jean Hasbrouck and his son Jacob for the period 1709-1717. The debit entries from a page in Cottin's account book have been translated in Table 2. The opening balance in Jean Hasbrouck's account on this page had been carried forward from a previous page on which purchases of items such as lead, ginger, paper, rum, buttons, cloth, a quilt and a hat had been recorded. When no more room remained on a page in the account book, the account would be carried forward to an available page in that or a subsequent book.

TABLE 2

Translation of the Debit Side of Jean Cottin's Accounts with Jean and Jacob Hasbrouck, 1709-1717

Jean Hasbrouck owes for the settlement of an account in the ledger on page 93 for several articles from August 6 1709 until ?* 25 January 1712 the sum of 32 guilders 6 stuivers	32	6
14 February 1712 owes for one ounce of silk delivered to Jacob Hasbrouck	9	0
2 July 1712 owes for one half ? of syrup to Lisbette at 25 guilders	25	0
15 October 1712 Jacob owes for a small ?	1	0
22 Oct 1712 Lisbette owes for two gallons of syrup at 5½ francs	11	0
and two white quilts with stripes for 63 guilders	63	0
and one cotton handkerchief for	5	10
31 Dec 1712 Jean Hasbrouck owes for delivered to Jacob Hasbrouck 200 shoe nails	2	0
and a carpenter's scissors for 4 guilders 5 stuivers	4	5
3 Mar 1713 owes for one quart of rum delivered to Jacob Hasbrouck	3	0
18 Apr 1713 owes for two pounds of cotton at 2-1/2 guilders delivered to Jacob	5	0
11 Nov 1713 owes for his son Jacob one large deerskin	18	0
5 Dec 1713 owes for Jacob his son six dozen metal buttons at 30 stuivers and 100 shoe nails all for	10	0
	189	1

4 Aug 1714 Jacob Hasbrouck owes for one pound of gunpowder delivered to the son of Dick Muvéz	7	0
22 Oct 1714 owes for one pound of ginger and 300 shoe nails all for	4	0
31 May 1715 owes for five gallons of rum at 7 guilders has paid for one gallon and owes for 4 gallons	28	0
28 Oct 1715 owes for one and a half aunes of red ? at 14 guilders delivered to himself	20	10
in addition owes for a hammer and a carpenter's scissors together for 11 guilders 300 shoe nails	14	0
and 4-1/2 aunes blue cloth at 2 guilders for 9 guilders and 1-1/2 aunes of fine blue cloth for 10 guilders	19	0
and one aune of cotton at 2 guilders 15 stuivers and 1/2 pound of pepper at 4 guilders 5 stuivers all for	7	0
and a barrel of soap at 26 guilders and for 24 stuivers of red wood all for	27	4
4 April 1716 delivered to Jacob Hasbrouck 23 guilders for ? to Jacob DuBois	23	0
8 August 1716 owes for a pound of ginger delivered to his wife	7	5
1 February 1717 owes for delivered to himself one pound of barrel nails	2	0
10 June 1717 owes for one half quateron** indigo delivered to ?	3	0
	155	19

* Words that could not be translated are indicated by a question mark.
** *Quateron* is an agrarian unit of measure.

Source: *The Account Books of Jean Cottin,* 'Old Dutch Church,' Kingston, NY.

In 1712 and 1713, the purchases debited to Jean Hasbrouck's account included various types of dry goods along with items such as nails, syrup, and rum, with the most costly items being two quilts. As was typical, Cottin recorded both the items sold and the identity of the party who took delivery of the goods. Hasbrouck's son Jacob and daughter Lisbette (Elizabeth) took delivery of most of the purchases charged to their father's account. The credit side of Jean Hasbrouck's account (not illustrated here), shows that after his father's death in 1714, Jacob Hasbrouck paid the balance due of 189 guilders, 1 stuiver to settle the account. The use of cash appears to be most prevalent when an account was settled.

On the same page in the ledger, Cottin started a new account in his the son's name. In 1714-1715 the purchases charged to Jacob Hasbrouck's account included gunpowder, cloth (measured in aunes, an old French measure equivalent to about 47 inches), sewing supplies, quilts, soap, tools, nails, spices and rum; items typical of those sold by Cottin. Apparently, Cottin made an error totaling the charges to Jacob Hasbrouck's account, which should equal 161 guilders, 19 stuivers, rather than 155 guilders, 19 stuivers. The Hasbroucks visited Cottin's store in Kingston between two and five times a year during this period. Jacob Hasbrouck's name also appears in the Cottin ledgers on a list of farmers who had delivered wheat to the granary in 1719. Cottin recorded the receipt of 25 schepels and an additional 3 schepels from Jacob Hasbrouck. This amount was comparable to that delivered by other large farmers in the area. Most of the other farmers had much smaller operations and delivered between 1 and 15 schepels of wheat to Cottin.[5]

Many of the goods that Cottin sold were obtained from his Manhattan suppliers who had imported them from Europe, the West Indies, or the Southern colonies. Rum was imported from the West Indies, or possibly from one of the rum distilleries that had sprung up in the American colonies to process imported sugar and molasses. The ginger may also have come from the West Indies, and the cotton from the Southern colonies. However, Cottin probably acquired the deerskin and syrup (likely maple syrup) in a local barter transaction. During the 18th century, the colonists imported a range of commodities from England, including some that had originated in the Orient. Dry goods were one important import for New Yorkers, who were unable to provide sufficient cloth and clothing for themselves,

[5] A schepel was equivalent to .764 bushels of wheat [Versteeg, 1976, p. 765].

and could import textiles more cheaply than producing them locally [McCusker and Menard, 1985, p. 290; Matson, 1998, pp. 139-141, 182-183].

INCREASING WEALTH, 1717-1782

Jacob Hasbrouck appears on the list of New Paltz taxpayers in January 1717 with property assessed at £160, making him the fifth wealthiest of the 28 taxpayers for that year.[6] In 1721, he began construction on a new house that would be built to a scale beyond that of any other properties in the area, and which was seemingly a clear statement of his position in the community.[7] At that time, the use of stone as a building material was an emblem of wealth and class, and the construction of a whole street of stone houses in a small town like New Paltz reflected the economic and social composition of the settlement [Crawford & Stearns and Neil Larson & Associates, 2002, 1.3-1.9, 1.19-1.21].

On the 1728 tax list for New Paltz, Jacob Hasbrouck's property was appraised at £92, making him the fourth wealthiest of the 33 taxpayers. Hasbrouck served for nearly two decades as a member of the Twelve Men that governed New Paltz, and in his later years, also served short terms as tax collector and chimney inspector, suggesting that he may have passed the day-to-day responsibilities for running the farm to his son, Jacob J. Hasbrouck, Jr. (Jacob Jr.), who shared the house with him [LeFevre, 1909, pp. 91-93, 117; Crawford et al., 2002, p. 1.22].

