

**ACCOUNTING AND LIBERAL GOVERNMENT: THE NATURE AND ROLE OF  
LOCAL GOVERNMENT ACCOUNTING IN ENGLAND & WALES, 1800 - 1995**

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## **ABSTRACT**

The 'new' public sector in the UK and elsewhere has become a much debated topic in accounting. It is widely accepted that significant changes in how the public sector (and society) is governed have been accompanied by an increased emphasis on accounting as a major means of control, with accountants and managers regarded as key agents in promoting them. For example, the recent widespread adoption of accruals accounting by OECD governments has provided a fruitful topic for research.

Despite this interest, public sector accounting remains something of a specialist field among critical accounting researchers. Much recent activity in this area has been concerned either with compiling comparative studies of the recent changes which have occurred in OECD countries (Guthrie et al (forthcoming)), or considering how the changes have been introduced in specific settings such as education or healthcare (e.g. Laughlin et al (1994)). Few researchers have attempted to locate these recent events in accounting to longer term changes in modes of government, and to the specific mentality of liberalism (Rose (1996)).

This paper considers English local government accounting from the latter point of view. Drawing on the analyses of government as being composed of political rationalities and governmental technologies (Miller (1990), Miller and Rose (1990), Rose and Miller (1992)), it considers local government accounting as one of the governmental technologies necessary to construct liberal mentalities of rule and as an expertise with which to construct the 'government at a distance' on which modern notions of government depend (Miller and Rose (1990), Miller (1992)).

A range of the calculative practices of local government in different modern periods corresponding loosely to those of liberalism, the 'state of welfare' and 'advanced' liberalism (Rose (1996)) suggests how a genealogy of calculation (Miller and Napier (1993)) might begin to be constructed for this neglected area of accounting. This analysis casts a different light on recent change programmes than those which focus on the actions of the State as the key actor or ideology as the key mechanism in operationalizing them (Barry et al (1996)). The paper thus also attempts to demonstrate how a study of accounting in local government can address certain criticisms of the approach taken by Rose and Miller (Curtis (1995)).

## **Accounting and the 'new' public sector**

Following a long period of growth and expansion, the public sectors of many western economies changed significantly during the 1980's and 1990's. The nature of and reasons for these changes are disputed, but attempts to characterise and summarise them draw attention to changes in the way public services are managed and made accountable to governments, managers, users and citizens. Thus, the changes are characterised as, for example, 'managerialism' (Pollitt (1990), Zifcak (1994)), 'new public management' (Hood (1991), Hoggett (1991)), 'accountable management' (Humphrey (1991a), Humphrey et al (1993)) or 'management by accounting' (McSweeney (1994)). The 'new' public management is contrasted to an older public administration discourse (Dunleavy and Hood (1994)), but its exact content differs significantly from country to country even to the extent of it not being recognisable at all in some settings (Hood (1995), Flynn and Strehl (1996), Guthrie et al (forthcoming)), and, far from a new 'global paradigm' having emerged, a 'plural' future is envisaged (Hood (1996)).

So in the space of a few years, certain countries have, with varying degrees of vigour and extent, changed the structure, language and modes of operations, behaviour and accountability of their public services. These changes were somewhat belatedly captured by academics proposing a widespread set of common themes and impulses (e.g. Hood (1991)), but by the later 1990's this attempt at a totalising analysis has become less assertive and more nuanced as research has brought together more of the different experiences and identified more variables. The more common explanations for change, such as changes in governments, economic crisis and modernization are shown to be inadequate (McSweeney (1996)).

But even though convincing generalisations seem more difficult to come by, a feeling persists that there are some large scale forces at work which act in different ways and through different agencies to produce a set of changes whose exact form may be difficult to predict in any particular context, but which are ultimately irresistible and irreversible. This feeling may not, of course, be confined to notions of government and public services, and not all academics, especially some social theorists, are convinced that something is fundamentally changing. Nevertheless, whether fundamental or not, there appears to be a consensus that widespread changes in the practice of public administration and management have occurred, and that economic calculation and the technologies surrounding it, such as accounting, have been heavily involved (Hopwood (1984), Miller and Rose (1990), Pusey (1991), Rose and Miller (1992), Laughlin (1992), Power and Laughlin (1992), Humphrey et al (1993)).

That makes it all the more surprising that public sector accounting remains something of a speciality in the accounting literature. Hopwood and Tomkins (1984: 3) noted that "there is...very little tradition of public sector accounting research and very few accounting academics have been concerned with public sector questions" . That situation has changed somewhat in the last dozen years, but the comment illustrates that until relatively recently, accounting had not been seen as a crucial factor in public sector change. Work had been focussed mostly on the 'technical' aspects of accounting (Broadbent and Guthrie (1992), Lapsley (1988)), which has attracted the criticism that accounting researchers have ignored the consequent 'disappearance' of public services (Humphrey and Olson (1994)). Attempts by accounting academics to review and assess changes in public sector accounting practices by placing them in their social, political and economic context (cf Hopwood (1983)) have been relatively few.

Broadbent and Guthrie (1992) categorise recent 'contextual' work into two: the 'technically contextual' and the 'contextually technical'. By the former, they mean "[the examination] of the application of 'new' accounting technologies in their specific contexts". Examples given are the Financial Management Initiative, performance measures and indicators, annual reporting, performance auditing, revenue generation and a composite area "linking changes in specific accounting technologies to the raft of other accounting, management and organizing technologies being promoted in the public sector in recent times".

The other category, of 'contextually technical accounting', they see as a literature "which is concerned with the way accounting impacts on organizations as whole entities". Thus, this category is characterised by the organizational context, defined as, for example, central government, local government, public business enterprises (such as nationalised industries) and 'public institutional systems' such as health care, education and other social institutions.

So their distinction, although not easy to sustain (for example, Humphrey's studies of the probation service (1991b, 1991c) which "are concerned with the application of the FMI to the probation service" are categorised as 'contextually technical'), provide some sensitivity to the prime focus of research as being either an organizational setting or a specific accounting technology, but with the problems such a dichotomy inevitably brings.

This paper could also fall within both categories, being concerned with a specific accounting technology which has no particular mnemonic or programmatic identity yet has a distinctive form and identity which has emerged within the specific organizational setting of English local government. It seems undeniable that accounting as a technology of control has been both more elaborated and more emphatically employed in local government than in any other part of the UK public sector. So the analysis attempted here

involves locating this emergence into a longer term analysis of liberal government and of regarding accounting as one of the key technologies that enable liberal government to operate.

But this is not to say that the techniques and practices of local governmental accounting, despite their apparent stability and longevity, are regarded as static or easy to identify: on the contrary, the domain which they comprise today has been more or less constructed as a area of expertise by the professionals who began to capitalize on the skills required to mobilize and operate the technology in the nineteenth century. These professionals also have been continually faced with various attempts to draw and redraw the boundaries of their competence and sphere of influence throughout this period, despite an era of particular salience in the early 1980's and their apparent importance to the neo-liberal reforms that have taken place (e.g. Clarke and Cochrane (1989)).

On this reading, the accounting aspects of the 'new' public sector as operationalized in English local government require a much more extensive canvas than is usually the case for accounting analyses of the 'new' public sector, beginning with an outline of the role of accounting in liberal government itself.

## **Accounting and Government**

The nature and role of the State has long been the object of analysts of government, and it is the State, however conceptualized, that is usually credited with the crucial agency in these matters (cf Jessop (1990), Miller (1990)). But to regard accounting simply as an instrument of government employed by the state poses a number of conceptual problems.

Firstly, the nature and role of the state is disputed among those regarding it as a focus for analysis. Changes in the modes of operation of the state may be related to fundamental transformations in our societies and experience, but whether these are in fact fatal to at least the western humanist tradition confronted by postmodernism or post-fordism are hotly debated subjects at the close of the second millenium (cf Lyotard (1979/84, Habermas (1988), Harvey (1989), Giddens (1990)). For many writers proposing the present as more or less just another twist of modernism, revealing again its critical and self-reproducing dynamic, the neo-liberal 'turn' may represent an intensification of capital's reproductive capability and a further extension of its de-humanizing rationality and technologies (e.g. Habermas (1971)). On this reading, the 'accountingization' of government requires a whole range of mechanisms for installing economic reason of which the state is only one, and accounting itself has inherent systemic features which themselves facilitate its role as a steering medium (cf Power and Laughlin (1992)).

Other varieties of state dominated explanations, whether of the 'functional' or 'external factor' variety, run into problems of explaining exactly how the state comes to constitute itself into a monolithic entity strangely separated from the domains it is presumed to control (Miller (1990: 320-323)). Those more modest commentators simply proposing *modernization* as an explanation of neo-liberal governmental reforms also fail to account for the prior existence of many of its elements, and many of its dysfunctions (McSweeney (1996)).

