



THE LONDON SCHOOL
OF ECONOMICS AND
POLITICAL SCIENCE ■

Department of Accounting

“Accounting and Rehabilitation”

Prof Stephen Walker
Cardiff Business School

Date: 07 March 2012

Time: 4.00-5.30pm

Venue: CLM.2.05

Introduction

Alongside the voluminous history literature which demonstrates the functioning of accounting in the operation of genocide, oppression, exploitation and social exclusion may be found contributions which illustrate the potential of accounting to counter such malevolent practices. It has been argued that accounting might be utilized as a moralizing force and a source of improvement (Francis, 1990). Historians of accounting and emancipation highlight the ways in which financial disclosures have been deployed in ventures to liberate and challenge inequality. As part of their wider project to counter ‘the negative and repressive dimensions of accounting in society’ Gallhofer and Haslam (2003, pp. x, 30-65) have shown how Jeremy Bentham envisaged that comprehensive accounting publicity might offer a protective mechanism for the disadvantaged by rendering the actions of the powerful visible and thus challengeable. The authors reveal how Socialist agitators during the late nineteenth century recognized the potency of accounting disclosures for revealing injustices and the pursuit of industrial disputes (pp. 66-99). Even in the unlikely setting of chattel slavery, where quantitative technologies were integral to the pursuit of exploitation, less sinister and moderating influences of accounting and accountability are discernible (Oldroyd et al, 2008).



THE LONDON SCHOOL
OF ECONOMICS AND
POLITICAL SCIENCE ■

Department of Accounting

The current study seeks to extend socio-historical investigation of the enabling potential of accounting (Gallhofer and Haslam, 2003, pp. xii, 151-155). The focus is on the activation of accounting in a large scale project, operated by the state, designed to address rural poverty and rehabilitate small farmers in the US during the 1930s and 40s. This focus contrasts with previous historical studies in a number of ways. Whereas emancipatory agendas often focus on the use of accounting *disclosures* to expose, critique, counter, challenge and resist 'alienation, repression and injustice' (Gallhofer and Haslam, 2003, p. 159), the rehabilitative variant discussed here emphasises the significance of the *performance* of accounting by the objects of interventions designed to achieve individual, familial and national betterment. The case is illustrative of praxis. The benevolent potential of accounting was unleashed in response to an unparalleled economic and social crisis in the US which demanded ameliorative action on a massive scale. At least three-quarters of a million farm families were obliged to practice accounting in order to achieve their rehabilitation.

Unusually, this radical accounting prescription was activated by hegemonic forces for the achievement of progressive rather than repressive aims. Indeed the focal New Deal agencies which activated accounting as a rehabilitative device - the Resettlement Administration (RA) and its successor, the Farm Security Administration (FSA) - have been described as instances of 'heroic bureaucracy'. That is, those bureaucracies which 'address a severe social problem in a new manner. ... provide subordinate groups new resources that have impacts later for political change and increased equality' (Couto, 1991, 123). Heroic bureaucracies distribute benefits to those suffering economic and social disadvantage in ways which are experimental, bold and innovative (Couto, 1991; Marcus, 1981). For its supporters the Farm Security Administration constituted:

...an heroic institution designed to secure social justice and political power for a neglected class of Americans; a pioneering effort to strike at the causes of chronic rural poverty; a unique and largely successful experiment in creative government; an agency embodying the social conscience of the New Deal; or a model effort in agrarian reform which was destined to serve as a seedbed for future wars on poverty in the United States and in some of the emerging nations of the world (Baldwin, 1968, p. 4).



THE LONDON SCHOOL
OF ECONOMICS AND
POLITICAL SCIENCE ■

Department of Accounting

For its critics the agency represented a dangerous vehicle for Socialist experimentation and the anti-libertarian regulation of the lives of farming families. These contrasting assessments derived substantially from the activation of supervised credit and supervised accounting as the principal technologies of rehabilitation. It is appropriate therefore that the analytical framework deployed in the study is drawn from literature which explores concepts of supervision and illuminate the potentially dyadic character of its functioning.

The rural setting explored here points to another intended contribution. Among the arenas which have been identified as potential sources of interdisciplinary engagement and searches for new research agendas in accounting history are the agricultural economy and rural society (Walker, 2005, 2006). These sites offer the prospect of advance beyond the traditional emphasis on the industrial organization in the modern Anglophone world (Carmona, 2004).¹ In Anglo-American sites a fixation with the discontinuity represented by urban-industrialism and its impacts on accounting innovation discourages investigations of accounting in pre-capitalist, rural-agrarian settings. Yet, it is often overlooked that the British industrial revolution was linked to its agricultural predecessor and that at its height in 1851 agriculture remained by far the largest source of employment (Matthias, 1969, pp. 259-263; Bryer 2004, 2006). In the USA, the current focal site, 44% of the population lived in rural locations and more than half of these were farmers as late as 1930.

The paper is structured thus. The context in which state projects for the rehabilitation of small farmers emerged in the US, the nature of those projects and the chronology of the agencies which implemented them, are outlined in the next section. Concepts of supervision, and the educative-administrative duality in particular, are subsequently discussed. The accounting prescriptions designed to facilitate rehabilitation are then revealed and analysed according to the educative (progressive) and administrative (repressive) functions of supervision. Evidence relating to the rehabilitative impacts



THE LONDON SCHOOL
OF ECONOMICS AND
POLITICAL SCIENCE ■

Department of Accounting

of supervised credit and its accounting component specifically, are then presented. The implications of the study are discussed in the conclusion.