Jacob Hasbrouck's name also appears in a 1733 listing of goods sold on the death of Jean Tebanin. Tebanin, who succeeded Jean Cottin as French schoolmaster in New Paltz, bequeathed his property to the New Paltz church in a will dated 1730 [LeFevre, 1909, pp. 25-27]. His household goods were sold on his death, and Jacob Hasbrouck was among the purchasers;

[6] The tax assessment lists for Ulster County are housed in the Ulster County Archives, Kingston, NY. The assessment list for 17$^{16}/_{17}$ can be viewed online at http://archives.co.ulster.ny.us/taxassessment.htm (accessed July 20, 2003). Although the rest of Europe had switched to the Gregorian calendar by the end of the 17th century, Britain and the colonies continued to use the Julian calendar until 1752. The dual designation for year, which appears in documents of the era, reflects both approaches, with the later year being comparable to our current system.

[7] The house, traditionally known as the Jean Hasbrouck house, had been assumed to have been built by the patentee until recent dendrochonological evidence indicated that it was built after his death [Crawford, et al, 2002, pp. 1.1-1.2].

he spent £0/3/10 primarily on three books and some salt. While this list was written primarily in French, it also included several Dutch terms, as might be expected in a community that was becoming increasingly multilingual. The units of measure used in the list appear to be pounds, shillings, and pence. However, the bookkeeper has used the term *piestol* in heading the pounds column and in other locations in the list. This may suggest that during this period the pound was considered approximately equivalent in value to the *pistole*, a gold coin of Spanish or French origin.[8]

In his own will of 1747, Jacob Hasbrouck bequeathed land in the New Paltz patent and elsewhere to his sons along with other assets, which included Negroes, horses, cows, and sheep; a cart, plough, spade, and hoe; as well as gold and silver, money, bonds and mortgages. When he died in 1761, Jacob, Jr. inherited the New Paltz property. Like his father, he enjoyed the sole benefit of inheriting the family homestead with its established house and farm [Hasbrouck, 1986, pp. 42-43; Crawford et al., 2002, pp. 1.21-1.22].

Jacob, Jr.'s marriage to Jennetje DuBois in 1751 had aligned the Hasbroucks with another of the town's wealthiest families. He had succeeded his father as a member of the Twelve Men in 1757, and would serve in that role for the next 48 years. He also served variously as town supervisor, fence viewer, and highway commissioner [Crawford et al., 2002, pp. 1.22-1.23]. On the 1765 New Paltz tax list, Jacob, Jr.'s property was valued at £65, making him the fifth wealthiest of the 112 taxpayers.

According to a census in 1782 there were 1,351 white inhabitants in New Paltz. During the second half of the 18th century local farmers cultivated about 10 acres of grain, on average, producing approximately 102 bushels of wheat and 67 bushels of rye [LeFevre, 1909, pp. 94-96; O'Callaghan, 1850, p. 996; Wermuth, 2001, pp. 48-50].

THE ROGGEN LEDGER, 1750-1795

The account book of Johan Jacob Roggen (also know as Jacques Roggen), which begins in 1750, is the earliest surviving ledger in the archives of the Huguenot Historical Society in New Paltz. A connection exists between Johan Jacob Roggen, Jacob Hasbrouck and Jacob Hasbrouck, Jr., although the precise

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[8] According to a chart published in an almanac in 1759, in New York the Spanish *pistole* was equivalent to £1/9/0, and the French *pistole* was equivalent to £1/8/0 [Jordan, 2002].

nature of their relationship is a matter of speculation. The men are linked through several notes (in Dutch) accompanying the account book inscribed in Roggen's name. One note indicates that Roggen received payment based on an accounting he made to Hasbrouck, and the others similarly relate to accountings made between the men. Another link between these men appears on the first page in the account book. In 1750, the account of one Sem Sames was debited three shillings for work done at the house of Jacob Hasbrouck making a corset. An account for Jacob Hasbrouck also appears on page 20 of this ledger.

The Roggen account book, which spans the period 1750 to 1795, primarily reflects the work of a tailor. Most of the entries record various types of garments made, including camisoles and culottes (shirts and pants), suits, coats, and gloves. Sewing supplies were also sold, including buttons from Philadelphia, thread, cloth, indigo (a fabric dye), and buckles. In addition to charges for garments made, Roggen also recorded receivables for days he worked for others, but no detail is given about the type of work performed. Bartering labor with neighbors was common practice during this era.

Like the Cottin ledgers, Roggen's account book is based on single-entry accounting with the use of personalized accounts. During the second half of the 18th century, New Paltz continued to be a rural, tight-knit community whose economy revolved largely around exchanges of goods and services with neighbors. Keeping track of the indebtedness that existed between people continued to be the key information function of the accounting system. Roggen, who was likely Swiss, used the French language to record entries during the earlier years of the account book.[9] The debit side of each customer's account was labeled *doit* and showed the services or goods provided, while the credit side was labeled *avoir* and showed what Roggen received in exchange.[10] Use of the Dutch language was introduced in the ledger around 1777. Dutch was used interchangeably with French at first, and then it eventually became predominant. The units of measure used in the account book were pounds, shillings, and pence, although descriptions of transactions during the earlier years included valuations in francs. Beginning about 1756, references to *escallions* (shillings) as well as francs appear in product

[9] The father, probably Roggen's brother, of the child whose baptism Roggen witnessed in Kingston in 1755 was Swiss [*The New York Genealogical and Biographical Record,* 1903, p. 172].

[10] In English language ledgers of this period, the debit entries were preceded by the word "to" and credit entries were preceded by the word "by."

descriptions. The colonists were still using multiple currencies during this period, but the use of the pound as the unit of account suggests a more widespread adoption of the New York monetary units by the middle of the 18th century. For personal record keeping needs, both Roggen and Cottin had largely retained use of French, their native tongue. However, the eventual shift to Dutch in the Roggen ledger may illustrate the difficulty that the New Paltz settlers had in continuing the use of French in a largely Dutch region.

Jacob Hasbrouck's account in the Roggen ledger dates from 1763 to 1766. It shows debits for work done at Hasbrouck's house each year, at the rate of three shillings a day, but with no mention of the type of work performed. The credits to the account reflect the receipt of bushels of rye and corn, and, when the account was being settled, of money from the cash box. In the ledgers examined, it appears that cash was used primarily as a means of balancing out accounts that had been running for a number of years to record exchanges of labor and commodities.