Those concerned with analysing these events in terms of the changing role of the capitalist state seen as an instrument of capitalist hegemony have been quick to observe the apparent contradiction between a programme which pursues the 'rolling back of the state' and the 'empowerment' of private individuals as citizens/consumers and yet which through its actions has actually *increased* the central power of the State (cf Hall (1988)). The emphasis in this type of analysis is on the use of neo-liberalism as an ideology to bind these apparently incompatible elements together, and the tensions thereby produced (e.g. Laclau and Mouffe (1985)). But the analysis remains focussed on the fiscal retrenchment of the State and on the repressive powers of e.g. Thatcherism to make this ideological 'fix' work. It does not consider the new devices and practices which operationalize the 'degovernmentalized' State and enable government to be achieved through newly (re)constituted 'free' but 'responsible' individual citizens - government regarded as a *positive* practice of "an inventive and constructive alignment of interests, powers, objects, institutions and persons" (Barry et al (1996: 10 -12)). It is this emphasis on the way government seeks to render itself technical, to insert itself into the world as a practice, and addresses the 'problematics of rule' as both political rationalities and technologies of government, that makes this kind of analysis so fruitful as a way of understanding the role of accounting in government.

More detailed criticisms of this approach (Curtis (1995)) will be discussed after some further exemplification of its main features. It will be claimed that a detailed analysis of local government accounting can provide useful illustrations of how government comes to be installed in governable citizens in other ways than through the interplay of purely political forces.

So an analysis of government that does not regard the State as necessarily the main instrument of rule and which defines liberalism as a *rationality of rule* rather than a political philosophy or type of society is the stance taken in this paper. In this conceptualization, liberal rule was constructed out of a failure of the 'total government' doctrine of police associated with the person of the sovereign (cf Hume (1981), Foucault (1991), Pasquino (1991)):

"Liberalism ... marks the moment when the dystopian dream of a totally administered society was abandoned" (Rose and Miller (1992: 182), cf Foucault (1989)).

The notion of police in English eighteenth century governmental discourse requires some clarification. The exemplifiers of the 'science of police' are generally understood to relate to certain mainly German, Austrian and French writers beginning in the sixteenth and seventeenth centuries (for example, Obrecht (cf Pasquino (1991: 112-114)). Its roots, however, are in the Greek *politeia*, referring to all things affecting the survival and well-being of the *polis*, or city-state. In the seventeenth and eighteenth centuries the word was used in Europe as a synonym for government; for example:

"Police, in the broad understanding of the term, refers to all those measures in the internal affairs of a nation through which the wealth of the state may be more permanently established and multiplied, the forces of the state better used and, in general, the happiness of the commonality promoted....

Police, in a narrow sense of the term, refers to all that which is required for the proper condition of civil life, and in particular for the maintenance of good order and discipline amongst subjects, and those measures which promote the flourishing growth of trade..."  
(von Justi, quoted in Ludtke (1989: 205))

It therefore has had strong connections with municipal administration (cf de Lamare: 'the public order of each town' ), and Bielfeld (1762) distinguished between the police of towns and the police of country areas. Under public order and public health were included a whole range of local authority functions, for example, the inspection of butcher's shops and the paving and lighting of streets (Hume (1981:33)), or the police of the poor, of highways, of tranquility and public order (Pasquino (1991: 110)). So although it is argued that England did not have a strong tradition of police or cameralism as in the German states and, later, France and Prussia, there is nevertheless, in England's long municipal traditions based around common law and innumerable Local Acts of Parliament regulating everything from markets and fairs to waste, curfews and paupers (Webbs (1906 etc)), something akin to the aspirations of the 'police state' in its concern both for security and welfare. And possibly in the English context it is a particularly *local* government phenomenon, which has not yet been analysed in these terms, yet which makes such an analysis of particular relevance to a study of English local government accounting.

In place of a prescriptive rule by police, liberalism deals with the problem of how to construct the individual discretion necessary for the institution of the market (and the corresponding limitation of the state's activities) to work, whilst still being able to govern those same individuals:

"Rulers are confronted, on the one hand, with subjects equipped with rights and interests that *should not* be interdicted by politics. On the other hand, rulers are faced with a realm of processes that they *cannot* govern by the exercise of sovereign will because they lack the requisite knowledge and capacities"

(Rose (1996:44, emphases in original).

Liberalism thus involves relating the rationality of government to "*the rationality of the free conduct of governed individuals themselves*" (Burchell (1996:23, emphasis in original)). This is achieved through the 'biopolitics of population' (Foucault (1977, 1979), wherein disciplinary devices to construct 'governable people' such as schools, prisons and hospitals are related to strategies for comprehending and intervening in these domains: censuses, surveys, reports, programmes to influence reproduction, illness, poverty and idleness. Importantly for this study, this mode of government consists of both *political rationalities* and *governmental technologies* (Rose and Miller (1992), Miller and Rose (1990)). Political rationalities comprise:

" the field of statements, claims and prescriptions that sets out the objects and objectives of government. Objects such as the 'economy' or 'society' are entities that have been constructed and made intelligible according to a particular way of thinking of them as an economy or society...This domain of rationales and reflections addresses questions such as what and how to govern, and what the principles of government should be. Attempts to govern an economy or a society take the form of a consistent succession of programmes, evaluations of the success or failure of one programme typically being documented by reference to the supposed advantages of another programme"  
(Miller (1990: 317)).

Technologies, on the other hand, are the techniques which make these programmes visible and thinkable and enable governmental activities to be carried out according to specific bodies of knowledge:

"The term 'technologies' can be used to refer to [a] wide range of calculations, procedures and mechanisms of government. Technologies are a distinctive aspect of government, but they also complement the programmatic aspects, enabling them to be represented as operable in principle. [...] Technologies of government materialise and visualise processes and activities to be regulated. Technologies also make processes and activities thinkable according to certain theoretical principles. [...] [T]hey do not have a neutral function of recording the real, but literally represent it in such a way as to make it susceptible to evaluation, calculation and intervention. And in the process they create 'centres of calculation' (Latour, 1987), sites at which information is accumulated about other places, processes, entities and activities that are distant. It is this capacity to know, to calculate, to intervene and to master distant processes according to bodies of knowledge deemed true that characterises modern forms of government."

(Miller (1990: 318-9)).

They thus facilitate one of the key requirements of government: that of linking the conduct of individuals and organizations to enable 'government at a distance' (Miller and Rose



(1990)). In the process of making the governmental realm amenable to intervention, technologies create 'centres of calculation' (Latour (1987: 232-247) where information about the people and places to be governed can be accumulated, assessed and translated.

In this study, local government accounting is regarded as one such technology constituting such centres of calculation and thus playing a key role in making modern government operable. Accountancy is regarded as a crucial expertise which facilitates and enables liberal government in all its historical forms to function, and accountants as being among those who argue for the use of these technologies to deliver its general programmatic aspirations. But the practice of accounting itself is not a given. It has been constructed out of a wide range of rationales, disciplines, technologies and practices, and its existence and boundaries have been made and remade over time. This fluidity itself becomes something to be explained, not in a teleological sense of how the presumed superiority of the present necessarily and inevitably came to succeed the past, but from the point of view of how various ensembles of governmental and calculative practices came to be stabilised together for varying lengths of time in a recognized occupational and cognitive enclosure and how these ensembles split apart, reformed and were remade in other coalitions. The fluidity and fragility of these alliances, and the means of their transformations, requires a different kind of analysis than conventional history that is best summed up by the phrase 'genealogies of calculation' (Miller and Napier (1993)). It is the outline of one such genealogy that is suggested here. Thus the traditional idea of the state as a monolithic promoter of repressive practices or instrument of control over civil society gives way to an idea of government as a complex network of actors, objects, ideas, places, technologies and institutions, many of which have no direct relations with 'the state' at all, yet contribute to government by acting on the actions of others.

Liberal rule was first supported by philanthropists but then by the 'truths' of economics, statistics, medicine etc and experts such as engineers, civil servants and bureaucrats. Later in the nineteenth century, the authority of expertise became linked to the formal political apparatus, as, for example, in the promotion of social insurance and welfare programmes, to transform the state into a centre that could programme and govern *through* society - a 'state of welfare'. But the extension of governmentality in this way created new problems of finance, morality and rights requiring new devices for governing.