In addition to the entries for garments manufactured, sewing supplies sold, and labor provided, some entries in the later years of the Roggen account book record the sale of other items, including tea, tobacco powder (snuff), handkerchiefs, rum and gunpowder. A few entries note that the goods had been shipped from Manhattan, in particular, soap and one pound of veal from York, for which the bookkeeper noted that he had paid too much. Account credits show that payment was frequently received in wool and cloth. Rural farm families produced homespun to meet their own needs and to trade with neighbors for goods or services. Towards the end of the 18th century, Wermuth [2001, pp. 51-52] reports an increase in the prevalence of looms and spinning wheels in probated inventories and in the exchange of labor in spinning and weaving for other services.

BUSINESS LIFE IN NEW PALTZ DURING THE LATE 18TH AND EARLY 19TH CENTURIES

Tradition holds that the right front room of the Hasbroucks' stone house was used as a retail store from as early as the 1760s [LeFevre, 1909, p. 398; Crawford et al., 2002, p. 1.24]. There is no clear indication that the Roggen account book is related to this store. However, it does appear that at times Roggen may have been working out of Hasbrouck's house, and perhaps working for them. There is evidence that a store was operating in the Bevier-Elting house on Huguenot Street during the 1760s. An inventory of this store prepared in 1768 (which is in the archives of the Huguenot Historical Society) lists a wide variety of goods though monetary values are not given to the items. During this period shopkeepers were interested in keeping track of inventory but did not focus on valuing their business or its assets. Listed among the items in the Bevier-Elting store inventory was one iron shovel for Jacob Hasbrouck.

Around the turn of the 19th century, farm families in Ulster County were cultivating grain, keeping dairy and gardens, and manufacturing textiles. Most continued to use the same tools as their grandparents: scythes and sickles for reaping wheat and cutting grass, and wooden plows and harrows. Iron tools appeared in less than 20 percent of probate inventories from the 1790s. During that decade, Ulster farmers cultivated, on average, about 12 acres of grain, producing 145 bushels of wheat and 100 bushels of rye. Storekeepers were the primary source of consumer goods produced outside of the county. Some accounts were settled in cash, but cash continued to be scarce during this period, and the parties frequently relied on an exchange of goods and services, which were recorded in the shopkeeper's ledger at a cash equivalent value. As in prior generations, merchants either resold goods received locally or facilitated their export to the market in New York City [Wermuth, 2001, pp. 92-96].

An assessment list made for the U.S. Direct Tax in 1798 contains an extensive, itemized listing of property owned by Jacob J. Hasbrouck, Jr. The listing is divided between Jacob, Jr., who had built a new house north of the village in 1786, and his son Josiah, who was then occupying the family homestead on Huguenot Street. The two entries include 39 parcels of land amounting to nearly 2,000 acres valued at $13,862. Only one other taxpayer—Jacob, Jr.'s brother-in-law—had a comparable assessment; the next highest assessments were considerably smaller. This extensive and diverse real estate portfolio demonstrates the extent to which the legacy of Jean Hasbrouck had been preserved and built upon by his heirs [Crawford et al., 2002, p. 1.10].

On his death, the bulk of Jacob, Jr.'s estate was left to his two surviving sons. Josiah, the elder son, inherited the stone house when his father died in 1806 and took his place as a member of the Twelve Men. Married to Sarah Decker in 1785, he had served in the Ulster County Militia (where he apparently acquired the moniker 'Colonel Josiah'), and had a political career that included town positions as well as membership in the New York State Assembly and the U.S. Congress [Crawford et al., 2002, pp. 1.26-1.29; LeFevre 1909, p. 401].

Whether Josiah Hasbrouck started the store in the north front room of the stone house or expanded the business started by his father is a matter for conjecture. Renovations made to the stone house around 1786, when his father would have moved out, included installation of a public sales area in the north front room. The extant ledgers document the existence of a prosperous general store and tavern in the house during the late 18th and early 19th centuries. By 1794, Josiah Hasbrouck brought his cousin and future son-in-law, Josiah DuBois, into the business and DuBois assumed increased responsibility when Hasbrouck entered state politics [Crawford et al., 2002, p. 1.26]. An expanding New Paltz population supported this local store, which in turn saved the residents the trip to Kingston to shop for basic supplies and luxury items. Josiah Hasbrouck's daughter, Elizabeth, married Josiah DuBois in 1805, and the couple lived in the stone house and managed the store. In 1811, DuBois and a new business partner moved the store to a new location, and in 1815 Elizabeth died [Crawford et al., 2002, p. 1.30; LeFevre 1909, p. 402].

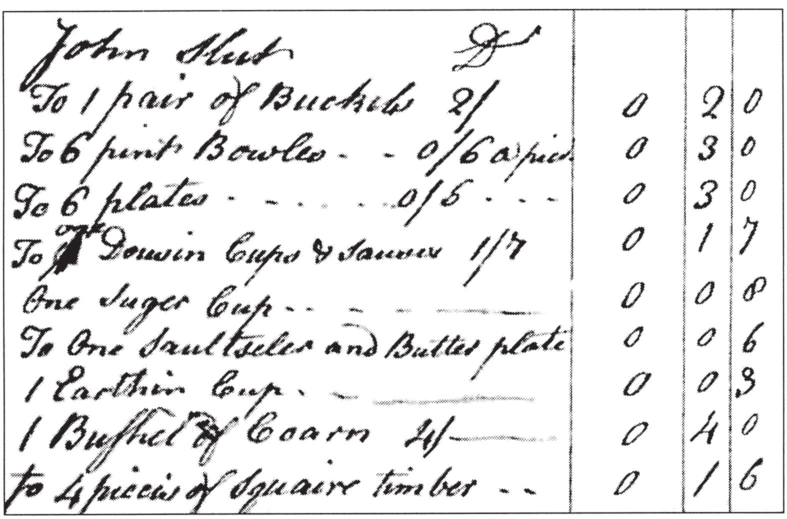
THE HASBROUCK STORE LEDGERS, 1793-1813

The transactions of the store are documented in two surviving account books and related daybooks. One account book covered the period 1793-1796 and contained postings from three daybooks (one of which included dates into 1797). Another account book, dating from 1797-1813, contained postings from four daybooks (dating through 1801 only). Transactions were recorded chronologically in the daybooks, which were books of original entry, and then posted to the customer's page in the account book. An alphabetical index of customers allowed the bookkeeper to find the customer's page in the account book.

The relationship between the daybook and account book can be seen clearly in the transactions recorded for Hasbrouck's customer, John Slut. Figure 1 shows a portion of the daybook for November 28, 1793 in which Slut's purchases were recorded. After John Slut's name is the abbreviation indicating that these transactions are to be debited to his account. The entries note the items purchased, the unit price where applicable, and the total price denominated in pounds, shillings, and pence. Slut purchased a pair of buckles for two shillings, six pint bowls at six pence apiece, as well as plates, one dozen cups and saucers, one sugar cup, one salt cellar and butter plate, one earthen cup, one bushel of corn and four pieces of square timber. The total for these purchases is 16 shillings, 6 pence. Although this amount does not appear in the daybook, it was posted to John Slut's page in the account book.[11] Slut's account, which has been transcribed in Table 3, included entries for 1793 and 1794. The bookkeeper labeled the debit side of the account "Dr." and the credit side "Contra Cr." The third debit entry in Slut's account, in the amount of £0/16/6, represents the total of the November 28th purchases from the daybook that appear in Figure 1. The bookkeeper noted that the amount recorded came from page "No. 4" in the daybook. On November 12, a debit for £1/4/9 was recorded, which was the sum of the £0/23/9 that had been recorded on page one of the daybook plus the £0/1/0 recorded on page two of the daybook. Similarly, the second entry on the same date for £0/12/3 reflects purchases recorded on page two of the daybook for £0/5/9 plus purchases for £0/6/6 recorded on page three of the daybook. Interestingly, the bookkeeper did not

FIGURE 1

Daybook Entries November 28, 1793 — John Slut



John Slut Dr			
To 1 pair of Buckels 2/	0	2	0
To 6 pint Bowles - - 0/6 a piec	0	3	0
To 6 plates - - - - - 0/6 - - -	0	3	0
To [illegible] Dowsin Cups & Sauces 1/7	0	1	7
One Suger Cup - -	0	0	8
To One Saultseler and Butter plate	0	0	6
1 Earthin Cup -	0	0	3
1 Bushel of Coarn 4/	0	4	0
to 4 pieces of Squaire timber - -	0	1	6

Source: [Figures 1-3 and Tables 3-5], *The Account Books of Josiah and Levi Hasbrouck*, The Levi Hasbrouck Family Papers Collection, Huguenot Historical Society Library and Archives, MSS Collection, New Paltz, NY.

[11] There were 20 shillings to the pound, 12 pence to the shilling, and four farthings to the pence.

record the balance brought forward from the previous book on the first line of the account but entered it on December 2.

TABLE 3

Account of John Slut, 1793-1794

1793	John Slut Dr.	£	s	d	1793	Contra Cr.	£	s	d
November 12	To Sundries in				December 26	By Work Done	4	9	4
	page No. 1 23/9					and			
	No. 2 1/	1	4	9		By Cash 7/	0	7	0
	No. 2 5/9				May 19	By Cash by John			
	No. 3 6/6	0	12	3		Roosa 50/	2	10	0
28	in no. 4 - 16/6	0	16	6	19	By Cash by John			
December 2	in No. 5 41/5					Roosa 3/	0	3	0
	No. 9 /3	2	1	8			7	9	4
	from my Old								
	Book 40/6	2	0	6					
	No. 11 10/4	0	10	4					
January 1	No. 12 /7	0	0	7					
	No. 25 3/	0	3	0					
		7	9	4					

Although John Slut's account showed a total of £7/9/4, the pence column on the debit side was apparently added incorrectly; it should total seven pence rather than four pence. On the credit side of the account, two of the entries reflect cash paid by John Roosa. Apparently, John Roosa settled his debt to John Slut by paying part of the latter's account balance with Hasbrouck. This transaction illustrates the role of the shopkeeper's accounting records, in facilitating exchanges between customers.

The shopkeeper's role as a banker who would dispense cash and serve as an intermediary between individuals is also evident from several entries recorded in the daybook during 1796. The sum of £8 was debited to the account of Benjamin Hasbrouck, Jr. and credited to the account of Petrus J. Schoonmaker. Apparently, Schoonmaker received a credit at the store for the amount owed to him by Benjamin Hasbrouck, whose account was charged for the same amount, which he now owed to the shopkeeper. Similarly, John Walram's account was charged for cash of £3/4/0 paid to Doctor Graham in March 1796 and for cash of £0/4/6 delivered to Walram's wife. Walram was charged interest of two shillings on his account, which was eventually settled by the delivery of grains and goods worth more than the balance due. To balance the account, the shopkeeper paid him the excess in cash. Again, cash appears to have served not as the primary medium of exchange, but as a means to balance out the accumulated results of a series of nonmonetary transactions.

Single-entry accounting and personalized accounts continued to fill the information needs of the owners of the Hasbrouck store and their neighbors around the turn of the 19th century. Although the community was expanding, it remained sufficiently small for its residents to have regular personal contact with each other. In a community whose organizational culture was similarly based upon interpersonal communal exchanges, Carnegie [1997, p. 209] noted that "personalized ledgers came to define and were defined by the organizational culture as the context within which world views are determined". During this era, cash continued to be scarce and the asynchronous exchange of farm produce for the shopkeeper's wares was prevalent. A customer's account balance was thus the key type of information provided by the accounting system. The Hasbrouck store ledgers do not evidence any attempt to measure income or assets other than customer accounts, reflecting the lack of accountability relationships outside of the community.

Those transactions that were settled immediately with cash were not posted to the account book, since no indebtedness existed. This can be seen in the daybook entries in 1798 that appear in Figure 2, as can the use of "to" and "by" to indicate purchases versus payments. In the left hand column of the daybook, we observe a slash [/] recorded when entries were posted to the account book. All but one of those transactions was recorded on account. Gilbert Saxton bought various dry goods and Stephen Roe imbibed "one jill brandy" evidencing the nature of the business as both a tavern and general store. Jonathan Vanwagenen delivered maple sugar and Samuel Hunt delivered wheat, for which their accounts would be credited. However, Rachel Schoonmaker was paid immediately for the flax she delivered, as the cross [X] in the left hand column shows.[12] As no indebtedness existed, there was no need to post this transaction to the account book, which included only accounts for people, and no cash account. The 1798 daybook also shows that, as the old Dutch traditions faded, wheat was measured in bushels rather than schepels.

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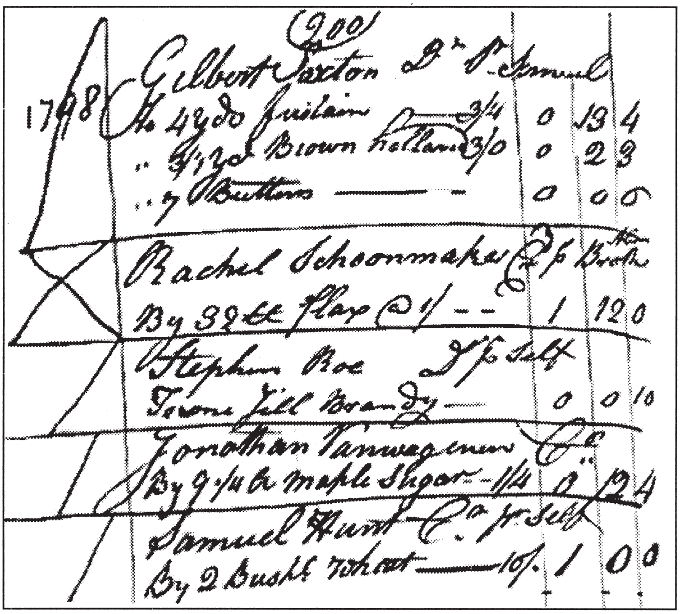
[12] In contrast, in the daybooks kept by Kingston merchant Jean Cottin during the first quarter of the 18th century, a cross (X) was used to indicate that an entry had been posted to the account book.