These new devices involved new encounters between expertise and the aspirations of citizens for their own civility, well-being and advancement. Thus there began a process of *degovernmentalization* of the state which destabilized the practices of government and sought to relocate the experts in the market. This 'advanced' liberalism now seeks to govern through the regulated choices of individuals (Rose (1996)). This is how the discourse of 'controlling public expenditure' comes into conjunction with the discourses of individualized rights and obligations that appear to be so inimicable to central direction,

yet which remain inextricably bound up with it. Both government and accounting are congenitally failing operations: the unexpected or unassimilable aspects of one programme become the rationale for new programmes, just as the failure of one set of accounting calculations to satisfactorily capture and act on 'reality' leads to calls for new ways of calculating (Miller (1992)). Accounting as a technology of government shows its usefulness in facilitating local responsibility yet enabling the government at a distance characteristic of liberal rule to operate. This is how accounting becomes such a feature of 'advanced' liberal government.

To summarize this view of liberalism and its mutations, Rose (1996: 44-60) identifies the following broad features (rough periodizations added):

**Liberalism** (late 18th and 19th century)

- 1) a new relation between government and knowledge
- 2) a novel specification of the subjects of rule as active in their own government
- 3) an intrinsic relation to the authority of expertise
- 4) a continuing questioning of the activity of rule.

**'The State of Welfare'** (late 19th to mid-20th century)

- 1) problems of governability of democracy solved by the 'socialization of society'
- 2) new connections between 'public' norms and 'private' individuals e.g. social insurance and social work
- 3) collectivization and individualization - freedom of both individuals and capitalist enterprise.

**'Advanced' Liberalism** (late 20th century)

- 1) a new relation between expertise and politics (e.g. audit)
- 2) a new pluralization of social technologies (e.g. responsible citizens in self-governing communities - 'quangoization')
- 3) a new specification of the subject of government - enhancement of the powers of the client as 'prudential' customer ('experts of themselves').

Perhaps unsurprisingly, this analysis has not been universally welcomed. As part of those general perspectives which continue to place great reliance on the state and the political forces which comprise and contest its functioning, a more detailed critique of one of the papers cited above (Rose and Miller (1992)) has been put forward by Curtis (1995). I do not intend here to comment on all the objections he puts forward, for example regarding

the use of Foucault and Latour, the characterization of rationality in government, the role of discourse or the charges of idealism and inconsistency (Curtis 1995 *passim*) to which Miller and Rose themselves respond (Miller and Rose (1995)). But there are a number of criticisms made which it seems to me may be partly answered by the analysis of local government accounting contained in this paper. I set them out here as best I can and will return to them in my conclusions.

One of the criticisms made by Curtis is the alleged failure to define the object which is to take the place of the state in political sociology. So it is worth beginning by drawing from elsewhere a characterization of government as deployed by Rose and Miller as being about 'the conduct of conduct':

"a more or less methodical and rationally reflected 'way of doing things', or 'art', for acting on the actions of individuals, taken either singly or collectively, so as to shape, guide, correct and modify the ways in which they conduct themselves"  
(Burchell (1996:19)).

This kind of definition contributes to some of the charges made by Curtis against Rose and Miller's analysis: that liberal government is deprived of any historical specificity, that it fails to comment on relations between 'real' social groups and that human agency is ignored (Curtis (1995: 581-3)). Another strand of criticism which is of particular relevance to this study is the nature and role of 'centres' in channelling and translating resources and techniques of government, allied to which is the question of legislation in establishing such centres and thereby emphasizing the conventional conception of the state as a key actor (ibid: 583-586). The role of centres and 'action at a distance' in the emergence of technologies of government "demands an analysis of changing forces and relations of production" and neo-liberalism, for example in respect of healthcare, "sound[s] like the centralization of power ... by a branch of the state system by virtue of its control over finance" (ibid: 587). Rose and Miller, it is said, regard power as operating "on the basis of shared understandings secured by persuasion, negotiation and bargaining ([Rose and Miller]1992:184), and systematic domination and exploitation seem not to exist" (ibid: 577). In what follows, I will attempt to develop an analysis based on Rose and Miller's work which can offer at least some elaboration of their ideas in a specific governmental context and which also can provide some concrete examples which bear on these criticisms.

## **Local Government and Accounting**

The institutions and practices we know as English local government are among the longest continuously documented in the world which remain extant (e.g. Webbs (1906-1927)). Traditionally reliant on the doctrine of common law and local administration as against the

more formal arrangements based on a written constitution known for example in Germany (e.g. Keith-Lucas (1958)), or the centralised system in France even before Napoleon (Miller (1990)). The key institutions of English local government, the parish, the borough or the municipal corporation and the county continued in one guise or another through from the medieval period until today (Smellie(1968)).

As accounting entities, the administrative configurations of English local governments also have some of the oldest documented and in several respects the longest persisting accounting practices available for study anywhere in the world. Although long an interest of local if not 'national' historians, it seems curious that until recently so little attention has been paid to these practices either by accounting historians or by what may be called accounting theorists. Considerable attention has been given, largely by historians, to the accounts of what we now call central government in the medieval and 'pre-modern' periods (e.g. Johnson (1950)), but those of the more local institutions of governance have been largely ignored by accounting specialists. Most of the recognised accounting histories and collections (e.g. Brown (1905), Littleton (1933), Littleton and Yamey (1956)) fail even to notice the omission. Some writers (e.g. Stacey (1954 p.44)) offer brief descriptions and there has long been interest in manorial and estate accounting (e.g. James (1955), Harvey (1976)) and in the related areas of college and ecclesiastical accounts (e.g. Forrester, (1978)). Little of this material has, however, been concerned to relate accounting practices with the broad social, economic and political context in which they 'developed', nor with the historical processes which constituted them. In these respects, they embody most of the epistemological positions associated with 'traditional' accounting history and few if any elements of the 'new' (Jones (1996c)).

Most of the work that has been done in the field of local government focuses on a later period and on accounting in the particular institution of the municipal corporations (Coombs and Edwards (1992, 1993, 1994, 1995)). There are important reasons for this focus, relating to the basis of the professionalization of municipal accounting and the kind of accounting debates and issues associated with this; an analysis concerned with problematizing the relationship between accounting and liberal government, however, needs to begin in the period prior to the widespread use of the terms 'accounting' and 'accountant' in English local government. At this time a range of institutional and social practices based around a certain kind of governmental calculation which we would today regard as accounting were carried out alongside other practices, often carried out by the same individuals, which we would not.

This ensemble of practices offers a considerable and as yet an overlooked potential to construct a 'genealogy of calculation' to contrast with the heavy emphasis on the *forms* of accounts (inevitably the tracking of introduction of double-entry bookkeeping into local government) adopted as central concerns by the extant writers, who have used this extensive archive primarily to attempt to answer the question of why and how the

charge/discharge medieval stewardship system of accounting in use in local government authorities eventually 'reflected' changes in accounting practice in other parts of the British economy and 'gave way' to the double-entry system originally imported from Italy into Britain sometime in the sixteenth century (cf Yamey (1956)).

This 'development' is characterised as 'a triumph of double-entry bookkeeping' (Coombs and Edwards (1994)), and illustrates the typical teleological but unacknowledged stance of traditional historians in their assumption of the superiority of the double-entry system as viewed from the present and hence a 'need' to trace the origins of current practices to weave into a progressive and developmental narrative, although careful study of 'the facts' does highlight the uncertainties and contingency surrounding the identification, exact timing and reasons for accounting change (Jones (1996c)). This kind of narrative, far from emphasizing the contingency and arbitrariness of 'events', seems, by concentrating on a particular form of account (whose recognition let alone significance is problematic), to conform more to the attributes of the Whig interpretation of history (Butterfield (1931)).

It should be recognized that until recently local government accounting history has been a neglected field. The most detailed treatment of the pre-1835 period remains that of R.H.Jones (1985, 1986/1992) who summarised as follows:

"no-one has ever wondered (in print) how, when and why local government accounting changed; there has been little enough concern with **whether** it changed" (1986, p.17 )

Thus with so few accounting researchers apparently attempting to regard current changes in local government accounting from both an historical and a critical perspective, this study appears overdue.

### **The Calculative Regime of Local Government around 1800**

In the period around 1800, the most common unit of local government in England was the parish, based on the parish church and administered through parish councils and their governing body known as the Vestry. It is estimated that there were some 9,000 such bodies (Webbs (1922)). The most visible but often least arduous office of these bodies, keeping the minutes and records and accountable to the ecclesiastical authorities and the local justices of the peace, were the Churchwardens. But there were also a number of other important roles, including Surveyor of Highways and Overseer of the Poor. In addition, there were overlapping jurisdictions for law and order administered by the Constable, also responsible to local magistrates.

One detailed example of these roles and the kinds of calculative practices they involved are offered by the diary and records of John Carrington of Hertfordshire (Jones (1996c)). John Carrington was born in 1726 in Tewin, three miles north west of Hertford (a market town around 20 miles to the north of London), the sixth and youngest child (and only surviving son) of John and Mary Carrington. John the elder was a gardener and his son followed him into this occupation, receiving no formal education. In or soon after 1760 through the good offices of his employer he was installed as a tenant farmer of Bacon's Farm, Bramfield, in the neighbouring parish, and through some combination of farming efficiency, business acumen and sociability, made it a success.

This success probably contributed to his being appointed, in 1771, as one of the four Chief Constables of the Liberty of St. Albans and Hundred of Cashio, supervising the constables of seven parishes. Also around this time, he became Tax Assessor and Collector for Bramfield. He was also a leading member of the Bramfield Parish Vestry, acting as Surveyor of Highways and Overseer of the Poor. In 1801 he was responsible for providing the returns for Bramfield for the first national population census. Eventually, due apparently to the high price of corn arising from the Napoleonic wars, he became financially secure enough to own property and investments, although he never managed to acquire the copyhold of Bacon's farm and thus cease to be its tenant. His diary and accounts have been preserved and offer such a detailed picture of parish life of the time that his diaries were published under the title 'the Hertfordshire Pepys' (Johnson (1956/70, 1973)). Accounts prepared by him are available in the Hertfordshire County Record Office.

The calculative regime that he administered was complex. For example the law relating to the office of Surveyor of Highways contained a number of elements:

“The ordnance or act of 1654 provides that two or more householders with lands worth £20 a year, or with £100 worth of personal estate, shall be chosen surveyors yearly of each parish. They shall view all the common highways and roads where carts and carriages usually pass, all common bridges belonging to the parish and all watercourses, streets and pavements. Within six days afterwards they are to give public notice in the church ‘to the parishioners to meet to make an assessment for repairing the said highways and streets, for making and repairing of pavements and for cleansing the said streets and pavements from time to time, and for what else shall be requisite for the purposes aforesaid, and thereupon a rate or tax in writing... shall be laid by the said inhabitants present at such a meeting, or the greater number of them, by a pound rate, upon all the several occupiers of houses, lands, tithes, coal-mines, fellable woods, tenements, or hereditaments within the parish, according to the true yearly value of the same; and also upon the dead goods, commodities, or stock-in-trade of every particular parishioner charged to pay to the poor, rating every £20 value of such goods equal to every 20s land by

the year; and such further rate to be afterward and oftener made as occasion shall require, so as all the rates together do no exceed 12d in the pound for any one parish in any one year” (Canaan, 1912:119-20).

This passage is quoted at length because it exemplifies the main features of the calculative regime in which the accounting activities of the parish were located. Other services and responsibilities involved similar types of calculation. There is the financial qualification for office, a calculation of personal wealth applicable to the whole country which produces sufficient individuals of suitable responsibility to carry out the duties (no other qualification is specified). Preceding this, of course, are recognisable and accepted means of making assessments of wealth e.g. of rents receivable (‘the true yearly value’), or personal possessions and the translation of these into rental equivalents (‘every £20 value equal to 20s land by the year’) These assessments also form the tax base. Problems of valuation are apparent, e.g. is the ‘true yearly value’ the actual rents (often based on ancient assessments) or the maximum rents thought available (‘rack rent’)?

Then there is the programmatic element (Miller and Rose (1990)): defining and recognising the parish's responsibilities (e.g. the county not the parish was responsible for major bridges), the survey, the works which are assessed as being necessary, the estimate of their cost and the calculation of the rate in the pound necessary to realise it, and the parish meeting to endorse the proposals, which can be approved by ‘the greater number’ of those present (although the Surveyors had reserve powers to impose a rate if agreement was not forthcoming). Finally, there are further calculations which must reflect some national calculation: the total rates cannot exceed 12d in the pound. One further computation was calculating the sum payable to Turnpike Trusts whose roads ran in or near the parish in compensation to them for the ‘statute labour’ which would otherwise have been due (a Turnpike ran close to the edge of Carrington’s parish). This would in principle involve estimating wage rates etc., although Turnpikes varied greatly in their prosperity and influence and had a reputation for shady dealing e.g. through their practice of ‘fee-farming’ (contracting out the right to collect fees/tolls in exchange for a fixed sum), so a more arbitrary figure might well have been used.

These principles of rating applied to all the various responsibilities carried out by John Carrington; the differences lying in the relationship between the purpose of the rate and the body responsible for that particular function. The main item of expenditure at this time was the management of poverty, through programmes of ‘indoor’ and ‘outdoor’ relief, the latter often involving payments to often distant parishes for poor relief for those who had migrated from the parish yet had rights of settlement there (Jones (1996c), Bahmeuller (1991)). Expenditure for these programmes was raised through the Poor Rate, which constituted up to an estimated 90% of local rates (taxes) at the time (Poynter (1969)).

Thus the office of Overseer of the Poor was a financially important one, and apart from the calculation of rate base itself, probably required the most 'accounting' activity.

Although in theory each type of expense should have been collected by separate officials, working on separate assessments, one assessment formed the basis for a whole range of rates and taxes, and men like John Carrington were responsible for collecting them and delivering the proceeds to the various authorities. Carrington, in fact, as the Tax Assessor and Collector for Bramfield, collected not only "Land and Property Tax (at 4s in the £)..., but also what were known as the Assessed Taxes, which in his time consisted of taxes on horses, carriages, servants, armorial bearings, dogs, hair powder, watches, houses, doors and most famously, windows. From 1799, there was also the 'New Tax of All Income' ... initially graded at from 2d in the £ on incomes between £60 and £65 to 2s in the £ on incomes above £200". (Johnson 1973: 14-15., cf Binney (1958)). These were what would now be called direct taxes (indirect taxes, including customs and excise duties etc., were mainly collected by the Revenue) and were of course for the benefit of 'central government', particularly in its need to finance the American and then the Napoleonic wars.

The accounts maintained by Carrington and his social superiors in the County of Hertfordshire and the Liberty of St Albans represent a partial glimpse of the governance of Bramfield parish. In their entirety (including the accounts of the land and assessed taxes subsumed under those of the Sheriffs of Hertfordshire on behalf of the King) they constitute an interlocking 'account' of the governance of the parish, measured in monetary terms, and each prepared at the behest of a superior legal authority, ultimately Parliament and the Crown. They are prepared according to a common set of conventions (what we might call today 'receipts and payments') which seems to propose an unproblematic view of the world: i.e. that rates and taxes are legitimate and just, will be paid as assessed and handed over to the nominated collector when due. The fact that this perspective could be seen to be compromised by the lower yields than expected and the various means available to alter liabilities does not seem to be a problem because the income assessed took into account these little imperfections (so long as the Treasurer remained 'in ballance' and didn't abscond).

Rates and taxes seem to be highly variable in this period due to the demands of the Exchequer for men and supplies to perpetrate the American and Napoleonic wars (and the large swings in commodity prices and interest rates), and due to local variations arising from e.g. meeting the whole cost of a new Workhouse in the year in which it was built. The demand for the yields from taxation, together with the inter-authority transactions notably for the poor and the militia seem to constitute a 'web of calculation' in which most citizens were involved, either as taxpayers, 'welfare' recipients or emergent 'officials'.



This network of relationships was extensive even in a small parish (Jones 1996c)). Put in mathematical terms, we might say that, with 192 inhabitants in 42 families, living in 28 houses with 17 households liable for land tax and numerous (at least 5) assessed taxes together with three rates for four distinct authorities and at least four different purposes, disbursed in a wide range of payments, the number of individual transactions 'accounted for' by Carrington was huge. This set of accountings in its turn relied on other calculative technologies of land management, economic and actuarial calculation etc. Yet the accounts themselves which represent this complexity at the level of the appropriate authority (parish, Liberty, County, Receiver-General) are in one of the simplest conventions known, capable of being maintained for a whole community by a tenant farmer, of lively intelligence but without formal training. And these were far from the only financial transactions he dealt in, having also his farm to run, rents to collect, market prices for cereals and livestock to monitor and tax to pay on his own property and income.

We know his only basic level of numeracy from the exercises he (it is believed) carried out in the Arithmetic Book (a school book, assumed to have been obtained from his son, in which exercises such as simple tables and arithmetical exercises, including simple weights and measures, land and some simple accounting (e.g. simple profit and loss) were printed and which Carrington also used for general notes before he started his diary regularly). Yet so far as we can tell from his diary, he performed his considerable duties for at least a dozen years without ever failing to meet his obligations to hand over and account for the sums he was responsible for, and though it happened that from time to time there were delays in collecting individual debts, it did not apparently seem necessary to the 'accountants' in the County, Liberty or Exchequer to change their methods to accommodate this.