FIGURE 2

Daybook Entries, 1798


(900)
Gilbert Saxton Dr P. Samuel
1798 To 4 yds fustian 3/4 0 13 4
" 4 1/2 yd Brown holland 3/0 0 2 3
" 7 Buttons 0 0 6
Rachel Schoonmaker Cr P Broth
By 32 lb Flax @ 1/- 1 12 0
Stephen Roe Dr P Self
To one Jill Brandy 0 0 10
Jonathan Vanwagenen Cr
By 9 1/4 lb maple Sugar 1/4 0 12 4
Samuel Hunt Cr P Self
By 2 Bush Wheat 10/. 1 0 0

The wide range of products sold at the store from 1793 to 1796 is evident from Table 4. Customers were buying spices, beverages, and tobacco products as well as textiles, sewing supplies, and limited clothing items, particularly hats and shawls. Tools and building supplies, kitchenware, a few books, and various household and general supplies were also available. Typically, neither meats nor grains were sold. The few exceptions include some corn, undoubtedly received from a customer as payment on account and being resold, and 200 oysters, likely a special order on which the customer was also charged freight.

Wermuth [2001, p. 92] presented evidence concerning the extent of home manufacture of textiles in Ulster County during this period. However, as Table 4 shows imported textiles were widely purchased by customers of the Hasbrouck store. In the ledgers, the Hasbrouck store bookkeeper was careful to specify the type of product sold in categories such as tea (Shushan or Bohe), sugar (brown or loaf), shawls (Chinese, chintz, or green), hammers (screw, hand, sledge, or nail), augers (one-inch or screw), combs (crooked or coarse), and earthenware (platters, cups, plates, pots, and pitchers). In contrast, the ledgers of

TABLE 4

Hasbrouck Store Merchandise, 1793-1796

	Grains / Fish	Other Agricultural Products	Drygoods	Tools & Building Supplies	Homewares and Supplies	Services / Cash
To	corn 200 oysters	**Food & spices:** butter cheese chocolate salt pepper allspice ginger sugar molasses **Beverages:** tea wine rum grogg gin **Tobacco:** tobacco snuff chew twist	**Clothing:** pair of mitts stockings pocket handkerchief cravat pair of spectacles hats vest shawls skates **Textiles & skins:** velvet India taffeta linen silk cotton cambrick calico flannel muslin woolen check mohair baize blue cloth ribbon piece of curtains sheepskins **Sewing supplies:** buttons buckles brass ring paper of pins needles thimbles indigo	**Building supplies:** plaster of Paris lime sand stone square timber nails hooks chain **Tools:** saw chisels awls / awls handles hammers gimlet shovel files tap bore tongs auger sawset two-foot rule	**Kitchen ware:** saltcellar sugar cup plates cups & saucers 3 gallon pot gallon jug pint bowls frying pan knives and forks earthenware **Books & paper:** Latin book almanac spelling book paper **Household supplies:** soap tallow beeswax snuffers chamber pot tobacco box pipes brass candlestick rat trap combs **Other:** surcingle powder shot penknife pocket knife	
By	wheat flax flaxseed rye flour corn	butter mathegulem*		caster hats lime nails	ashes tallow beeswax	riding goods shoeing horses upsetting an ax cash

"To" indicates the goods sold to customers and "by" indicates the items received by the shopkeeper to settle the account.
* Possibly metheglin or spiced mead

Abraham Hasbrouck, Jr., which relate to 1797-1843 and detail the business of this Kingston shopkeeper and export merchant, did not specify the exact type of goods purchased by customers, but simply indicated a general category such as foodstuffs, household items or sundries [Wermuth, 2001, pp. 93, 129].

FARMING AND MILLING AT LOCUST LAWN, 1806-1861

Around the turn of the 19th century, Josiah Hasbrouck began purchasing parcels of land in the Jenkinstown area south of New Paltz, ultimately acquiring 385 acres with two mill sites, three stone houses and numerous frame houses and farm buildings. With his daughter's marriage in 1805 and his father's death the following year, it was here that Hasbrouck settled and engaged in farming and milling operations. The family likely lived in a stone house on the premises until their new house was completed around 1814. Influenced by the new architecture he had seen along the Potomac while serving in Congress, Josiah built a grand house in the Federal style. The house was known as 'Locust Lawn' [Crawford et al., p. 1.29; Roth, 1998].

As the 19th century progressed, transportation improvements precipitated changes in agricultural production in response to market demands. Better transportation brought the valley's farmers closer to the New York City market; but it also brought competition from the western part of New York State, where higher yields of better quality grain were being produced. In response, some valley farmers brought more land under cultivation to stay competitive. Others began to move away from grain production to specialize in the more profitable production of dairy, meat and poultry. The diversified farming that focused in earlier years on satisfying much of the family's own food and clothing needs was replaced by production to meet demands in non-local markets. Another consequence of this increasing specialization was that cash (given that a stable currency was now available) increasingly became the preferred medium of exchange [Wermuth, 2001, pp. 105-134.]