We might say that this demonstrates the true power of accounting: its ability to constitute an individual and a community in a network of collective relationships and obligations yet to represent these relationships in a simple summarised yet inclusive set of conventions corresponding to extant organisational configurations. It demonstrates accounting's power to establish 'centres of calculation' (Latour (1987), Miller (1992)). Accounting in this role shows its power both as a governmental technology and as a political rationality (Rose and Miller (1992)). Yet it is also clear that this power depends on a range of 'adjacent' calculations: notably, methods of valuation and means of apportioning the costs of programmes of government into financial liabilities in a way accepted as legitimate (if not 'fair'). The modern boundaries of accounting seem not to map well on to these ensembles of practices. Not only do the 'accountants' not regard themselves as such, but they were able to perform their task without training beyond basic literacy and numeracy, though the latter, in particular could be required to deal with an extensive range of quantifiable relationships. The conventions they followed were based on long standing manorial

practice amended to reflect the combination of individual 'stewards' into a collective form of government represented by the parish and other governmental institutions.

But if that is a rather minimal interpretation (albeit differing from the others available), how can these specific calculative practices be related to a wider context? The only general line of analysis in the current literature for this period seems to be the claimed relationship, almost an assertion, between pressure for change in local accounting practice and the 'movement for Economical reform' (Jones (1985: 395), cf Binney (1958)). But even if it is possible to see the Economical Reform movement of the 1780s as a significant change in English governmental practice (Baker (1973) cf Hume (1981: 46 n106)), its relationship to the institutions and practices of local government need to be explored rather than assumed, and this certainly cannot be seen entirely as a fiscal crisis of central government leading to a directly corresponding desire to control expenditure in the localities and thence to the need for the production of regular and reliable accounts ('the financial control function' - (Jones (1986)). The possibility of the Economical Reform movement itself relied on concepts and language employed in the new discourse of political economy which had been gradually constructed throughout Europe from the older concepts of police and oeconomy and newer ones like political arithmetic during the preceding 50 years (Hume (1981: ch 2), Foucault (1977) (1981)). It also depended on new attitudes to measurement (as in the standardisation of weights and distances (but not yet spelling) (Kula (1986)) and calculation (and hence economy and probity) deriving from scientific institutions like the Astronomical Society, which led to new calculative practices in areas such as statistics, insurance, finance, exchange and property as well as accounting (Ashworth (1994), Burchell et al (1991)).

These new discursive formations provided the space within which both the debate about the Poor Law and the various national schemes for reforming it like Bentham's and Whitbread's could locate themselves (Dean (1990)). Political economy provided new rules and expectations of how to construct and conduct valid argument and debate which came to depend on the performance and collection of various calculations and statistical returns ('intelligence') which could only be obtained by adopting detailed and consistent recording and bookkeeping practices and making them available to a central authority through the principle of 'publicity' (Bahmeuller (1981), Poynter (1969)). These modes of discourse eventually became dominant in producing governmentality (Miller and Rose (1990)). But an important and as yet unrecognised constituent of these techniques of populations and bio-power (Foucault (1977)(1979), cf Rose (1996)) was the construction of the embryonic national web of calculation and government produced in the localities of England by humble parish officers through which both individuals as taxpayers and the poor as recipients could be 'calculated about' and 'accounted for' in the calculable institutions (such as parish, poorhouse, parliament, property and labour markets) and discourses which constructed and contained them.

## The Growth of Expertise

The growth of the accountancy profession has traditionally been linked with the industrial revolution and the emergence of capital intensive modes of production and its associated divisions of labour (Stacey (1954), ICAEW (1965)). Of course, the art of bookkeeping was apparently one of the essential technologies behind pre-industrial commercial expansion alongside bills of exchange, stock markets, endorsements, discounting, banking etc, particularly the requirements of joint stock companies and various spates of insolvencies (Yamey (1964), Braudel (1982)). The term 'accountant' or 'accomptant' appears as an occupation in Postlethwayt's *Universal Dictionary* of 1751, but they did not appear in his estimates of the male heads of household with professional occupations in 1750, nor in Colquhoun's update of 1803, when the number of male professionals was put at over 84,000 (Corfield (1995: 28 -30)).

The first firm of practising accountants was founded in 1780 by Josiah Wade in Bristol to audit merchants' accounts (Macdonald (1995:191)). In Scotland a separate line of development seems to have emerged from the Scottish Enlightenment (Mephram(1994)) and in particular, the requirements of the early joint-stock canal companies (Forrester (1994)). By 1851, the number of male professionals had increased by over 200% and accountants in England and Scotland comprised 2.5% of them (Corfield (1995)). So the notion of 'professionalism' was becoming widespread at the time, at least so far as official statistics and governmental discourse was concerned.

The foundation of the Institute of Accountants in London in 1870 was designed to differentiate the invited membership from other accountants and to define, licence and monopolise the market for reliable 'professional' accounting labour (MacDonald (1984)). Those excluded formed themselves into a rival organisation, the Society of Accountants, later the Society of Incorporated Accountants (Garrett (1961)). The latter were castigated by the Institute as "a 'bogus' association whose membership comprised ' a formidable array of clerks of all kinds' including 'shop-keepers, valuers, collectors of taxes, bailiffs... pawnbrokers and manure merchants' (quoted in Stacey (1954: 28) (Willmott (1986)). In Scotland, a similar move to set up an exclusive accountants' club took place, with lawyers connected to the landed gentry prominent as early members (Macdonald (1984)). These developments marked the beginning of the fracture of the UK accountancy profession almost as soon as it was formally created which has continued ever since and has had significant consequences for municipal accountants.

During the period of municipal reform in the early to mid-nineteenth century, the professional ideal was gaining currency and adherents in the wider society (Perkin (1989)) and the experience within municipal corporations reflected this, whether through

professional men on the town councils or through a small but rising number of professional occupations carrying out the boroughs' business. Lawyers, bankers, civil engineers, doctors (in the role of Medical Officers of Health) and surveyors were gaining power in local government. 'Government at a distance' in the localities of England was becoming more interwoven with professional expertise and their associated rationales and technologies of welfare and public health engineering. The subjects of government were securing more rights, even though the universal franchise did not arrive until the twentieth century. But they were also being 'constructed' differently: as disciplined, self-regulating and calculating citizens who became governable through the institutions of the school, the reformatory, the prison and the hospital and through the apparatus of Inquiry which sought knowledge of them and the power to intervene through the surveys, inspections, censuses and statistical returns of a whole range of pathologies of the social body (Gordon (1980), Osborne (1996)).

In constructing a case for accounting as an expertise for liberal government, it is instructive to consider how what we now call 'central' government was operationalizing contemporary governmental discourse. The size of the career civil service had been estimated by King in 1688 as 10,000 which by Colquhoun's estimate of 1803 had risen only to some 12,500. Most of them were employed in customs and excise collection. Yet by 1851, the number had risen to over 50,000, including nearly 4,000 in the East India Service (Corfield (1995)). In the early 1800s most of the posts were given through patronage, but the rise in numbers which accompanied a growth in the scope of government together with its expenditure and tax burden apparently led to greater scrutiny of the workforce. Some of the new Boards and Commissions which had been set up to oversee the new Poor Law, education and the Tithe Board and followed the urgings of their Benthamite mentors to appoint assistants on merit after competitive interview; in some cases, such as the Tithe Board, professional practitioners such as land agents and valuers were appointed as assistant commissioners (Evans (1983 p 286-7)).

The emergence of a discourse of administrative efficiency can be closely traced from Adam Smith, Ferguson and Steuart (Hume (1981: 32-37), Gordon (1991)) to Bentham and his followers through such means of influence as securing their nominees on newspapers and journals such as the Examiner, the Westminster, the Jurist and the London Review, through committees and ad hoc bodies such as the Greek Refugees Committee and The Society for the Diffusion of Useful Knowledge where new converts from the Whig nobility could be secured, and finally through specialist societies such as the London Statistical Society and the Political Economy Club (Finer (1972)).

Most influential in the civil service was the overhaul of the India Office from the 1830s until the 1850s under the influence of James and John Stewart Mill. Here the difficulties of governing at a distance (Law (1986)), the political conditions in India itself compared to

Britain and the British experience of operating in colonial circumstances with entrepreneurial agents (Keay (1991) provided a good opportunity to introduce utilitarian ideas without upsetting vested interests. Thus an ethic of cheapness, orderliness and effectiveness was introduced, partly as an antidote to 'native corruption', but based around competition for posts, the expression of a range of opinion and the recognition of administrative expertise obtained through experience and promotion on merit (Ryan (1972)).