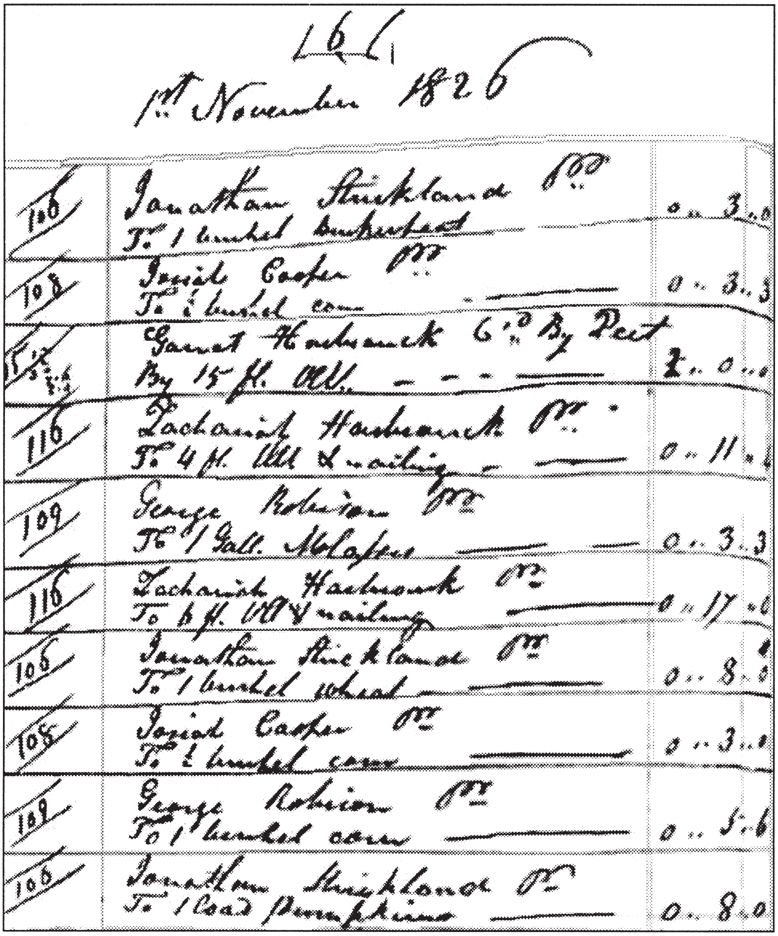
The New Paltz Agricultural Census of 1845 shows the extent to which local farmers had shifted their production away from wheat to other crops. During that year, farmers produced nearly 50 thousand bushels of oats, over 39 thousand bushels of corn, and nearly 22 thousand bushels of rye, but only 6.5 bushels of wheat. The town, which had four gristmills, one clover mill, 11 sawmills, two fulling mills, four carding machines, two distilleries and two tanneries, remained primarily agricultural, with the census listing 243 farmers, 88 mechanics, 11 professionals, and seven retail merchants.

The surviving ledgers from Locust Lawn deal primarily with the period before the Civil War, although they include information dating through 1871. Josiah's son, Levi Hasbrouck, inherited Locust Lawn and continued to run the business after his father's death in 1821. A prolific real estate speculator, Levi owned many properties that were leased to other farmers and entrepreneurs. According to the 1855 population census, Locust Lawn was valued at $15,000 and Levi resided there with his wife, four children, and a domestic. The 1855 agricultural census showed that Locust Lawn consisted of 200 acres, of which 160 were improved, and reported cash values of $20,000 for the farm, $1,735 for the livestock, and $375 for the tools. The farm's output included 300 bushels of oats, 200 of rye, and 150 of corn, plus much smaller amounts of wheat and buckwheat. Eight cows produced 800 pounds of butter and three animals were killed for beef during the year. Sheep and swine were also raised, and some honey was produced. When Levi Hasbrouck died in 1861 he left an estate worth approximately $100,000, mostly in the form of bonds and mortgages, which was divided between his wife and three daughters. Thus, the descendants of Jean Hasbrouck, the New Paltz patentee, continued to thrive as they expanded their property and wealth through the five generations studied.

Some of the daybook entries recorded at Locust Lawn in November of 1826 appear in Figure 3. Sales of buckwheat, corn and wheat by the bushel were recorded, along with sales of pumpkins by the load and molasses by the gallon. The barrels and nailing used for storage were both purchased by Zachariah Hasbrouck and delivered by Garret Hasbrouck. The production and trading of barrel staves, which had commenced in the mid-17th century, increased dramatically during the first two decades of the 19th century. This home industry was one way that households responded to the challenges of increased market competition by engaging in non-agricultural pursuits. The production of barrel staves gave families a significant degree of control over their work and required limited capital investment as production tools were unsophisticated and the wood was already growing on the land. As staves could be traded with shopkeepers no new method of marketing was required [Wermuth, 2001, pp. 110-111].

FIGURE 3

Daybook November 1, 1826



As Figure 3 shows, the accounts were still being recorded in pounds, shillings and pence in 1826, as they were into the 1840s in the Locust Lawn ledgers. However, we find that the ledger paper is now ruled for dollars and cents, the new Federal currency. The dollar became the principal unit of currency in the new nation with passage of the 'Mint Act' in 1792. As late as that year, New York was still emitting currency denominated in pounds and shillings. Judging from the units of account used in the Hasbrouck ledgers, it appears that the New York currency may have continued to circulate for some time. The 1826 daybook also illustrates a change in bookkeeping procedure, with numbers rather than slashes now being used to record the posting of daybook entries to the customer's page in the account book.

The types of merchandise sold and received at Locust Lawn in 1826 have been summarized in Table 5. During that year Levi Hasbrouck sold both goods raised on the farm and general store merchandise similar to that sold at the family store on Huguenot Street. Common customer purchases included grains and grain products, farm animals, meat, and animal byproducts such as leather and wool. Although there were some sales of planks, customers primarily paid for the services provided by the sawmill rather than buying lumber from it. Sales of general store merchandise included items such as salt, pepper, tea, tobacco, and whiskey, as well as cotton yarn, thread, buttons, spectacles, candles, brooms and frying pans. To settle their accounts, customers might deliver logs or seeds, provide labor, or pay cash. Transactions involving financial instruments, such as the trading of bills and payment of interest on notes, also appear more frequently in these ledgers.

By 1838 fewer items of general merchandise were sold at Locust Lawn. This is consistent with the trend towards increasing specialization. Customers could still buy basics like salt, vinegar, tobacco, soap and candles. However, there were no longer any sales of tea, whiskey, pepper, frying pans or thread. The trend towards using cash as a means of payment is also apparent. Goods were less frequently used as a form of payment compared to the previous decade. However, the Hasbroucks often exchanged farm products for labor during this period.

One of the ledgers in the collection was clearly that of a sawmill. It reveals a different customer base than the ledgers which concerned farm and granary operations. The sawmill ledger included a chair account containing a few debits and numerous credits for various types of chairs, likely fashioned from the sawmill's output. The manufacture of chairs is another example of the shift to non-agricultural pursuits that was taking place in the local economy.

It is not until the end of the third decade of the 19th century that the first limited attempts were made to record assets other than customer accounts in the ledgers. A corn account dated 1829 included only two debits and two credits. A debit was recorded for corn delivered for which £30 cash was apparently paid. Credits to the account reflect corn sales to two customers, but it is difficult to discern the quantities sold. Based upon the

TABLE 5

Locust Lawn Merchandise, 1826

	Products and Services Sold							
	Grains	**Meat Fish**	**Other Agricultural Products**	**Drygoods**	**Homewares & Supplies**	**Building & Related Supplies**	**Services**	**Financial Instruments**
To	rye rye flour corn new corn old corn oats feed mixed feed wheat grinding wheat wheat bran midlings buckwheat buckwheat bran hay	beef steer heifer lamb veal sheep clams shad mackeral pickle pork	salt fine salt pepper butter tea tobacco whisky vinegar molasses pumpkins clover seed	upper leather soal leather half soals calf skin calico wool wool hat cotton yarn cotton batts buttons spectacles	barrels & nails frying pan thread tallow cotton wick candles broom saltpeter	planks hook polls bottom for wagon ceiling lath plaister sand lime	grinding grinding wheat sawing sawing timber sawing boards	cash bill traded interest on notes

		Payment Received
	Assets	**Services**
By	cash cash (a check) flour barrels quinces clover seed maple boards logs	working cleaning flax breaking flax husking corn laying stone wall cutting wood writing & acknowledging a power of attorney

"To" indicates the goods sold to customers and "by" indicates the items received by the shopkeeper to settle the account.

monetary values, the quantity recorded as purchased exceeded the quantity recorded as sold, but there was no attempt to balance this account.

The front page of one of the daybooks includes a heading for a "butter account". Schedules were prepared for 1843-1844 that include the quantity of butter produced (or otherwise bought or sold), priced in shillings and then converted to dollars and cents. In 1844 only the quantity column was totaled. Up until this point, currency conversions in the ledgers were recorded at the par conversion rate of $2.50 Federal money per pound of New York currency. In reality, currency exchanges could take place at other than par, as students, such as Levi Hasbrouck's niece Sarah DuBois, learned in school [Hollister and Schultz, 2001]. In the butter account, differing exchange rates appear to have been in use for the first time, suggesting increasing sophistication on the part of the Hasbrouck bookkeepers. In 1843 the exchange rate was primarily in the range of $2.15 to $2.50 per pound. However, a couple of transactions, if recorded correctly, appear to use rates as high as $2.92. In 1844, a more circumscribed range of exchange rates between $2.16 and $2.38 was used.

SUMMARY AND CONCLUSIONS

Jean Hasbrouck, who settled in New York's mid-Hudson River valley in the late 17th century, and his descendents were farmers and merchants. The accounts that depict the transactions engaged in by this family help document how five generations adapted to the economic and social changes that occurred as the colonies grew into the young American nation. Through these generations the Hasbroucks acted as entrepreneurs who took advantage of new opportunities and managed to conserve and expand the family's wealth. The Hasbrouck accounts also allow us to examine the role that accounting played in supporting trade and business in this family, as well as to gauge some of the cultural shifts that were occurring in their environment.

In common with Carnegie's [1997] findings for pastoralists in 19th century Australia, the accounting system in rural New York during the period studied was based on personified ledger accounts. These accounts both defined and were defined by the organizational culture of a tight-knit community where members were in regular contact with, and supportive of, each other. The account books recorded indebtedness that resulted from transactions between friends and neighbors. Because cash was in short supply in the mid-Hudson River valley during much of the period studied, asynchronous exchanges involving goods and services were prevalent. In such an economy, bookkeeping was indispensable to keep track of the balances due between individuals. This bookkeeping barter not only accommodated two-way trade, but also facilitated triangular exchanges. Merchants frequently took on the role of bankers who would assist in triangular settlement by making cross-entries in the accounts of two customers. In this way, the accounting records of a small business also served to facilitate the smooth economic functioning of the wider community. The role of bookkeeping barter in supporting the economy in New York's mid-Hudson River valley confirms what has been reported for other locations in colonial and early America, including Massachusetts [Baxter, 1946] and Delaware [Stone, 1979]. The ledgers that were examined for this study also confirm the important role that rural merchants played as intermediaries, facilitating trade between local farmers and the New York City merchants who were engaged in international trade [Matson, 1998].

Prior to 1850, when there were few professional accountants, the Hasbrouck family members or those who worked with them likely performed the bookkeeping function. Over time, some changes in accounting procedure were instituted by the Hasbrouck bookkeepers, which may suggest the need for more detailed record keeping as the economy became more complex. During the 19th century account numbers began to replace slashes to indicate posting of daybook entries and the use of fluctuating exchange rates also appeared. However, the Hasbroucks were slow in changing their unit of measure to the new Federal dollar; they continued to record entries using pounds, shillings, and pence into the 1840s. The transition to dollars was quite late when compared with the findings reported by Baxter [1978, p. 287] who found businesses in colonial New England making the transition between 1795 and 1810.

In a period when there was no statutory requirement to report income or wealth we discovered no attempt to measure these accounting constructs in the ledgers. The adequacy of single-entry accounting to meet the reporting needs of small businesses in early America confirms the findings reported by others, including Baxter [1978], Densmore [1980], Bruchey [1958] and Chatfield [1977]. Not until well into the 19th century did the first rudimentary attempts to measure assets other than customer accounts appear in the Hasbrouck ledgers. At that time an interest in isolating cash flows associated with specific ventures such as butter production or chair manufacturing reflected an increasing specialization in response to the wider shift to a more competitive market economy [Wermuth, 2001]. Growth in the size of the community and the greater availability of cash during the 19th century were likely precursors to accounting changes to come.

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NOTICEBOARD

Accounting Historians Journal

Prize Winners 2003

Following a vote by the members of the editorial board, the prize for best paper in Volume 30 is awarded to:

Richard K. Fleischman and R. Penny Marquette

for their article

"The Impact of World War II on Cost Accounting at the Sperry Corporation"

which appeared in the December issue.

The following authors were also also highly commended:

Trevor Boyns

for his article

"In Memoriam: Alexander Hamilton Church's System of 'Scientific Machine Rates' at Hans Renold Ltd, c. 1901-c, 1920"

which appeared in the June issue

and

Lisa Evans

for her article

"Auditing and Audit Firms in Germany before 1931"

which appeared in the December issue

16 Annual Conference on

Accounting, Business & Financial History

at Cardiff Business School 16-17 September 2004

Announcement of Conference and Call for Papers

Guest Speaker — Graeme Dean, Editor ABACUS

Theoretical, empirical and review papers are welcomed in all areas of accounting, business and financial history.

The conference provides delegates with the opportunity of presenting and discussing, in an informal setting, papers ranging from early working drafts to fully developed manuscripts. The format of the conference allows approximately 40 minutes for presentation and discussion in order to help achieve worthwhile feedback from those attending.

In the past, many papers presented at Cardiff have subsequently appeared in print in Accounting, Business and Financial History, edited by John Richard (Dick) Edwards and Trevor Boyns, or in another of the full range of international, refereed academic accounting, business and economic history journals.

The conference will be held at Aberdare Hall, Cathays Park, Cardiff, CF14 3UX, UK, from lunchtime on Thursday, 16 September 2004 to mid-afternoon on Friday, 17 September 2004.

The fully inclusive conference fee (covering all meals, the conference dinner on Tuesday and accommodation) is £100.

Those wishing to offer papers to be considered for presentation at the conference should send an abstract of their paper (not exceeding one page) by 31 May 2004 to:

Debbie Harris, Cardiff Business School, Colum Drive, Cardiff, CF 10 3EU
Tel +44 (0)29 2087 5730 Fax +44 (0)29 2087 4419
Email: HarrisDL@cardiff.ac.uk.