In the home civil service, the dominance of small groups of elite clerks appointed by patronage but confirmed by seniority made the administrative machinery difficult to adapt to new governmental responsibilities. In the Home Office, for example, where there had been steady growth in 'business' between 1822 and 1848, mirroring the growth in local authority functions (Fraser (1984)) new subjects such as Poor Law administration, police, prison and factory inspection were 'farmed out' to 'out-departments' specially established to deal with them, while the privileged core of only 20 -24 clerks in the chief clerk's department remained unaffected. Clerks in this Office dealt with military commissions, warrants, patents and other formal instruments, paid the salaries of the Office and prepared Parliamentary returns. The other large department was the general domestic department which dealt with correspondence with the Lords Lieutenant, magistrates and local government officers.

There was a close and rigid hierarchy in both offices, beginning with the classified established clerks. There was much comment that in their early years, too much time was spent on 'mechanical' matters, but the organization of the offices was based on clerks being given detailed instructions in how to deal with the matters arising, which was then checked by a senior clerk. Over time, clerks did, however, gain wide experience of how matters 'should' be dealt with, and one of the arguments of civil service reformers was that this experience should be allowed to be voiced in the conduct of affairs (Donajgrodzki (1972)). But it is clear that 'administrative expertise', whilst deriving from utilitarian theorists, in practice was built around experience of office routines which were by their nature 'enclosures' ultimately defended by politicians and other powerful state interests. Donajgrodzki notes that the Treasury, though far larger than the Home Office, also exhibited the kind of 'conservatism of the clerks' that the Northcote-Trevelyan Report had in mind (page 85).

By the time of the Northcote-Trevelyan *Report on the Organisation of the Civil Service* (1853), influenced by local Financial Reform Associations critical of the rise in public expenditure, public criticism of civil servants was being openly expressed. The Report itself criticised the service for appointing 'the unambitious, and the indolent or incapable... whose abilities do not warrant an expectation that they will succeed in the open professions' (quoted in Evans (1983: 287)). But one of the main aims of the Report was to

codify an internal differentiation between political and administrative civil service work and establish a clear distinction between 'intellectual' and 'mechanical' tasks.

In their report and in the subsequent battles to get an 'administrative class' established, through the Civil Service Commission of 1855, some developments in competitive examination in the 1860s and the open competition introduced in most departments in 1870, the acceptance of concepts like expertise, ability, economy, efficiency and effectiveness underlay the notion that officers could be chosen by examination or open competition to fulfil or exhibit these criteria better than by accidents of birth. Thus, although there was recognition that education was necessary and that adequate levels of education itself would most likely be found among particular classes (Ryan (1972)), there was nevertheless acceptance that the expanded role of government and the thousands of more or less routine but occasionally sensitive tasks it created required professional practices of its own.

The trajectory of the civil service therefore followed the familiar professionalising route of closure based around a constructed expertise of administration, although the content and effect of this expertise remains susceptible to broader analysis of constructing liberalism as a rationality of government and administration as the expertise which helped construct the self-regulating subjects and objects of government on which liberal rule depends (Osborne (1994)).

Comparing this growth of administrative expertise to the emerging practices of municipal accounting, we can locate a terrain within the organization of newly reformed municipal corporations where financial calculations and recording was performed and which existed in a milieu where organised expertise and the professional ideal were becoming established in a range of surrounding functions and tasks (Coombs and Edwards (1993)). In 1835, the distinction between elected councillors and paid employees of the council was not firmly and clearly established: in financial matters, the Treasurer was usually a councillor and banker, whereas the clerk, the bookkeeper, the 'accountant' was a junior post with no special expertise (clerks could be moved easily between functions), or at least any expertise which was capable of being 'enclosed' and extracting a premium of pay or status. Expertise in municipal affairs was defined by the councillors themselves as experienced men of business, landed gentry or independent professionals and influenced by (though often resisting) a central government trend towards a centralising expertise based on a discourse around economics, efficiency and 'governability'.

The Town Clerk emerged from the legal profession as being the head of the corporations' paid servants, but within the corporation there were recognised professional roles like surveyor, architect, civil engineer and medical officer. But the accounts of the Corporations had been one of the chief concerns of the 1833 Select Committee and the

subsequent Royal Commission. The opacity of municipal affairs reflected in familial and patronage appointments for life without elections and controlling often substantial town assets and revenues from property, tolls, markets and rates was evidenced to the Commission by the paucity of accounts and the inability of anyone outside the close corporation to inspect or query them. Consequently, The Commissioners were at pains to record the state of accounts in each of the towns under review and to propose new means of auditing them. Audit is thus also one of the mechanisms for linking centres of calculation with sites of implementation (Rose (1996), Power (1994)). The Commissioners found what they regarded as an unsatisfactory state of affairs in most places, with only 28 out of 237 reaching what they regarded as a desirable standard.

The public audit provisions of the 1835 Municipal Corporations Act provided a legal incentive to formalise the keeping of accounts, but the failure to apply what became the government employed District Audit with its powers of surcharge after its beginnings in the 1834 and 1844 Poor Law Amendment Acts left municipal ratepayers without specific redress except public comment. The district auditor was given 'full powers to examine, audit, allow, or disallow of accounts, and of items therein'..and to 'charge... the amount of any deficiency or loss incurred by the negligence or misconduct of any person accounting, or of any sum for which any such person is accountable, but not brought by him into account against such person' (quoted in Jones (1985) Page 3).

The Poor Law authorities under the 1834 Amendment Act were authorised to appoint 'paid officers with such qualifications as the said commissioners shall think necessary for the examining and auditing, allowing or disallowing of accounts' (ibid). By contrast, the elective auditors for boroughs consisted of two elected ratepayers' representatives who had the requisite financial and residence standing to be councillors and one actual councillor nominated by the mayor. There were no powers or duties of the municipal auditors except that the accounts were to be submitted to them, and that they should sign them if they found them correct (ibid page 4). This system of audit persisted in some boroughs until 1972. It has been argued that the relative freedom that elective audit gave generations of borough treasurers and accountants is one important factor in the establishment of diverse accounting practices and the ultimate formation of a separate professional body (Jones (1986)). The district audit developed an expertise of its own with respect to local authority audit but never recruited professional accountants from practice in any large numbers. Eventually, its members became eligible to join its auditees' institute, the Institute of Municipal Treasurers and Accountants (now CIPFA), in 1959.

So neither the 1835 Municipal Corporations Act nor the Commissioners who compiled it made any specific reference to the *form* of the accounts or the bookkeeping methods which should be used, except that all assets and liabilities regarded as 'public stock' should be brought together into a 'Borough Fund' . This distinction was important, however,

because it separated for the first time the affairs of the corporation from the affairs of its individual members and also identified separately the mostly charitable funds for which the corporation acted as trustee. Otherwise, they confined their comments simply to the adequacy of account keeping using general criteria of accessibility and intelligibility. It is clear from their evidence that the receipts and payments method (though variously called 'revenue and expenditure', 'receipts and expenditure', 'receipts and disbursements' 'income and expenditure' , even 'payments in and payments out') was the dominant method for those corporations which kept accounts, although the feudal 'charge and discharge' persisted in a few places . Many of the larger towns were able to produce or concoct balance sheets showing stocks, loans, Chamberlain's balance and net indebtedness. 133 of the corporations (56%) had borrowed for public works and were in debt to a total of £1.8m. (Appendix to Report of the Commissioners (1835), page 98).

So how did a practice of bookkeeping, initially organised in support of a local governing elite well equipped through a shared understanding of business procedures and civic management, come to aspire to be the basis of a professionalisation project which by the beginning of the twentieth century proved itself to be virtually immune to being significantly changed by the several Parliamentary and Departmental Committees which inquired into various aspects of it? These inquiries were concerned with, for example, Municipal Trading (1900 and 1903), Repayment of Loans by Local Authorities (1902) and Accounts of Local Authorities (1907). Although the Joint Select Committee on Municipal Trading met over 50 times and took around 600,000 words of evidence, its most positive result for accounting and audit was merely to maintain the status quo (Jones (1986: 158)). Politics and 'interests' played a large part in instigating these debates, but the technical aspects of the accounting practices in use proved too entrenched for lay committees to dislodge. This power did not necessarily reside in the professions' ability to promote its own self-interest, partly because accountants were represented on both sides of the argument, but arose because the rationality of accounting itself prevented an alternative set of practices being constructed according to the same rules of validity.