Following the refereeing process, applicants will be advised of the conference organizers' decision on *30 June 2004*.

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Accounting History

Call for Papers

The fourth *Accounting History* International Conference University of Minho, Braga, Portugal 7-9 September 2005

Accounting History is the journal of the Accounting History Special Interest Group of the Accounting and Finance Association of Australia and New Zealand. The conference will feature papers which comply with the editorial policy of *Accounting History*. The journal publishes quality historical papers that may be concerned with the establishment and development of accounting bodies, conventions, ideas, practices and rules. The should attempt to identify the individuals and the local, time-specific environmental factors which affected accounting, and should endeavour to assess accounting's impact on organisational and social functioning.

Conference papers will be accepted across a wide range of topics, using a variety of approaches including biography, prosopography, business history through accounting records, institutional history, public sector accounting history, comparative international accounting history and oral history. The use of theoretical perspectives drawn from relevant disciplines such as sociology, economics and political theory is encouraged in conducting investigative, explanatory studies of accounting's past.

As part of the fourth *Accounting History* International Conference, the *Accounting History* Doctoral Colloquium will be held on 7 September 2005.

Submission and Review of Papers

Papers written in the English language should be submitted electronically by **31 May 2005**, to: 4ahici-group@deakin.edu.au

All papers will be subject to a double-blind refereeing process and will be published on the conference website, as refereed conference proceedings, unless otherwise advised.

Notification of Acceptance

Notification of papers accepted for inclusion in the conference program will be made by **30 June 2005**.

Conference information will be available through the Conference website at: http://www.eeg.uminho.pt/4AHIC

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Congress Information

10th WORLD CONGRESS OF ACCOUNTING HISTORIANS

An Invitation to Join Us

All those with an interest in accounting's past and present are invited to participate in, and enjoy the experience of, the 10th World Congress of Accounting Historians being held with a dual venue of St. Louis, Missouri, and Oxford, Mississippi, August 1-5, 2004.

Congress Highlights

St. Louis

2004 marks the 100th anniversary of the First International Congress of Accountants, held in St. Louis, September 1904. To date there have been sixteen such Congresses, and in addition nine Congresses of Accounting Educators have been held. Nine previous Accounting Historians' Congresses have also been held beginning in 1970.

Oxford

Because the library at the University of Mississippi is a treasure trove of accounting archival records, one of the Congress themes will be to emphasize archival-based research. Such research can be based on any type of organization. Examples include analyses of accounting innovations, diffusion of accounting innovations, impact of the environment (such as war, depression, or competition) on accounting, impact of accounting on the environment, and examples of company histories based on accounting records.

Website Links of Interest

Official 10th World Congress of Accounting Historians Website: http://accounting.rutgers.edu/raw/aah/worldcongress/.

Congress Venue

St. Louis

The Congress will be held at the Renaissance St. Louis Hotel - Airport in St. Louis, and the Triplett Alumni Center Hotel in Oxford. The Renaissance is half a mile from the Lambert International Airport and minutes from downtown St. Louis and the city's popular cultural and entertainment attractions. The hotel offers free airport shuttle service, in-room coffee and newspaper, health facilities and swimming pool, and restaurants. Light rail service connects to many attractions.

Oxford
The Triplett Alumni Center Hotel is located on the eastern edge of The University of Mississippi campus. A leisurely, fifteen-minute stroll will put you right in the heart of Oxford's historic town square. Standard amenities at this hotel include swimming pool, high-speed Internet access, free continental breakfast (7-9 a.m.), golf, tennis, and many other recreational activities located nearby.

Preliminary Program

Saturday, July 31

6:00 p.m. - 8:00 p.m.	Early Bird Reception, Renaissance Hotel

Sunday, August 1

6:30 p.m. - 8:30 p.m.	Opening Reception: The Mercantile Library - St. Louis, Missouri

Monday, August 2

8:30 a.m. - 10:00 a.m.	Opening Session: David Walker, U.S. Comptroller General
10:15 a.m. - 11:15 a.m.	Concurrent presentation sessions A and workshop
11:20 a.m.- 12: 30 p.m.	Concurrent presentation sessions B and workshop
12:30 p.m. - 2:00 p.m.	Lunch
2:00 p.m. - 3:30 p.m.	Concurrent presentation sessions C
3:45 p.m. - 5:15 p.m.	Concurrent presentation sessions D

Tuesday, August 3

8:30 a.m. - 10:00 a.m.	Plenary 1: J. R. Edwards, Cardiff Business School
10:15 a.m. - 11:15 a.m.	Concurrent presentation sessions E
11:20 a.m. - 12:30 p.m.	Concurrent presentation sessions F
12:30 p.m. - 6:00 p.m.	Trip from St. Louis to Oxford (Box lunch provided) Reception in Oxford, Mississippi

Wednesday, August 4

8:30 a.m. - 10:00 a.m.	Opening Session: S. Scott Voynich, Chairman of the Board, AICPA
10:15 a.m. - 11:15 a.m.	Concurrent presentation sessions G
11:20 a.m. - 12:30 p.m.	Concurrent presentation sessions H
12:30 p.m. - 2:00 p.m.	Lunch at Rowan Oak (Faulkner's home)
2:00 p.m. - 3:30 p.m.	Concurrent presentation sessions I
3:45 p.m. - 5:15 p.m.	Concurrent presentation sessions J
7:00 p.m. - 9:00 p.m.	Closing Dinner

Thursday, August 5

8:30 a.m. - 10:00 a.m.	Plenary 2: Tony Tinker, CUNY-Baruch
10:15 a.m. - 11:15 a.m.	Concurrent presentation sessions K
11:20 a.m. - 12:30 p.m.	Concurrent presentation sessions L
12:30 p.m.	Closing Lunch dedicated to S. Paul Garner
TBA	Academy Business Meeting

Registration

Registration fee: **(Please note**: All prices are in US dollars.)

If postmarked or communicated by June 1, 2004	$295
If postmarked or communicated after June 1, 2004	$360
For each person accompanying registered participant	$145

Attending only one segment of the conference (either St. Louis or Oxford)

If postmarked or communicated by June 1, 2004	$175
If postmarked or communicated after June 1, 2004	$195
For each person accompanying registered participant	$75

The registration for participants includes the name badge (required for admission to all events), one copy of the Proceedings, the Early Bird reception and opening reception in St. Louis, all lunches, the reception and banquet in Oxford.

The registration fee for persons accompanying the registered participant includes the three receptions, the banquet, lunch at Rowan Oak, and the closing luncheon on Thursday.

On site registrants cannot be guaranteed any meals due to the hotels' policy for food guarantees prior to event.

use the Official Congress website for on-line registration secured by VeriSign (http://accounting.rutgers.edu/raw/aah/worldcongress/)

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