Evidence in all these inquiries was taken from, among many others, members of the newly formed Institute of Municipal Treasurers and Accountants (IMTA), who numbered 154 in 1900. Founded in 1885 as the Corporate Treasurers and Accountants Institute (CTAI) "there being no Society or Union in existence for the furtherance of objects common to all Municipal and other similar local financial officers", it followed a familiar professionalising process: after rejecting taking a share in a 'public' journal it began its own journal *Financial Circular* (1896), drew up procedures governing expulsion 'of any member whose conduct has been such as prejudicially to affect the welfare of the Institute' (1898), prepared a case for a Royal Charter (1899 but unsuccessful until 1959), was incorporated under the Companies Acts (1901) and set its own examinations (1903) (Sowerby (1985)). It was never able to obtain a monopoly over the appointment of local authority Chief



Financial Officers, but gained considerable influence over local authority accounting practices in the following years despite opposition, if not hostility, from the rival accountancy bodies, including the Society of Incorporated Accountants and Auditors (SAA - also founded in 1885), to which some other local authority treasurers belonged. The latter difficulty was resolved when SAA members were allowed to sit the IMTA final examinations without being required to pass any other (Garrett (1961)).

So how can we interpret the professionalisation of municipal accounting in this period? Firstly, we can see municipal accounting as one of the governmental technologies which inscribe liberal government as a mentality of rule. The construction of calculating ratepayers, officials and recipients of a wider range of services (such as gas, electricity, housing and welfare services) constitute the kind of collectivization and individualization later noted for social insurance schemes (Rose (1996)). The development of notions of 'civic pride' in the industrial Victorian cities such as Birmingham constitute the 'socialization of society' which did much to keep newly won democratic freedoms within bounds. We can see the construction of the individualistic ratepayer and voter in municipalities acting according to tenets of self-interest in accordance with discourses of economy and democracy in this way, as a counterweight to the arbitrary and corrupt closed corporations where accidents of birth determined the social order.

Governmental returns and surveys of the conditions of the poor, and information gathered about all kinds of local authority activity gave rise to a growing power of calculative expertise which began to form the basis of a defensible profession whilst simultaneously acting on the action of others wishing to define and adopt new social programmes. The activities and report of the Commission on Municipal Corporations (1833), or the Royal Commission on the Poor Law (1832) would be good examples. These inquiries took place within a whole range of discourses about the 'proper' activities of government and the 'problem of pauperism' with utilitarian criteria of efficiency based around calculative 'intelligence' and 'visibility' which we recognise today. Programmatic schema to enable government 'at a distance' are developed using the new categories of the social - sanitary reform, education, factory and electoral reform, town government and so on. These programmatic intentions rely on new kinds of experts and expertise which develop their own programmes and political projects and establish new domains of rule which are distinguished from the purely political. Thus both programmatic rationales and governmental technologies can be elaborated to produce the disciplines of both the body and the population required by liberal governmentality.

We can see municipal accountancy as one of the new forms of expertise and the developing authority of its practitioners as part of the means of shaping and instrumentalising the liberal mode of government. It is important not to see the 'State' as an monolithic intentioned object orchestrating these changes even though the utilisation of

laws, bureaucracies, funding schemes and agents are part of the way in which political forces seek to give effect to their strategies. The authority of expertise is an autonomous component of rule even though its mobilisation is shaped by the familiar panoply of professionalisation - licence, regulation, credentialism, bureaucratisation etc. But it is intrinsic to the notion of liberalism (Rose (1996) pages 43-7).

What is the source of the expertise which is constructed by municipal accountancy? Its early form consisted largely of categorisation. The double-entry form of accounts as applied to local authorities required little more than an ability to classify a transaction according to a range of pre-existing types and to make a separate record of the financial side of it, usually cash. Given a set of ledgers, a clerk could easily learn how to recognise, allocate and record a transaction. Periodic accounting and auditing required accumulation and summarisation of these entries. Apart from double-entry bookkeeping, we can identify two other components of municipal accounting in 1835 - budgeting and rating, and the separation of funds. Later, with the wider development of capital works and the systematic distinction between capital and revenue expenditures associated with the acquisition of trading entities like gas and water undertakings, the distinctive form of capital accounting based on the double account method (Edwards (1985)) imposed on railway companies (Glynn (1994: 337) together with the modified accruals convention developed.

So some of the techniques which formed the basis of the expertise of municipal accountancy were formulated into programmatic intention in Parliament and the governmental machinery responsible for overseeing local government. We can see this as helping to create a market for expertise in the local authorities but also as a way of creating centres of calculation at a distance from government in locales with a distinctive political autonomy and often antipathy to the central state. But we have also seen that the capability of the centre to specify in any detail the kind of accounting practices which might be necessary to reproduce an exclusive authority of rule was very limited, and did not go much beyond attempts to specify accounting periods, require financial returns, regulate loan transactions, seek authority for certain kinds of transaction and allow audits - by local citizens rather than by a centralised expertise of district audit. **The knowledge to perform these kinds of actions consists mostly of knowing *that* they were to be performed,** and we know that the implementation of the regulations was often partial (Jones (1986)). So even though an educated local citizenry probably could be relied upon to ask for accounts of rates collected and how they were spent, knowing what *should* be accounted for and how forms an important differentiator between the knowers and the laity. As programmatic intentions became more extensive, this kind of knowledge also became a source of *internal* differentiation within local authorities, i.e. between the councillors and paid officials, who through interpretation of legislation and regulations began to assume the role of *advisers* to the local politicians.

Other sources of municipal accounting expertise can be found in fund and rate accounting, loans and capital accounting (Jones (1996b)). But in summary it is difficult to identify a distinct corpus of knowledge or set of techniques around which a monopoly of expertise proposed by market-led theories of professions could be constructed (e.g. Larson (1977)). On the other hand, there clearly can be a monopoly of knowledge which arises purely from having access to and custody of records which political agencies need in order to rule. This is a knowledge based on simply knowing and inscribing what has happened and in what form these records should be kept so that the liberalisation of government can proceed and function. The effect of this is to create a barrier to non-knowers who though probably able to understand the records if they had access to them, are simply unable or unwilling to commit the necessary time and energy to unearthing them. Thus a domain or jurisdiction becomes available in Abbott's terms (Abbott (1988)), which though subject to competition from other groups (bankers, bureaucrats, commercial accountants, surveyors and tax assessors etc) can be defended and eventually have wider expertise incorporated into it as the later stages of professionalisation get under way. From the central government point of view, or from the imperatives of liberalism, its disciplinary function can be constructed and performed at a distance but with programmes, technologies and agents in place as accountants and accountancy in the geographic locales in which the citizenry and objects of rule are situated.

### **Reinventing Liberalism: Capital Accounting and Local Government**

There is no doubt that perception of capital accounting in local authorities as a 'problem' dates back in several important respects at least to the adoption of the system of accounting which prevailed for well over a century: the emphasis in local authority accounts from the mid-nineteenth century onwards not on the **value** (current or historical) of the assets owned by local governments but on the amount **borrowed** to produce them. However, it would be a mistake to take an issue which has at various times and for various reasons been regarded by some as a problem in need of urgent solution and believe that historical perceptions of it have always been the same, even though similar arguments seem to surround them (cf Coombs and Edwards (1992)).

The conventions which were imposed by central government on local authority accounting in the nineteenth century through the Local Government Board (created in 1871 through a merger of the Poor Law Board and the medical department of the Privy Council), together with the involvement of the Board of Trade and the Treasury (a triumvirate of departmental interests which was to remain crucial to local government down the years) could be said to embody the dominant values of the time within a workable regime. A feature of this regime was the pre-eminence governmental administrative perceptions and requirements (represented by the Treasury and the Local Government Board) rather than accounting interests as represented through the Board of

Trade and by the embryonic accounting profession. This perception emphasised the separate legal status of local governments and their liability in respect of loans taken out by them, but also an apprehension over the size of the rising national debt and the need to ensure that local governments behaved responsibly with the rapidly rising funds provided directly by ratepayers and indirectly by taxpayers through government grant-in-aid. Thus the departments sought to control the variables important to them through the legal and administrative methods they were familiar with rather than through the accounting regimes which shareholders and accountants had instilled into commercial concerns.

One consequence of this was an emphasis on cash accounting which has persisted up to the present day. For a long time, under an Act of 1882 authorities were required to keep accounts on a 'receipts and expenditure' basis - a misunderstanding by Parliament which was the subject of some derision from both local authority and 'commercial' accountants as it demonstrates clearly the lack of appreciation of accounting niceties which the profession complained of. It was generally accepted that what was meant was 'receipts and payments', i.e. the cash accounting convention rather than the 'income and expenditure' basis favoured by the accounting profession. The latter involves a recognition that events with financial consequences could have occurred but not yet affected the organisation's cash flow - for example, goods having been received but not paid for by the end of the accounting period.

These 'accruals' remain one of the basic accounting conventions, even in public services (but not yet fully in all central government departments - see HM Government (1995)). A further aspect of the accruals convention is another non-cash charge on the accounts which is vitally implicated in the debate about capital assets: depreciation. A full accruals basis implies that the cost of asset depreciation is also recorded in the accounts even though no cash is involved. This was one of the main problems with introducing full accruals into local authority accounts which defeated a number of initiatives over the years.

What perhaps is most remarkable is the durability of the administrative regime imposed by the Local Government Board throughout a period where its validity was frequently challenged by a range of different and often powerful interests. This in turn raises the question of what was **different** about the forces and arguments deployed in the late 1980's and early '90's which eventually succeeded in changing it. I have charted these events elsewhere (Jones (1996a)), but the significance of the age of this debate and its outcomes illuminates the many attempts to introduce accruals accounting into governments around the world. This discourse has become very powerful in local and regional governments in a large number of western economies, with accruals accounting being proposed or introduced in, for example, New Zealand, Australia, Germany, Austria, Italy, Spain, France, Belgium, Sweden, Hungary, Poland, together with Canada, Ireland, Norway and Finland. As such, it has come to be a centrepiece of the 'new' public sector. But its full

significance can only be appreciated by considering the way in which accruals accounting secures 'government at a distance' through the responsabilized manager (Miller and O'Leary (1990)) operating in a degovernmentalized setting such as a school, college, hospital or prison, 'accountable' to sovereign, self-regulating citizen/customers and yet governed by the centre in terms of commitment to the technology of accounting. This type of arrangement is akin to the control over investment exercised by the Government through the use of DCF techniques in the 1960s and 1970s (Miller (1991)).

One particularly interesting aspect of these accounting debates is that their force and extent coincide with the liberal and 'advanced' liberal modes of government, yet in the nationalizations of the post-war period, when state power was particularly high, municipally owned utilities were nationalised on the 'outstanding debt' basis rather than the residual or market value preferred by the accounting profession and which was offered to the private utilities which were nationalised (Jones (1996a)). Thus at this time other forms of expertise (political, administrative, welfare, health and construction) were dominant in government, even though accountants were the 'experts' in constructing the detailed statistical flows and calculations surrounding local government programmes. The state of welfare had a proliferating range of competing experts to choose from. Only later, in the 1970s, did their powers come to be seen as an obstacle to the continued installation of governmentality, resulting in the neo-liberal agendas outlined at the beginning of this paper.

## **Conclusion**

This paper began by outlining the way in which local government accounting could be understood as a key technology in the operationalization of liberal mentalities of rule. Switching away from the traditional view of local government accounting as being largely an agent of the state in controlling expenditure (Jones (1985/92), with professional rivalries and external functions as the dominant factors in accounting change (Coombs and Edwards (1993)), it proposes instead that local government accounting should be seen as one of the ways in which governmentality is imposed on distant places and persons through local authorities constituted as centres of calculation.

This mode of analysis is seen to be very fruitful in considering the role of accounting and the accounting profession in local government; not least because although it proposes a novel perspective on expertise in governing the welfare state, it does not accept as given that accounting as presently constituted is a historically given concept around which a profession could develop as is commonly proposed by professionalization theorists (e.g. Abbott (1988), Larson (1977)). Furthermore, it allows an emphasis to be given to the accounting techniques themselves as being active in constructing mentalities of rule, rather

than their being either purely technical instruments in the hands of neutral experts, or of being arenas in which political forces struggle for dominance.

So how does the example of local government accounting bear on the critique of regarding political power as being 'beyond the state' referred to earlier (Curtis (1995))? Turning first to the issues of historical specificity, social relations and human agency, each of the three periods of liberal government presented in this paper offer specific historical grounding to the general analysis. In the period around 1800, for instance, the 'authorities' implicated in constructing the national web of calculation about the migrant poor certainly include the traditional actors of Parliament, political parties, clerks in departments of state, the local agents of the Parliament and the Crown, the local judiciary and the local parish officers. Instruments at their disposal include legislation and an ultimate use of the county militia. No doubt hegemonic theorists would also include the development and imposition of an ideology based around the need to 'do something' about the 'feckless and idle poor' who were thus construed to be a threat to order and class interests. And no doubt too these interests can be related to the pressure by the aristocracy and bourgeoisie against the redistributive effects of local taxation by, for example, concentrating the poor in workhouses and in attempts to make these institutions self-financing through schemes for 'farming' the poor (Bahmeuller (1981)).

But the case that political power is constructed beyond these traditional sets of social relations is demonstrated by the *unintended* effects of the governmental regime that parishes were promulgating. Although constituted within a governmental structure which flowed from Parliament to the parish, it was clearly beyond the capacity of these authorities to specify and impose rules and laws which were capable of regulating and controlling all aspects of the 'problem' of the poor even as they defined them. It was a local decision whether or not to construct workhouses, decide who were to be its inmates and what kinds of regime were to be installed there. Attitudes to the poor varied across the country, evidenced, for example, by the efforts to link poor relief to the cost of bread developed by the magistrates at Speenhamland (e.g. Poynter (1969)). There were no detailed and consistent regulations issued by 'the state' about how accounts were to be maintained, how unit costs were to be calculated, how efficiency was to be assessed. Yet these calculations were performed in a whole variety of ways, to a greater or lesser extent, with more or less success, and involving a wide range of different rationales, devices and practices in the centres which emerged to translate these technologies into practices of government. The effect, as I have shown, was of bringing diverse discourses such as actuarial science, economics and husbandry into conjunction with discourses about proper government, public order and human motivation which in effect reframed the problem of the poor as one more about economic calculation, even in times of urban unrest, creating in the process a new set of discursive and non-discursive relations bound together by the devices of accounting and inscription.

These unintended effects, though arising partly from human actions, cannot be said to be the result of human agency since they inhere more in the interaction of the network of discursive and non-discursive relations which is unwittingly created. Borrowing from an entirely different discipline and tradition, the effect may be something akin those who propose complexity and chaos theory as the basis for models of behaviour. This does not mean that human agency is absent: only that its impact is, perhaps heavily, overstated through a concentration on the espousals of human actors and their 'interests'. The pluralist political science model in which social and political forces relate to and engage with each other like the shoreline and the sea cannot account for the power of a technology like calculation to achieve changes in the way in which government is conceived.

The two other periods discussed in this paper can also shed light on the establishment of centres of calculation and action at a distance. I have attempted to show in some detail how the local government accounting profession organized itself around administrative practices and routines in a way analogous with the non-professionalizing central government bureaucracy, in particular referring to the example of the India Office. These numerical office routines, established in the town halls throughout the country, constitute more than the simple 'agentification' of the local state responding to legislation or edict, for they drew on already existing local traditions and quickly outgrew the ability of 'the state' to comprehend them. With them, professionals were able to establish themselves as a new class, perhaps mostly concurring with dominant political ideologies, but also able to construct alternative governmental discourses which stressed concepts like probity, rectitude and justice which were often in opposition to local business interests. Professionals of course do enter into 'realist' political sociologies, but the emphasis is on their power to construct a demand for and then to control access to necessary services. The extent to which their abilities to do this are constrained by the inherent rules and logic of devices like accounts and tables, periodizations, institutional and discursive entities like the office or accounting theory are ignored because the latter are not thought to be 'real' in the sense of being independent of their 'thinkers'. Yet the way in which these elements interact in, for example, an accounting doctrine like accruals accounting, demonstrates how they can construct centres of power which re - present the map of governmental relations and constrain the possibilities of how they can be thought about.

So this analysis, although incomplete, demonstrates that recent changes in the public sector in general can be related to long term problematics of liberal government in which local government accounting has a hitherto unacknowledged role and significance. This role, of creating and sustaining governmentality at a local level, has been notably useful in allowing the construction of governable citizens and institutions at a distance from the centre yet tied to it by the power of accounting and other programmes and technologies.

As such, we may expect further attempts to make people 'experts of themselves' in calculating, for example, at what point it is worthwhile for them to opt out of state funded provision of welfare services into private insurance and pension schemes. Those failing to do this will no doubt be eventually accused of personal irresponsibility and moral laxity, as will those indulging in what come to be regarded as unhealthy lifestyles, for whom the collective provisions of the state cannot possibly have been intended. And accounting will be finally installed back in the heart of the household and our souls (Rose (1990)).

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